IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) PERSONS WHO ARE NOT US PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to this offering memorandum, whether received by e-mail, accessed from an internet page or received as a result of electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of this offering memorandum. In accessing this offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information as a result of such access.

This offering memorandum has been prepared solely in connection with the proposed offering to certain institutional and professional investors of the securities described herein (the "**Securities**").

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A) ("QIBs") OR (3) OUTSIDE THE UNITED STATES TO PERSONS WHO ARE NOT US PERSONS ("US PERSONS") AS DEFINED IN, AND IN RELIANCE ON, REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THIS OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED OTHER THAN AS PROVIDED BELOW AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THIS OFFERING MEMORANDUM MAY ONLY BE DISTRIBUTED IN "OFFSHORE TRANSACTIONS" TO NON-US PERSONS, AS PERMITTED BY REGULATION S, OR WITHIN THE UNITED STATES TO QIBS IN ACCORDANCE WITH RULE 144A. ANY REPRODUCTION OF THIS OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the Securities, you must be (i) outside the United States for the purposes of Regulation S and not a US Person or acting for the account or benefit of a US Person or (ii) a QIB that is acquiring the Securities for its own account or for the account of another QIB. By accepting this electronic transmission and accessing, reading or making any other use of this offering memorandum, you shall be deemed to have represented to GSK Consumer Healthcare Capital US LLC and GSK Consumer Healthcare Capital UK plc (the "**Issuers**"), to BofA Securities, Inc., Goldman Sachs International, Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Mizuho Securities USA LLC (together, the "**Joint Bookrunners**") and to Barclays Capital Inc., BNP Paribas Securities Corp., Deutsche Bank Securities Inc., J.P Morgan Securities LLC, Morgan Stanley & Co. LLC, Santander Investment Securities Inc. and Standard Chartered Bank (together with the Joint Bookrunners, the "**Initial Purchasers**") that (1) you understand and agree to the terms set out herein; (2) in respect of the Securities being offered pursuant to Rule 144A, you are (or the person you represent is) a QIB, and the e-mail address to which, pursuant to your request, this offering memorandum has been delivered by electronic transmission is utilised by someone who is a QIB; (3) in respect of the Securities being offered outside of the United States in an offshore transaction pursuant to Regulation S, you are outside the United States and not a US Person or acting for the account or benefit of a US Person, and the e-mail address to which, pursuant to your request, this offering memorandum has been delivered by electronic transmission is not located in the United States for the purposes of Regulation S; (4) you consent to delivery by electronic transmission; (5) you will not transmit this offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person (other than your professional advisers bound by an undertaking of confidentiality) except with the consent of Initial Purchasers; and (6) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Securities.

You are reminded that this offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this offering memorandum to any other person and in particular to any US address. Failure to comply may result in a direct violation of the Securities Act or the applicable laws of other jurisdictions. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Initial Purchaser or such affiliate acting on behalf of the relevant Issuer in such jurisdiction.

Under no circumstances shall this offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission, and consequently none of the Issuers, the Guarantors, the Initial Purchasers, any person who controls any of the foregoing, any director, officer, employee, representative or agent of any of the foregoing or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between this offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Joint Bookrunners**.**

GSK Consumer Healthcare Capital US LLC

$700,000,000 3.024% Callable Fixed Rate Senior Notes due 2024

$300,000,000 Callable Floating Rate Senior Notes due 2024

$2,000,000,000 3.375% Fixed Rate Senior Notes due 2027

$1,000,000,000 3.375% Fixed Rate Senior Notes due 2029

$2,000,000,000 3.625% Fixed Rate Senior Notes due 2032

$1,000,000,000 4.000% Fixed Rate Senior Notes due 2052

GSK Consumer Healthcare Capital UK plc

$1,750,000,000 3.125% Fixed Rate Senior Notes due 2025

Fully and Unconditionally Guaranteed by GlaxoSmithKline plc and Haleon plc

GSK Consumer Healthcare Capital US LLC, a limited liability company incorporated under the laws of Delaware (the "US Issuer") is offering its 3.024% callable fixed rate senior notes due 2024 in an aggregate principal amount of $700,000,000 (the "Callable Fixed Rate Notes"), callable floating rate senior notes due 2024 in an aggregate principal amount of $300,000,000 (the "Callable Floating Rate Notes"), 3.375% fixed rate senior notes due 2027 in an aggregate principal amount of $2,000,000,000 (the "2027 Fixed Rate Notes"), 3.375% fixed rate senior notes due 2029 in an aggregate principal amount of $1,000,000,000 (the "2029 Fixed Rate Notes"), 3.625% fixed rate senior notes due 2032 in an aggregate principal amount of $2,000,000,000 (the "2032 Fixed Rate Notes") and 4.000% fixed rate senior notes due 2052 in an aggregate principal amount of $1,000,000,000 (the "2052 Fixed Rate Notes" and, together with the Callable Fixed Rate Notes, the Callable Floating Rate Notes, the 2027 Fixed Rate Notes, the 2029 Fixed Rate Notes and the 2032 Fixed Rate Notes, the "US Issuer Notes").

GSK Consumer Healthcare Capital UK plc, a public limited company incorporated under the laws of England and Wales (the "UK Issuer" and, together with the US Issuer, the "Issuers" and each an "Issuer") is offering its 3.125% fixed rate senior notes due 2025 in an aggregate principal amount of $1,750,000,000 (the "2025 Fixed Rate Notes" or the "UK Issuer Notes" and, together with the 2027 Fixed Rate Notes, the 2029 Fixed Rate Notes, the 2032 Fixed Rate Notes, the 2052 Fixed Rate Notes and the Callable Fixed Rate Notes, the "Fixed Rate Notes"). The US Issuer Notes and the UK Issuer Notes are together referred to as the "Notes".

The Notes are being issued under an indenture, to be dated as of 24 March 2022 (the "Issue Date") (the "Indenture") among the Issuers, GlaxoSmithKline plc ("GSK") and Haleon plc ("Haleon") as guarantors (each, a "Guarantor" and, together, the "Guarantors") and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), registrar (the "Registrar"), paying agent, transfer agent and calculation agent.

The 2025 Fixed Rate Notes will bear interest at a fixed rate of 3.125% per annum. The 2027 Fixed Rate Notes will bear interest at a fixed rate of 3.375% per annum. The 2029 Fixed Rate Notes will bear interest at a fixed rate of 3.375% per annum. The 2032 Fixed Rate Notes will bear interest at a fixed rate of 3.625% per annum. The 2052 Fixed Rate Notes will bear interest at a fixed rate of 4.000% per annum. The Callable Fixed Rate Notes will bear interest at a fixed rate of 3.024% per annum. The Callable Floating Rate Notes will bear interest at a floating rate equal to a benchmark rate based on SOFR (as defined in "*Description of the Notes and Guarantees—Interest—Calculation of the Benchmark*" below), calculated quarterly, plus 0.89% per annum.

Each of the Issuers will pay interest on the applicable Fixed Rate Notes twice a year, on 24 March and 24 September, commencing on 24 September 2022 (each, a "Fixed Rate Notes Interest Payment Date").

The US Issuer will pay interest on the Callable Floating Rate Notes quarterly each year, on 24 March, 24 June, 24 September and 24 December, commencing on 24 June 2022 (each, a "Callable Floating Rate Notes Interest Payment Date").

Unless redeemed or purchased earlier, the 2025 Fixed Rate Notes will mature on 24 March 2025, the 2027 Fixed Rate Notes will mature on 24 March 2027, the 2029 Fixed Rate Notes will mature on 24 March 2029, the 2032 Fixed Rate Notes will mature on 24 March 2032, the 2052 Fixed Rate Notes will mature on 24 March 2052, the Callable Fixed Rate Notes will mature on 24 March 2024 and the Callable Floating Rate Notes will mature on 24 March 2024. There is no sinking fund for the Notes. The Notes will rank equally in right of payment with all other senior, unsecured debt obligations of the applicable Issuer.

Prior to the Guarantee Assumption Date (as defined below), the Notes will be fully and unconditionally guaranteed by GSK under the terms of the Indenture (the "GSK Guarantee"). With effect from (and including) the Guarantee Assumption Date, the Notes will be fully and unconditionally guaranteed by Haleon under the terms of the Indenture (the "CH Guarantee" and, together with the GSK Guarantee, the "Guarantees"), and the GSK Guarantee will be automatically and unconditionally terminated and released. See "*Description of the Notes and Guarantees—Guarantees*" below.

The US Issuer may redeem some or all of the US Issuer Notes in the manner described in this offering memorandum, see "*Description of the Notes and Guarantees—Redemption*" below. The US Issuer may also redeem the US Issuer Notes in whole at any time prior to maturity at a price equal to 100 per cent. of their principal amount plus accrued interest to the redemption date in the event of certain changes in United Kingdom ("UK") or United States ("US") withholding taxes applicable to payments of interest. The US Issuer is also required to redeem the US Issuer Notes in whole, but not in part, if the Demerger (as defined below) has not been completed by the first anniversary of the Issue Date, or if earlier, at such time as GSK has publicly stated that it no longer intends to pursue the Demerger, subject to the terms and conditions set forth under "*Description of the Notes and Guarantees—Redemption—Special Mandatory Early Redemption*."

The UK Issuer may redeem some or all of the UK Issuer Notes in the manner described in this offering memorandum, see "*Description of the Notes and Guarantees—Redemption*" below. The UK Issuer may also redeem the UK Issuer Notes in whole at any time prior to maturity at a price equal to 100 per cent. of their principal amount plus accrued interest to the redemption date in the event of certain changes in UK or US withholding taxes applicable to payments of interest. The UK Issuer is also required to redeem the UK Issuer Notes in whole, but not in part, if the Demerger has not been completed by the first anniversary of the UK Issue Date, or if earlier, at such time as GSK has publicly stated that it no longer intends to pursue the Demerger, subject to the terms and conditions set forth under "*Description of the Notes and Guarantees—Redemption—Special Mandatory Early Redemption*."

Upon the occurrence of a Change of Control Put Event (as defined below), the noteholders of the relevant series of Notes will have the option to require the relevant Issuer to redeem or, at such Issuer's option, purchase (or procure the purchase of) the whole, but not part, of such noteholders' Notes on the Change of Control Put Date at the Change of Control Redemption Amount (each, as defined below) together with interest accrued (but unpaid) to (but excluding) the Change of Control Put Date, subject to conditions set forth under "*Description of the Notes and Guarantees—Redemption—Redemption upon a Change of Control Put Event.*"

Application has been made for the Notes to be admitted to the Official List of The Irish Stock Exchange plc trading as Euronext Dublin ("Euronext Dublin") and to trading on the Global Exchange Market ("GEM"), which is the exchange-regulated market of Euronext Dublin.

This offering memorandum constitutes listing particulars (the "Listing Particulars") in respect of the admission of the Notes to the Official List (as defined below) and to trading on the Global Exchange Market of Euronext Dublin. Application has been made to Euronext Dublin for the approval of this document as Listing Particulars. The Listing Particulars have been approved by Euronext Dublin.

Each of the Issuers and the Guarantors accepts responsibility for the information contained in this offering memorandum and confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of each Issuer's and each Guarantor's knowledge, in accordance with the facts and makes no omission likely to affect its import.

Investing in the Notes involves a high degree of risk. See *"Risk Factors"* beginning on page 11 of this offering memorandum.

Issuer	Series of Notes	Offering Price
UK Issuer	2025 Fixed Rate Notes	99.739%
US Issuer	2027 Fixed Rate Notes	99.781%
US Issuer	2029 Fixed Rate Notes	99.273%
US Issuer	2032 Fixed Rate Notes	99.850%
US Issuer	2052 Fixed Rate Notes	98.164%
US Issuer	Callable Fixed Rate Notes	100.000%
US Issuer	Callable Floating Rate Notes	100.000%

The Notes and the Guarantees have not been registered under the United States Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state or any other jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act, "Regulation S"), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Notes and the Guarantees are being offered and sold to persons in the United States and to, or for the account or benefit of, US persons, in each case that are qualified institutional buyers (as defined in Rule 144A under the Securities Act, "QIBs") in reliance on the exemption from the registration requirements provided by Rule 144A under the Securities Act ("Rule 144A") and outside the United States to non-US persons in reliance on Regulation S. Prospective purchasers that are QIBs are hereby notified that the seller of the Notes and the Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For further details about eligible offerees and resale restrictions, see *"Notice to Investors."*

The US Issuer, with respect to the US Issuer Notes and the UK Issuer, with respect to the UK Issuer Notes, will agree to file a registration statement with the US Securities and Exchange Commission (the "SEC") relating to an offer to exchange the Notes for publicly traded notes having substantially identical terms. In addition, the Issuers and the Guarantors may be required to file a shelf registration statement covering resales of the Notes by holders of the Notes. For further details, see *"Description of the Notes and Guarantees—Registration Rights."*

Neither the SEC nor the securities commission of any state or any other jurisdiction has approved or disapproved the offer or sale of the Notes or determined if this offering memorandum is truthful or complete. Any representation to the contrary is a criminal offence.

Joint Global Coordinators

BofA Securities **Goldman Sachs International**

Joint Book-Running Managers

Citigroup **HSBC** **Mizuho Securities**

Joint Book-Runners

Barclays **BNP PARIBAS** **Deutsche Bank Securities**

J.P. Morgan **Morgan Stanley** **Santander**

Standard Chartered Bank

The date of this offering memorandum is 23 March 2022.

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USE OF CERTAIN TERMS

References to "Pounds Sterling," "pence," "£" or "p" are to the lawful currency of the United Kingdom, references to "€" are to the common currency of the European Monetary Union, and references to "USD," "$" or "cents" are to the lawful currency of the United States.

Unless otherwise indicated or the context otherwise requires, the following definitions apply throughout this offering memorandum:

"Anacor"	Anacor Pharmaceuticals Inc., a wholly-owned subsidiary of Pfizer (as defined below);
"CH Group"	prior to Separation, CH JVCo together with its consolidated subsidiaries and subsidiary undertakings from time to time, and following Separation, Haleon together with its consolidated subsidiaries and subsidiary undertakings from time to time;
"CH JVCo"	GlaxoSmithKline Consumer Healthcare Holdings (No. 2) Limited;
"Consumer Healthcare Business"	prior to Separation (as defined below), the business of researching and developing, manufacturing, distributing, marketing, selling, promoting and/or otherwise commercialising over-the-counter healthcare or medicine products, wellness products and other personal care, oral care, nutrition, skin health, cosmetic and related products ("Consumer Healthcare Products"), in each case as conducted by CH JVCo and its consolidated subsidiaries and subsidiary undertakings as at the date of this offering memorandum; and following Separation, the business of researching and developing, manufacturing, distributing, marketing, selling, promoting and/or otherwise commercialising Consumer Healthcare Products, in each case as conducted by Haleon and its consolidated subsidiaries and subsidiary undertakings, together with any assets and/or entities that will form part of the CH Group (as defined below) pursuant to the Asset Transfer Framework Agreement (as defined in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Separation Agreements*");
"Demerger"	the proposed demerger of at least 80 per cent. of GSK's interest in CH JVCo and its consolidated subsidiaries, to be effected by way of an interim dividend, in specie, proposed to be declared by the board of directors of GSK to be satisfied by the transfer by GSK of the GSKCHH A Ordinary Shares (as defined in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Ownership of the CH Group immediately prior to Separation*") to Haleon in consideration for the issuance by Haleon of Haleon Shares (as defined in "*Risk Factors—Risks Relating to the Demerger and Separation—Haleon will incur new costs in its transition to a standalone public company and its management team will be required to devote substantial time to new compliance matters.*") to the GSK shareholders as of the relevant record time in accordance with the Demerger Agreement (as defined in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Separation Agreements*");
"EU"	the European Union;
"EU Member State" or "Member State"	a member state of the EU;
"FDA"	the US Food and Drug Administration;
"FMCG"	fast-moving consumer goods;
"FY 2019"	the financial year of the CH Group as at and ended on 31 December 2019;

"FY 2020"	the financial year of the CH Group as at and ended on 31 December 2020;
"FY 2021"	the financial year of the CH Group as at and ended on 31 December 2021;
"GSK Group"	in respect of any time prior to Separation, GSK and its consolidated subsidiaries and subsidiary undertakings (as defined below) from time to time; and in respect of any period following Separation, GSK and its consolidated subsidiaries and subsidiary undertakings from time to time, excluding those companies which form part of the CH Group;
"GSKCHH"	GlaxoSmithKline Consumer Healthcare Holdings Limited, an indirect wholly-owned subsidiary of GSK;
"Guarantee Assumption Date"	the date on which GSK ceases to hold a direct or indirect interest in the share capital of GlaxoSmithKline Consumer Healthcare Holdings (No.2) Ltd, other than as a result of any interest it may have in the share capital of Haleon, in order to implement the Demerger.
"IFRS"	the International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards as adopted by the United Kingdom;
"Initial Purchasers"	the initial purchasers listed in the Purchase Agreement (as defined in "*Plan of Distribution—Initial Purchasers*");
"LSE"	London Stock Exchange plc or the market conducted by it, as the context requires;
"PFCHH"	PF Consumer Healthcare Holdings LLC, an indirect wholly-owned subsidiary of Pfizer;
"Pfizer"	Pfizer Inc.;
"Pfizer Group"	Pfizer together with its subsidiaries and subsidiary undertakings from time to time;
"Pfizer SAPA"	the stock and asset purchase agreement entered into among GSK, Pfizer and CH JVCo on 19 December 2018 (as amended and restated on 31 July 2019), pursuant to which GSK plc, Pfizer and CH JVCo agreed to form a new global consumer healthcare joint venture (the "GSK/Pfizer JV");
"Pfizer Transaction"	the consumer healthcare joint venture transaction completed on 31 July 2019 pursuant to the Pfizer SAPA;
"Pre-Demerger Dividend"	a cash dividend to be paid by CH JVCo to GSKCHH and PFCHH, in an amount equal to the total external borrowings raised by the issuance of the Notes and the Pre-Separation Programme Notes (as defined below) less an amount, if any, required to ensure that there is £300 million in readily available cash left in the CH Group immediately prior to Separation;
"Pre-Separation Programme Notes"	any notes issued by the UK Issuer and/or GSK Consumer Healthcare Capital NL B.V. and guaranteed by the Guarantors prior to Separation pursuant to an up to £10 billion Euro-medium term note programme established by the respective issuers and the Guarantors (the "EMTN Programme");

"SEC"	the US Securities and Exchange Commission;
"Separation"	the Demerger, Share Exchanges (as defined in "*Risk Factors—Risks Relating to the Notes—The GSK Guarantee will fall away and be replaced by the Haleon Guarantee.*") and other steps pursuant to which, among other things, Haleon will become a listed company holding the Consumer Healthcare Business;
"subsidiary"	a subsidiary as that term is defined in section 1159 of the Companies Act 2006 of the UK, as amended (the "Companies Act");
"subsidiary undertaking"	a subsidiary undertaking as that term is defined in section 1162 of the Companies Act;
"UK Admission"	admission of the Haleon Shares to the premium listing segment of the Official List of the Financial Conduct Authority of the UK (the "Official List" and the "FCA," respectively) and to trading on the LSE's main market for listed securities;
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland; and
"United States," "USA" or "US"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction.

IMPORTANT NOTICE

This offering memorandum is confidential. You are authorised to use this offering memorandum solely for the purpose of considering the purchase of the Notes described in this offering memorandum. The Issuers and the Guarantors and the other sources identified herein have provided the information contained in this offering memorandum. Neither the delivery of this offering memorandum nor any sale made pursuant to this offering memorandum implies that any information set forth in this offering memorandum is correct as of any date after the date of this offering memorandum. Neither the Issuers, the Guarantors nor the Initial Purchasers make any representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this offering memorandum is, or shall be relied on as, a promise or representation by the Issuers, the Guarantors, the Initial Purchasers or any person affiliated therewith. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes. You may not reproduce or distribute this offering memorandum, in whole or in part, and you may not disclose any of the contents of this offering memorandum, or use any information herein for any purpose other than considering the purchase of the Notes. You agree to the foregoing by accepting delivery of this offering memorandum. This offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

The Issuers have prepared the information contained in this offering memorandum. Neither the Issuers, any of the Guarantors nor any of the Initial Purchasers has authorised anyone to make any representations or provide you with any other information concerning the Issuers or the Guarantors, this offering or the Notes, other than as contained herein in connection with an investor's examination of the Issuers, the Guarantors and the terms of this offering. Neither the Issuers, the Guarantors nor any of the Initial Purchasers take any responsibility for other information others may give you. By purchasing the Notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth in *"Notice to Investors"* in this offering memorandum. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum summarises documents and other information in a manner the Issuers and the Guarantors believe to be accurate, but the Issuers and the Guarantors refer you to the actual documents for a more complete understanding of the information discussed in this offering memorandum. In making an investment decision, you must rely on your own examination of such documents, the Issuers' and the Guarantors' business and the terms of this offering and the Notes, including the merits and risks involved. In accepting this offering memorandum, you acknowledge that you have been afforded an opportunity to request and to review, and you have received, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum.

The Issuers reserve the right to withdraw this offering of the Notes at any time. The Issuers, the Guarantors and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of the Notes sought by such investor.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive (EU) 2014/65 (as amended, "MiFID II") or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of Notes in any member state of the EEA will be made pursuant to an exemption under Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") from the requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA") or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of EUWA (the "UK Prospectus Regulation") from the requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

This offering memorandum is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) fall within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the UK or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

NOTICE TO CANADIAN INVESTORS

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")—all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

FORWARD-LOOKING STATEMENTS

This offering memorandum and the information incorporated by reference in this offering memorandum include forward-looking statements. Forward-looking statements give the Issuers' and the Guarantors' current expectations or forecasts of future events. In particular, these include statements relating to future actions, prospective products or product approvals, future performance or results of current and anticipated products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, dividend payments and financial results. You should not place undue reliance on these statements as no assurance can be given that any particular expectation or forecast will be met nor can there be any guarantee that the CH Group will be able to realise any of the potential strategic benefits or opportunities as a result of Separation. In addition, in the future the Issuers and the Guarantors, and others on their respective behalf, may make statements that constitute forward-looking statements and, except as may be required by applicable legal or regulatory obligations, the Issuers and the Guarantors undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Such forward-looking statements may include, without limitation, statements relating to the following:

- the CH Group's plans, objectives and goals;
- the CH Group's future economic performance and prospects;
- the potential effect on the CH Group's future performance of certain contingencies; and
- assumptions underlying any such statements.

You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Words such as "believes," "anticipates," "expects," "intends," "estimates," "plans," "will," "projects," and "targets" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance are intended to identify forward-looking statements but these are not the exclusive means of identifying such statements.

Forward looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Issuers' or the Guarantors' control or precise estimate. The Issuers and the Guarantors caution you that a number of important factors could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Some of the factors that could cause actual results or events to differ from current expectations include the following:

- domestic and global economic and business conditions;
- risks relating to fluctuations in currency exchange rates and related hedging activities;
- failure to manage disruptions in the supply chain, including due to environmental events, widespread health emergencies (such as COVID-19), strikes, cybersecurity failures, industrial accidents and global shipping, logistics, transport and warehousing constraints;
- failure to realise any or all of the anticipated benefits of Separation;
- significant product innovations, technical advances or the intensification of price competition by the CH Group's competitors, and any failure on the CH Group's part to adequately respond to any such price competition or to develop commercially successful products or to deliver additional uses for existing products, including after significant resources have been invested;
- changes in consumers' discretionary spending on consumer healthcare products and any consequent changes in retailers purchasing stocks of consumer healthcare products;
- failure to adapt to changes in consumer preferences, purchasing patterns and market dynamics;
- increasing awareness of the environmental impact of products and ingredients in the CH Group's products;
- changes in, and any failure to comply with, applicable law and regulation governing the consumer healthcare industries and affecting the cost of product development and the time required to reach the market and the uncertainty of successfully doing so;
- the outcome of, or provisions made for or costs incurred in relation to, litigation and government investigations, including those with respect to product liability, antitrust matters, the use of certain ingredients in manufacturing of the CH Group's products and sales and marketing;

- failure to appropriately collect, review or report human safety information and to act on any relevant findings in a timely manner;
- failure to ensure appropriate controls and governance of quality in product development;
- failure to comply with good manufacturing or good distribution practice regulations in commercial or clinical trials, manufacturing and distribution activities;
- failure to comply with the terms of the CH Group's product licences and supporting regulatory activities;
- failure to deliver a continuous supply of compliant finished product;
- inability to respond effectively to a crisis incident in a timely manner to recover and sustain critical operations;
- failure to successfully acquire and integrate other businesses, licence rights to technologies or products, form and manage alliances, or divest businesses;
- failure to report accurate financial information in compliance with accounting standards and applicable legislation;
- failure to comply with current tax law, or incurring significant losses due to treasury activities;
- failure to comply with applicable and international anti-bribery and corruption legislation;
- failure to comply with pricing and antitrust regulations in commercial practices, including trade channel activities and tendering for business;
- failure to obtain, maintain and enforce sufficient intellectual property rights to protect the CH Group's business;
- failure to control releases of substances harmful to the environment in both the short and long term, leading to incidents which could disrupt the CH Group's R&D (as defined below) and supply activities, harm employees, and harm the communities and the local environment in which the CH Group operates;
- failure in the management of physical climate and environmental risks, current and future regulatory requirements for environmental policies and taxes, and delivery and performance of management environmental objectives;
- failure to collect, secure, use and destroy personal information in accordance with data privacy laws, which can lead to harm to individuals, including financial harm, stress and prejudice, and to us, including fines and operational, financial and reputational harm;
- unauthorised disclosure, theft, unavailability or corruption of CH Group's information or key information systems, which may lead to harm to CH Group's workforce and customers, disruption to CH Group's business and/or the loss of commercial or strategic advantage, damage to CH Group's reputation or regulatory sanctions; and
- new and possibly increasing levels of price controls, pricing pressures or price restrictions with respect to CH Group's products in various markets.

The Issuers and the Guarantors caution you that the foregoing list of important factors is not exhaustive. When evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, as well as the factors identified in this offering memorandum under "*Risk Factors*" and the factors set forth under Item 3.D "*Risk Factors*" in GSK's annual report for the year ended 31 December 2021 on Form 20-F, filed with the SEC on 8 March 2022, as available on the SEC website at www.sec.gov (the "GSK 2021 Form 20-F").

ENFORCEABILITY OF LIABILITIES AND SERVICE OF PROCESS

The UK Issuer is a finance subsidiary domiciled in the UK. Many of its directors and executive officers, and certain experts named in this offering memorandum, reside outside the United States, and all or a substantial portion of the UK Issuer's assets and the assets of such persons are located outside the United States. GSK is a global pharmaceutical and healthcare products company domiciled in the UK. Many of its directors and executive officers reside outside the United States, and all or a substantial portion of GSK's and its subsidiaries assets and the assets of such persons are located outside the United States. With effect from the Guarantee Assumption Date, Haleon will be the holding company of CH JVCo, a global consumer healthcare products company domiciled in the UK. Following Separation, it is expected that many of the directors and executive officers will reside outside the United States, and a substantial portion of Haleon's and its subsidiaries' assets and the assets of such persons will be located outside the United States. As a result, it may be difficult for noteholders to serve legal process on the UK Issuer, GSK, Haleon or their respective directors and executive officers or have any of them appear in a US court. There is some doubt as to the enforceability in the UK, in original actions or in actions for enforcement of judgements of US courts, of civil liabilities based solely on the federal securities laws of the United States. In addition, awards for punitive damages in actions brought in the United States or elsewhere may be unenforceable in the UK.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

The financial information presented in this offering memorandum reflects the operating and financial performance of the CH Group, its cash flows and financial position and resources. The CH Group's results as reported in accordance with IFRS represent the CH Group's overall performance.

This offering memorandum includes the audited consolidated financial statements of CH JVCo and its subsidiaries as at and for the years ended 31 December 2021 and 2020 (with unaudited comparative information for the year ended 31 December 2019) and the related notes prepared in accordance with IFRS (the "Financial Statements").

Basis of preparation of Financial Information

The Financial Statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board and IFRS as adopted by the United Kingdom.

Comparative financial information for 2019 and 2020 included in the Financial Statements has been restated for certain adjustments. These restatements have increased net assets previously reported by £46 million and £315 million, and increased profit after tax by £37 million and decreased profit after tax by £38 million, for 2019 and 2020, respectively. See Note 1 to the Financial Statements.

Certain financial information as at and for the year ended 31 December 2019 presented in this offering memorandum is derived from the unaudited comparative information included in the Financial Statements to reflect the restatements described above.

Description of Key Line Items in the CH Group's Financial Statements

The following descriptions of key line items in the Financial Statements are relevant to the discussion of the CH Group's results of operations in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*."

Item	Represents
Revenue	Revenue from sales of goods to external customers against received orders. Revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly. Value added tax and other sales taxes are excluded from revenue.
Cost of sales	Cost of sales includes all costs directly related to bringing products to their final selling destination. This includes purchasing and receiving costs and direct and indirect costs to manufacture products, including materials, labour and overhead expenses necessary to acquire and convert purchased materials and supplies into finished goods. Cost of sales also includes royalties on certain licenced products, inspection costs, freight charges, costs to operate equipment and depreciation and amortisation.
Selling, general and administration ("SG&A")	SG&A expenses comprise advertising and promotion costs, selling costs, warehouse and distribution costs, corporate overheads, other administrative expenses and depreciation and amortisation.
Research and development ("R&D")	R&D expenditure comprises expenditure that is directly attributable to the research and development of new products, including the costs attributable to the generation of intellectual property and product registrations, and depreciation and amortisation of equipment, real estate and IT assets used by the R&D function.

Other operating (expense)/income	Other operating (expense)/income includes income and expense from all other operating activities which are not related to the ordinary course business of the CH Group, such as gains/ losses from disposals and transaction costs.
Net finance costs	Net finance costs comprise finance costs and finance income, including net finance costs in relation to pensions and similar obligations. Finance income includes income on cash and cash equivalents and income on other financial assets. Finance costs include interest costs in relation to financial liabilities. This includes interest on lease liabilities, which represents the unwind of the discount rate applied to lease liabilities.
Income tax	Income tax is the expense resulting from the corporate income tax payable in the different countries in which the CH Group operates.

Adjusted Results and other non-IFRS financial measures

This offering memorandum contains a number of non-IFRS measures to report the performance of the CH Group's business. Non-IFRS measures exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. Adjusted Results and other non-IFRS measures may be considered in addition to, but not as a substitute for or superior to, information presented in accordance with IFRS.

The CH Group considers these metrics to be the non-IFRS financial measures used by the CH Group to help evaluate growth trends, establish budgets and assess operational performance and efficiencies. The CH Group believes that these non-IFRS financial measures, in addition to IFRS measures, provide an enhanced understanding of the Haleon Group's results and related trends, therefore increasing transparency and clarity of the CH Group's results and business.

There are no generally accepted accounting principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. The non-IFRS financial measures presented in this offering memorandum may not be comparable to other similarly titled measures used by other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the CH Group's operating results as reported under IFRS. The CH Group encourages investors and analysts not to rely on any single financial measure but to review the CH Group's financial and non-financial information in its entirety.

The following non-IFRS measures are presented in this offering memorandum:

Measure	
Adjusted EBITDA	Adjusted EBITDA is one of the measures used by management to assess the financial performance of the CH Group's business. It is defined as profit after tax excluding income tax, finance income, finance expense, Adjusting Items (as defined in "*Selected Financial Data—Adjusting Items*"), depreciation of property plant and equipment, impairment of property plant and equipment net of reversals, depreciation of right-of-use assets, and amortisation of software intangibles. Adjusted EBITDA eliminates differences in performance caused by variations in capital structures (affecting net finance costs), tax positions (such as the availability of net operating losses against which to relieve taxable profits), the cost and age of tangible assets (affecting relative depreciation expense) and the extent to which intangible assets are identifiable (affecting relative amortisation expense). Accordingly, the CH Group believes that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating the CH Group's operating results in the same manner as the CH Group's management.

Adjusted EBITDA has limitations as a financial measure and investors should not consider it in isolation or as a substitute for analysis of the CH Group's results of operations as reported under IFRS. In addition to the limitations inherent to all Adjusted Results (as defined below), some other limitations are:

- Although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised may have to be replaced in the future and Adjusted EBITDA does not reflect capital expenditure requirements for such replacements or for new capital expenditure or lease extensions; and
- Adjusted EBITDA does not reflect net finance expense/income, cash requirements for the CH Group's working capital, transaction related costs, separation and admission costs and disposal costs.

Adjusted Results

Adjusted Results comprise Adjusted gross profit, Adjusted gross profit margin, Adjusted operating profit, Adjusted operating profit margin, Adjusted profit before taxation, Adjusted profit after taxation, Adjusted profit attributable to shareholders, Adjusted basic earnings per share, Adjusted diluted earnings per share, Adjusted cost of sales, Adjusted SG&A, Adjusted R&D, Adjusted other operating income, Adjusted net finance costs, Adjusted taxation charge, and Adjusted profit attributable to non-controlling interests. Adjusted Results exclude Net amortisation and impairment of intangible assets, Restructuring costs, Transaction-related costs, Separation and Admission costs, and Disposals and others, in each case net of the impact of taxes (where applicable) (collectively, the "Adjusting Items", which are defined in "*Selected Financial Data—Adjusting Items*").

The CH Group believes that Adjusted Results, when considered together with the CH Group's operating results as reported under IFRS, provide investors, analysts and other stakeholders with helpful complementary information to understand the financial performance and position of the CH Group from period to period and allow the CH Group's performance to be more easily compared against the majority of its peer competitors. As Adjusted Results include the benefits of restructuring programmes but exclude significant costs (such as Restructuring costs, Transaction-related costs and Separation and Admission costs) they should not be regarded as a complete picture of the CH Group's financial performance as presented in accordance with IFRS. In particular, when significant impairments, Restructuring costs and Separation and Admission costs are excluded, Adjusted Results will be higher than IFRS results. For information on the Adjusting Items and further commentary on Adjusted Results, see "*Selected Financial Data*").

Constant currency

The CH Group's reporting currency is Pounds Sterling, but the CH Group's significant international operations give rise to fluctuations in foreign exchange rates. To neutralise foreign exchange impact and to better illustrate the change from one year to the next, the CH Group discusses its results both on an "as reported basis" or using "actual exchange rates" ("AER") (local currency results translated into Pounds Sterling at the prevailing foreign exchange rate) and using constant currency exchange rates ("CER"). To calculate results on a constant currency basis, prior year exchange rates are used to restate current year comparatives. The currencies which most influence the constant currency results of the CH Group and their exchange rates are shown in the below table.

	2021	2020	2019
Average rates:			
USD/£	1.38	1.29	1.28
Euro/£	1.16	1.13	1.14
CNY/£	8.86	8.91	8.82
Swiss Franc/£	1.25	1.21	1.27

Free cash flow

Free cash flow is calculated as net cash inflow from operating activities plus cash inflows from the sale of intangible assets, the sale of property, plant and equipment and interest received, less cash outflows for the purchase of intangible assets, the purchase of property, plant and equipment, distributions to non-controlling interests and interest paid.

The CH Group believes free cash flow is meaningful to investors because it is the measure of the funds generated by the CH Group available for distribution of dividends, repayment of debt or to fund the CH Group's strategic initiatives, including acquisitions. The purpose of presenting free cash flow is to indicate the ongoing cash generation within the control of the CH Group after taking account of the necessary cash expenditures for maintaining the capital and operating structure of the CH Group (in the form of payments of interest, corporate taxation and capital expenditure).

Free cash flow conversion

Free cash flow conversion is calculated as free cash flow, as defined above, divided by profit after tax.

Free cash flow conversion is used by the CH Group to evaluate the cash generation of the business relative to its profit, by measuring the proportion of profit after tax that is converted into free cash flow as defined above.

Net debt

Net debt at a period end is calculated as short-term borrowings (including bank overdrafts and short-term lease liabilities), long-term borrowings (including long-term lease liabilities), and derivative financial liabilities less cash and cash equivalents and derivative financial assets.

The CH Group analyses the key cash flow items driving the movement in net debt to understand and assess cash performance and utilisation in order to maximise the efficiency with which resources are allocated. The analysis of cash movements in net debt allows the CH Group to more clearly identify the level of cash generated from operations that remains available for distribution after servicing the CH Group's debt.

Organic revenue growth

Organic revenue growth represents the change in organic revenue at CER from one accounting period to the next.

Organic revenue represents revenue, as determined under IFRS and excluding the impact of acquisitions, divestments and closures of brands or businesses, revenue attributable to manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands, and the impact of currency exchange movements.

Revenue attributable to MSAs relating to divestments and production site or brand closures has been removed from organic revenue because these agreements are transitional and, with respect to production site closures, include a ramp-down period in which revenue attributable to MSAs gradually reduces several months before the production site closes. This revenue reduces the comparability of prior and current year revenue and is therefore adjusted for in the calculation of organic revenue growth.

Organic revenue is calculated period-to-period as follows, using prior year exchange rates to restate current year comparatives:

- current year organic revenue excludes revenue from brands or businesses acquired in the current accounting period;
- current year organic revenue excludes revenue attributable to brands or businesses acquired in the prior year from 1 January to the date of completion of the acquisition;
- prior year organic revenue excludes revenue in respect of brands or businesses divested or closed in the current accounting period from 12 months prior to the completion of the disposal or closure until the end of the prior accounting period;
- prior year organic revenue excludes revenue in respect of brands or businesses divested or closed in the previous accounting period in full; and
- prior year and current year organic revenue excludes revenue attributable to MSAs relating to divestments and production site closures taking place in either the current or prior year,

each an "Organic Adjustment".

To calculate organic revenue growth for the period, organic revenue for the prior year is subtracted from organic revenue in the current year and divided by organic revenue in the prior year.

By way of example:

- The Pfizer Transaction (as defined in "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the CH Group's Results of Operations and Financial Position—Pfizer Transaction*") completed on 31 July 2019. Organic revenue growth for the period FY 2019 to FY 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction in respect of the period 1 January 2020 to 31 July 2020.
- The CH Group completed the disposal of Breathe Right on 1 October 2020. Organic revenue growth for the period FY 2019 to FY 2020 excludes revenue attributable to Breathe Right from the period 1 October 2019 to 31 December 2019. Organic revenue growth for the period FY 2020 to FY 2021 excludes revenue attributable to Breathe Right in FY 2020.

The CH Group believes that discussing organic revenue growth contributes to the understanding of the CH Group's performance and trends because it allows for a year-on-year comparison of revenue in a meaningful and consistent manner

For a reconciliation of the closest measures prepared in accordance with IFRS to the applicable non-IFRS measures, see "*Selected Financial Data*".

Currency presentation

The CH Group's financial information is presented in Pounds Sterling. The abbreviations '£m' or '£million' represent millions of Pounds Sterling, and references to 'pence' and 'p' represent pence in Pounds Sterling.

Rounding of Figures

Certain financial information presented in tables in this offering memorandum has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this offering memorandum reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

No Incorporation of Website Information

The contents of any website mentioned in this offering memorandum or any website, directly or indirectly, linked to these websites have not been verified and do not form part of this offering memorandum, and information contained therein should not be relied upon.

Market and Industry Data

Other than in respect of statements of the type described in the paragraph below, unless the source is otherwise stated, the market and industry data in this offering memorandum constitute the CH Group's estimates, using underlying data from independent third parties. Such data includes market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys (including publications and data compiled by Nicholas Hall and Euromonitor). Estimates extrapolated from this data involve risks and uncertainties and are subject to change based on various factors.

Unless otherwise stated, statements of market position are on the basis of sales to consumers in the relevant geographical market or product category in 2020, as reported by: (i) in the case of statements relating to Over the Counter ("OTC") medicines and Vitamins, Minerals and Supplements ("VMS"), Nicholas Hall's DB6 Consumer Healthcare Database at manufacturer's selling prices; and (ii) in the case of statements relating to Oral Health, Euromonitor Passport at manufacturer's selling prices. The value of a market or product category and market size are provided on the basis of sales to consumers in 2020 in the relevant geographical market or product category, as reported by: (i) in the case of statements relating to OTC/VMS, Nicholas Hall's DB6 Consumer Healthcare Database at manufacturer's selling prices; and (ii) in the case of statements relating to Oral Health, Euromonitor Passport at manufacturer's selling prices.

The Issuers and the Guarantors confirm that all third-party data contained in this offering memorandum has been accurately reproduced and, so far as the Issuers and the Guarantors are aware and able to ascertain from

information published by the relevant third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this offering memorandum, the source of such information has been identified. While industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, the accuracy and completeness of such information is not guaranteed. The CH Group has not independently verified any of the data obtained from third-party sources (whether identified in this offering memorandum by source or used as a basis for the CH Group's beliefs and estimates), or any of the assumptions underlying such data. Similarly, internal surveys, industry forecasts and market research, which the CH Group believes to be reliable, have not been independently verified.

Trademarks

This offering memorandum includes trademarks, trade names and trade dress of other companies. Use or display by the CH Group of other parties' trademarks, other parties' trade names or other parties' trade dress or products is not intended to and does not imply a relationship with, or endorsement or sponsorship by the CH Group of, the trademark, trade name or trade dress owners. Solely for the convenience of investors, the CH Group's brands are referred to in this offering memorandum without the ® symbol, but the absence of these references is not intended to indicate in any way that the CH Group will not assert its rights to these brands to the fullest extent permitted by law.

ADDITIONAL INFORMATION

The Issuers are not subject to the periodic reporting requirements of the US Securities Exchange Act of 1934 (as amended, the "Exchange Act"). While the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of the Issuers, GSK and Haleon will, during any period in which it is not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, furnish, upon request, to holders of the Notes and prospective purchasers of the Notes designated by such holders, upon the request of such holders or such prospective purchasers, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

By requesting copies of the documents referred to in this offering memorandum or by making any other requests for additional information relating to the offering of the Notes or to the Issuers, each potential investor agrees to keep confidential the various documents and all written information which from time to time has been or will be disclosed to it, to the extent that such documents or information are not otherwise publicly available, and agrees not to disclose any portion of such information to any person except in connection with the proposed resale of the Notes or as required by law.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This offering memorandum should be read and construed in conjunction with the GSK 2021 Form 20-F (as defined above), which shall be deemed to be incorporated in and to form part of, this offering memorandum, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this offering memorandum to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

The Issuers and the Guarantors will provide, without charge, to each person to whom a copy of this offering memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Company Secretary, 980 Great West Road, Brentford, Middlesex, TW8 9GS, UK or to the Issuers at their respective offices set out at the end of this offering memorandum.

SUMMARY

This summary highlights selected information appearing elsewhere in this offering memorandum and is, therefore, qualified in its entirety by the more detailed information appearing elsewhere in this offering memorandum. It may not contain all the information that is important to you. The Issuers and the Guarantors urge you to read carefully this entire offering memorandum and the other documents to which it refers to understand fully the terms of the Notes. You should pay special attention to "Risk Factors" and "Forward-Looking Statements." Terms which are defined in "Description of the Notes and Guarantees" below, beginning on page 157, have the same meaning when used in this summary.

THE ISSUERS

GSK Consumer Healthcare Capital US LLC (the "US Issuer")

The US Issuer is a limited liability company incorporated under the laws of Delaware. It is a 100 per cent. owned subsidiary of CH JVCo, and it exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, prior to Separation, subsidiaries or affiliates of GSK and Pfizer, and following Separation, Haleon (in each case, directly or indirectly). On the same day as the US Issuer will issue the debt securities, the US Issuer will on-lend all proceeds to GSK Consumer Healthcare Holding (US) LLC, a limited liability company incorporated under the laws of Delaware that is the top-tier US operating company of the CH Group and sole direct owner of the US Issuer, on terms that are near identical to those of the debt securities issued by the US Issuer. As a result, it is anticipated that all payments of interest and principal on the debt securities issued by the US Issuer will be funded indirectly by the assets and operations of GSK Consumer Healthcare Holding (US) LLC.

GSK Consumer Healthcare Capital UK plc (the "UK Issuer")

The UK Issuer is a public limited company incorporated under the laws of England and Wales. It is a wholly owned subsidiary of CH JVCo, and it exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, prior to Separation, subsidiaries or affiliates of GSK and Pfizer, and following Separation, Haleon (in each case, directly or indirectly).

THE GUARANTORS

GlaxoSmithKline plc ("GSK")

GSK is a public limited company incorporated under the laws of England and Wales. GSK's ordinary shares are listed on the London Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange ("NYSE"). On 27 December 2000, GSK acquired Glaxo Wellcome plc and SmithKline Beecham plc (now known as SmithKline Beecham Limited), both English public limited companies, through a merger of the two companies.

GSK is one of the world's leading research-based pharmaceutical and healthcare companies and is committed to improving the quality of human life by enabling people to do more, feel better and live longer.

Haleon plc ("Haleon")

Haleon is a public limited company incorporated under the laws of England and Wales with its registered and head office at 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

As a result of Separation, Haleon will become the ultimate holding company of the CH Group.

THE NOTES

Issuers	GSK Consumer Healthcare Capital US LLC GSK Consumer Healthcare Capital UK plc
Guarantors	GlaxoSmithKline plc or, as applicable, Haleon plc Investors should note that GlaxoSmithKline plc will cease to be a Guarantor from (and including) the Guarantee Assumption Date (as defined below) and the Guarantee provided by Haleon plc will only become effective from and including the Guarantee Assumption Date. For further information regarding the Guarantees, please see "*Guarantees*" below under "*Description of the Notes and Guarantees.*"
The Notes	US Issuer Notes $700,000,000 3.024% Callable Fixed Rate Senior Notes due 2024 (the "Callable Fixed Rate Notes"); $300,000,000 Callable Floating Rate Senior Notes due 2024 (the "Callable Floating Rate Notes"); $2,000,000,000 3.375% Fixed Rate Senior Notes due 2027 (the "2027 Fixed Rate Notes"); $1,000,000,000 3.375% Fixed Rate Senior Notes due 2029 (the "2029 Fixed Rate Notes"); $2,000,000,000 3.625% Fixed Rate Senior Notes due 2032 (the "2032 Fixed Rate Notes"); and $1,000,000,000 4.000% Fixed Rate Senior Notes due 2052 (the "2052 Fixed Rate Notes"). UK Issuer Notes $1,750,000,000 3.125% Fixed Rate Senior Notes due 2025 (the "2025 Fixed Rate Notes").
Issue Date	24 March 2022
Maturity Date	US Issuer Notes The Callable Fixed Rate Notes will mature on 24 March 2024; the Callable Floating Rate Notes will mature on 24 March 2024; the 2027 Fixed Rate Notes will mature on 24 March 2027; the 2029 Fixed Rate Notes will mature on 24 March 2029; the 2032 Fixed Rate Notes will mature on 24 March 2032; and the 2052 Fixed Rate Notes will mature on 24 March 2052.

	UK Issuer Notes The 2025 Fixed Rate Notes will mature on 24 March 2025.
Interest	Fixed Rate Notes Interest on the 2025 Fixed Rate Notes will be payable at a rate of 3.125% per annum; interest on the 2027 Fixed Rate Notes will be payable at a rate of 3.375% per annum; interest on the 2029 Fixed Rate Notes will be payable at a rate of 3.375% per annum; interest on the 2032 Fixed Rate Notes will be payable at a rate of 3.625% per annum; interest on the 2052 Fixed Rate Notes will be payable at a rate of 4.000% per annum; and interest on the Callable Fixed Rate Notes will be payable at a rate of 3.024% per annum. Callable Floating Rate Notes The initial interest rate on the Callable Floating Rate Notes for the first Callable Floating Rate Notes Interest Period (as defined below) will be equal to the Benchmark (as defined below) plus 0.89% per annum (the "Callable Floating Rate Notes Margin"). Thereafter, the interest rate on the Callable Floating Rate Notes for any Callable Floating Rate Notes Interest Period will be a per annum rate equal to the Benchmark, as determined on the applicable Interest Determination Date (as defined below) plus the Callable Floating Rate Notes Margin.
Interest Payment Date	Fixed Rate Notes Interest on the Fixed Rate Notes will be payable semi-annually in arrear on 24 March and 24 September of each year, commencing on 24 September 2022 (each a "Fixed Rate Notes Interest Payment Date"). Callable Floating Rate Notes Interest on the Callable Floating Rate Notes will be payable quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year, commencing on 24 June 2022 (each a "Callable Floating Rate Notes Interest Payment Date").
Form and Denominations	The Notes will be issued in book-entry form only, in minimum denominations of $250,000 and integral multiples of $1,000 in excess thereof.
Ranking	US Issuer Notes The US Issuer Notes will be the unsubordinated and (other than pursuant to the Guarantees) unsecured obligations of the US Issuer

	and will rank at least *pari passu*, without any preference or priority among themselves, with all existing and future unsubordinated and unsecured obligations of the US Issuer (except for obligations which may rank senior by operation of applicable law), and senior to all existing and future subordinated obligations of the US Issuer. UK Issuer Notes The UK Issuer Notes will be the unsubordinated and (other than pursuant to the Guarantees) unsecured obligations of the UK Issuer and will rank at least *pari passu*, without any preference or priority among themselves, with all existing and future unsubordinated and unsecured obligations of the UK Issuer (except for obligations which may rank senior by operation of applicable law), and senior to all existing and future subordinated obligations of the UK Issuer.
Indenture	The Notes will be issued under a single indenture, to be dated as of 24 March 2022, among the Issuers, GSK and Haleon as guarantors and Deutsche Bank Trust Company Americas, as trustee, registrar, paying agent, transfer agent and calculation agent.
Consent to Demerger Capital Reduction	Haleon is proposing to undertake a court-confirmed reduction of capital within 6 months of the completion of the Demerger (the "Demerger Capital Reduction"). The specific terms of the Demerger Capital Reduction have not, as at the date of this offering memorandum, been finalised or court-confirmed. However, the Demerger Capital Reduction would not of itself result in value leaving the CH Group in any case. As part of the court confirmation of the Demerger Capital Reduction, it may be necessary or desirable for the creditors (including contingent creditors) of Haleon to give their consent to, or otherwise not object to, the Demerger Capital Reduction. Given Haleon will guarantee all amounts owing in respect of the Notes with effect from (and including) the Guarantee Assumption Date, holders of Notes will be contingent creditors of Haleon at the time of the Demerger Capital Reduction. Accordingly, by their holding of the Notes, each noteholder shall be deemed without the need for any further action to have unconditionally and irrevocably (i) consented to any reduction in the capital of Haleon which is implemented within 6 months of the Demerger (the "Demerger Capital Reduction"), (ii) agreed not to object to the Demerger Capital Reduction, and (iii) appointed the Issuer of such noteholder's Notes, or such person (other than the Trustee) as such Issuer shall nominate as its agent to undertake all such acts and take all such steps on its behalf (including, without limitation, the execution and delivery of any documents to any court) as may be necessary or desirable for Haleon to implement the Demerger Capital Reduction. Please see "*Description of the Notes and Guarantees—Demerger Capital Reduction*" for further information on the Demerger Capital Reduction.
Guarantees	Prior to the Guarantee Assumption Date, the Notes will be fully and unconditionally guaranteed by GSK under the terms of the Indenture. With effect from (and including) the Guarantee Assumption Date, under the terms of the Indenture (i) the GSK Guarantee will be automatically and unconditionally terminated and released without

	your consent and (ii) the Notes will be fully and unconditionally guaranteed by Haleon.
Use of Proceeds	The Issuers estimate the net proceeds from the sale of the Notes to be $8,675,839,851 after deducting the underwriting discounts and expenses of the offering. It is anticipated that, subsequent to the on-lending of the net proceeds to GSK Consumer Healthcare Holding (US) LLC (as described above in "*Summary—Issuers*"), the proceeds will ultimately be made available to CH JVCo in order to fund the Pre-Demerger Dividend (as described in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Pre-Separation borrowings and Pre-Demerger Dividend*").
Fixed Rate Notes Make-Whole and Par Redemption	Prior to the applicable Fixed Rate Notes Par Call Date (as defined below), the US Issuer may redeem any series of the US Issuer Fixed Rate Notes and, at any time before the 2025 Fixed Rate Notes Maturity Date, the UK Issuer may redeem the 2025 Fixed Rate Notes, in whole or in part, at their option at any time and from time to time at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of (i) 100 per cent. of the principal amount of the Fixed Rate Notes to be redeemed on that redemption date and (ii) as determined by such Issuer, (a) with respect to any series of US Issuer Fixed Rate Notes: the sum of the present values of the remaining scheduled payments of principal of and interest on the US Issuer Fixed Rate Notes to be redeemed on that redemption date (not including any portion of such payments of interest accrued as of the redemption date) that would be due if the relevant series of US Issuer Fixed Rate Notes matured on the applicable Fixed Rate Notes Par Call Date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points in the case of the 2027 Fixed Rate Notes, 20 basis points in the case of the 2029 Fixed Rate Notes, 25 basis points in the case of the 2032 Fixed Rate Notes, 25 basis points in the case of the 2052 Fixed Rate Notes or 15 basis points in the case of the Callable Fixed Rate Notes, and (b) with respect to the 2025 Fixed Rate Notes: the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 Fixed Rate Notes to be redeemed on that redemption date (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points; in each case plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. On or after the applicable Fixed Rate Notes Par Call Date, the US Issuer may redeem any series of the US Issuer Fixed Rate Notes, in whole or in part, at its option at any time and from time to time at a redemption price equal to 100 per cent. of the principal amount of the applicable series of US Issuer Fixed Rate Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Please see "*Description of the Notes and Guarantees—Redemption—Fixed Rate Notes Make-Whole and Par Redemption*."

Callable Floating Rate Notes Par Redemption	On or after the Callable Floating Rate Notes Par Call Date (as defined below), the US Issuer may redeem the Callable Floating Rate Notes, in whole or in part, at its option at any time and from time to time at a redemption price equal to 100% of the principal amount of the Callable Floating Rate Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. Please see "*Description of the Notes and Guarantees—Redemption—Callable Floating Rate Notes Par Redemption*"
Optional Redemption for Tax Reasons	The US Issuer and the UK Issuer may redeem any of the US Issuer Notes or the UK Issuer Notes, respectively, at any time prior to maturity in whole (but not in part) at a redemption price equal to 100 per cent. of their principal amount plus accrued interest to the date fixed for redemption, upon the occurrence of certain tax events, as more particularly described under "*Description of the Notes and Guarantees—Redemption—Optional Redemption for Tax Reasons.*"
Redemption Upon Change Of Control Put Event	On the terms and subject to the conditions described under "*Description of the Notes and Guarantees—Redemption—Redemption upon a Change of Control Put Event",* if a Change of Control Put Event (as defined below) occurs with respect to a series of Notes, the noteholders of such series will have the option (a "Change of Control Put Option") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) such Issuer has given notice of redemption pursuant the terms of the Indenture) to require such Issuer to redeem or, at such Issuer's option, purchase (or procure the purchase of) the whole, but not part, of such noteholders' Notes on the Change of Control Put Date (as defined below) at a redemption price equal to 101 per cent. of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the Change of Control Put Date. To exercise the Change of Control Put Option, the relevant noteholder must deliver, at the specified office of the paying agent at any time during the period of 45 calendar days after a Change of Control Put Event Notice is given (the "Change of Control Put Period"), accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the paying agent (a "Change of Control Put Notice") and in which the noteholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made pursuant to this provision, accompanied by, if the relevant Note is in definitive form, the relevant Note or evidence satisfactory to the paying agent concerned that the relevant Note will, following delivery of the Change of Control Put Notice, be held to its order or under its control. The "Change of Control Put Date" shall be the date falling seven London business days after the expiration of the Change of Control Put Period. A Change of Control Put Notice, once given, shall be irrevocable, except where prior to the Change of Control Put Date, an Event of Default (as defined below) has occurred and is continuing; in which event, the relevant noteholder, at its option, may elect by notice to the relevant Issuer to withdraw the Change of Control Put Notice and instead to instruct the Trustee, in writing, to give notice that the

	relevant Notes that are the subject of the Change of Control Put Notice are immediately due and payable pursuant to the events of default provisions of the Indenture (see "*—Events of Default*" below). The relevant Notes shall then become immediately due and payable, as long as the Trustee declares all of the relevant Notes immediately due and payable in accordance with the provisions of the Indenture. The relevant Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.
Special Mandatory Redemption	If the Demerger has not completed by the first anniversary of the Issue Date of the Notes or, if earlier, GSK releases an announcement which makes public that it no longer intends to pursue the Demerger, a Special Mandatory Redemption Event shall occur in accordance with the terms of the Indenture and the Notes. Each of the Issuers shall promptly notify, in writing, the Trustee, the paying agent and the noteholders in accordance with the terms of the Indenture and the Notes within 15 days of the occurrence of a Special Mandatory Redemption Event (which notice shall be irrevocable and shall specify the date fixed for redemption). Within 45 days from (and including) the date of such notice, (i) the US Issuer shall redeem the US Issuer Notes and (ii) the UK Issuer shall redeem the UK Issuer Notes, respectively, in whole, but not in part, at a redemption price equal to 101 per cent. of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date. The Trustee is under no obligation whatsoever to ascertain whether a Special Mandatory Redemption Event or any event which could lead to the occurrence of or could constitute a Special Mandatory Redemption Event has occurred and, until a responsible officer of the Trustee shall have received actual written notice pursuant to the Indenture to the contrary, the Trustee may assume that no Special Mandatory Redemption Event or other such event has occurred.
Covenants	Each of the Guarantors has agreed in the Indenture not to incur or assume (or permit any of its respective subsidiaries to incur or assume) any lien on or with respect to any of its or its subsidiaries' property, assets or revenues, present or future, to secure any relevant indebtedness (as this term is defined below) without making (or causing its subsidiaries to make) effective provision for securing the Notes equally and rateably with such relevant indebtedness as to such property, assets or revenues, for as long as such relevant indebtedness is so secured, subject to certain exceptions. Each of the Issuers and each of the Guarantors, for so long as its respective Guarantee is in place, have agreed in the Indenture not to consolidate with or merge with or into any other person or convey or transfer all or substantially all of their respective properties and assets to any person (except that each Issuer's finance subsidiaries may merge into such Issuer), subject to certain exceptions.
Additional Amounts	If an Issuer is required to withhold or deduct any amount for or on account of Taxes (as defined under "*Taxation*" below) from any payment made with respect to the Notes, such Issuer will pay such additional amounts as may be necessary so that the net amount

	received by each noteholder (including additional amounts) after such withholding or deduction will not be less than the amount the noteholder would have received if the Taxes had not been withheld or deducted; provided that no additional amounts will be payable with respect to Taxes. See "*Description of the Notes and Guarantees—Payment of Additional Amounts.*"
Events of Default	An event of default with respect to a series of Notes will occur upon any of the following: • the Issuer fails to pay principal when due, and, in the case of technical or administrative difficulties, the continuance of that default for more than two business days; • the Issuer fails to pay interest on, or any additional amounts payable in respect of, any Notes of such series when due and payable, and the continuance of that default for 30 days; • (a) with respect to the US Issuer Notes, default in performing any other covenant of the US Issuer and (b) with respect to the UK Issuer Notes, default in performing any other covenant of the UK Issuer, or the applicable Guarantor in the Indenture for 90 days after the receipt of written notice specifying such default from the Trustee or from the noteholders of 25 per cent. in principal amount of the Notes of that series; • the Issuer or the relevant Guarantor defaults on certain other indebtedness in excess of £100,000,000 (or its equivalent in any other currency); • with respect to the US Issuer Notes, the Haleon Guarantee ceases to be, or is claimed by the US Issuer or Haleon not to be, in full force and effect; • with respect to the UK Issuer Notes, the Haleon Guarantee ceases to be, or is claimed by the UK Issuer or Haleon not to be, in full force and effect; or • certain events of bankruptcy, insolvency or reorganisation of the applicable Issuer or the applicable Guarantor, as the case may be. If an event of default occurs because of a default in a payment of principal or interest on any series of Notes, then the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of such series of Notes can accelerate the entire principal of such series of Notes with written notice to the Trustee. If the event of default occurs because of a failure to perform any other covenant in the Indenture or any covenant for the benefit of one or more, but not all, of the series of the Notes, then the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of Notes of all series affected, voting as one class, can accelerate all of the affected series of Notes. If the event of default occurs because of bankruptcy proceedings, then the entire principal of the Notes under the Indenture will be accelerated automatically without any further action on the part of the noteholders or the Trustee. Therefore, except in the case of a default on a payment of principal or interest on the Notes of the series that a noteholder holds, or a default due to bankruptcy or insolvency of the Issuer or the applicable Guarantor, it is possible that a noteholder may not be able to accelerate the Notes of the series it holds because of the failure of the noteholders of other series of Notes to take action.

Clearance and Settlement	Each series of Notes will be initially issued in the form of one or more registered Notes in global form (the "global notes"). Upon issuance, each of the global notes will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC. Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.
Listing	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the GEM, which is the exchange-regulated market of Euronext Dublin.
Taxation	Payments made by the US Issuer and the UK Issuer under or with respect to the US Issuer Notes or the UK Issuer Notes, respectively, will be free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge of any nature whatsoever imposed or levied by or on behalf of (i) the government of the United Kingdom or of any territory of the United Kingdom or by any authority or agency therein or thereof having the power to tax or (ii) the government of the United States or any state or territory of the United States or by any authority or agency therein or thereof having the power to tax, which are referred to collectively as "*Taxes,*" unless such Issuer is required to withhold or deduct Taxes by law. For a discussion of the US federal income taxation of the Notes, see ''*Taxation—US Federal Income Tax Considerations.*''
Registration Rights	The Issuers, the Guarantors and the Initial Purchasers will enter into a registration rights agreement (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, Haleon and each of the US Issuer and the UK Issuer will agree to use commercially reasonable efforts to (1) file with the SEC a registration statement (the "Exchange Offer Registration Statement") on an appropriate form under the Securities Act with respect to an offer to exchange each series of the US Issuer Notes (with respect to the US Issuer) or the UK Issuer Notes (with respect to the UK Issuer) (the "Exchange Offer") for new notes with the same aggregate principal amount and terms substantially identical in all material respects to the applicable series of Notes (except for the provisions of the Notes relating to transfer restrictions, the GSK Guarantee and the special mandatory early redemption); (2) to cause the Exchange Offer Registration Statement to be declared effective by the SEC under the Securities Act; and (3) to consummate the Exchange Offer not later than 365 days after the Guarantee Assumption Date (the "Exchange Date").
Transfer Restrictions	The Notes and the Guarantees have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. See "*Notice to Investors*" and "*Plan of Distribution.*"

Risk Factors	There are certain factors that may affect the Issuers' and Guarantors' ability to fulfil their respective obligations under the Notes. Certain of these factors are set out under "*Risk Factors*."
Governing Law	The Notes, the Indenture and the Guarantees will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Paying Agent, Transfer Agent and Calculation Agent	Deutsche Bank Trust Company Americas, 1 Columbus Circle, 17th Floor, New York, NY 10019, will be the Trustee, Registrar, paying agent, transfer agent and calculation agent
Security Codes	US Issuer Notes The Callable Fixed Rate Notes: Rule 144A CUSIP: 36264F AA9 Rule 144A ISIN: US36264FAA93 Reg S CUSIP: U04020 AA8 Reg S ISIN: USU04020AA82 The Callable Floating Rate Notes: Rule 144A CUSIP: 36264G AB5 Rule 144A ISIN: US36264GAB59 Reg S CUSIP: U0396G AB9 Reg S ISIN: USU0396GAB96 The 2027 Fixed Rate Notes: Rule 144A CUSIP: 36264F AB7 Rule 144A ISIN: US36264FAB76 Reg S CUSIP: U04020 AB6 Reg S ISIN: USU04020AB65 The 2029 Fixed Rate Notes: Rule 144A CUSIP: 36264F AC5 Rule 144A ISIN: US36264FAC59 Reg S CUSIP: U04020 AC4 Reg S ISIN: USU04020AC49 The 2032 Fixed Rate Notes: Rule 144A CUSIP: 36264F AD3 Rule 144A ISIN: US36264FAD33 Reg S CUSIP: U04020 AD2 Reg S ISIN: USU04020AD22 The 2052 Fixed Rate Notes: Rule 144A CUSIP: 36264F AE1 Rule 144A ISIN: US36264FAE16 Reg S CUSIP: U04020 AE0 Reg S ISIN: USU04020AE05 UK Issuer Notes The 2025 Fixed Rate Notes: Rule 144A CUSIP: 36264N AA2 Rule 144A ISIN: US36264NAA28 Reg S CUSIP: G4164D AA6 Reg S ISIN: USG4164DAA66

RISK FACTORS

The Issuers and the Guarantors believe that the following factors are the risks which are specific to the Issuers, the Guarantors and/or the Notes and which are material for taking an informed investment decision. Most of these factors are contingencies which may or may not occur.

The Issuers and the Guarantors have identified in this section a number of factors which could materially and adversely affect their businesses and their ability to fulfil their obligations under Notes. Prospective investors should note that the inability of the Issuers or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for reasons which may not be considered significant by the Issuers and the Guarantors based on the information currently available to them, or which they may not currently be able to anticipate.

Prospective investors should read the detailed information set out elsewhere in this offering memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Notes and the suitability of investing in such Notes in light of their particular circumstances.

Unless the context requires otherwise, capitalised terms which are defined in "Description of the Notes and Guarantees" below have the same meaning when used herein.

RISKS RELATING TO THE CH GROUP AND THE CONSUMER HEALTHCARE BUSINESS

The CH Group operates in a highly competitive market and failure to successfully compete with competitors could have a material adverse effect on the CH Group's business.

The CH Group faces substantial and increasing competition in all of its product categories and geographic markets. There are relatively low barriers to entry in certain product categories in many of the markets in which the CH Group operates (particularly in the VMS category) and accordingly the CH Group's businesses compete with companies of all sizes on many different fronts, including cost-effectiveness, product effectiveness and quality, brand recognition and loyalty, technological innovations, consumer convenience, promotional activities, new product introductions and expansion into new markets and channels.

The CH Group expects to continue to see heightened activity from its competitors worldwide, including an increase in the introduction and aggressive marketing of new products in high demand healthcare areas. In particular, the CH Group expects to experience: (i) increasing and aggressive competition from smaller, high growth companies which often operate on a regional basis, and may disrupt existing route-to-market models; (ii) increasing competition from multinational corporations moving for the first time into, or expanding or focusing their presence (whether through acquisitions, disposals, demergers or other means) in the global consumer healthcare market in order to benefit from the higher profit margins on offer and greater consumer interest in health products and services; and (iii) continuing competition from "private label" products, which are brands sold exclusively by a particular retailer.

Some of the CH Group's competitors may spend more aggressively on, or have more effective, advertising and promotion activities than the CH Group does, introduce competing products more quickly and/or respond more effectively to business and economic conditions and changing consumer preferences, including by launching innovative new products. The CH Group's ability to compete also depends on the strength of its brands and on its ability to enforce and defend its intellectual property ("IP") against infringement and legal challenges by competitors.

The CH Group may be unable to anticipate the timing and scale of the threats posed by the many competitors across its markets or to successfully respond to them, which could harm the CH Group's business. In addition, the cost of responding to the increasingly significant and widespread competition worldwide, including management time, out-of-pocket expenses and price reductions, may materially and adversely affect the CH Group's performance. Ultimately, a prolonged failure by the CH Group to compete effectively in its key markets could have a material adverse effect on the CH Group's business, prospects, results of operations and financial condition.

The CH Group's success depends on its ability to anticipate and respond to changes in consumer preferences and a failure to adapt its strategy appropriately may have a material adverse effect on the CH Group's business and/or financial condition.

As a consumer products business, the CH Group relies on its ability to leverage its existing brands and products to drive increased sales and profits. This in turn depends on the CH Group's ability to identify and offer products at attractive prices that appeal to consumer tastes and preferences, which are difficult to predict and evolve over time. The CH Group's ability to implement this strategy depends on, among other things, its ability to:

- continue to offer products that consumers want at competitive prices;
- develop and maintain consumer interest in its brands and increase its brand recognition and loyalty;
- innovate successfully on its existing products; and
- effectively utilise a range of distribution channels in its key markets.

The CH Group may not be able to execute this strategy successfully, which could have a material adverse effect on the CH Group's business, prospects, results of operations and/or financial condition.

In addition, any reduction in consumer demand for the types of products which the CH Group offers as a result of changes in consumer lifestyle, environmental concerns, economic downturns or other considerations could have a material adverse effect on the CH Group's business, prospects, financial condition and results of operations. For example, in recent years, there is increasing awareness of the environmental impact and sustainability of practices and products in the market (see "*—Failure to respond effectively to the challenges raised by climate change and other sustainability matters may have a material adverse effect on the CH Group's business and results of operations*").

The CH Group's business results are impacted by the CH Group's ability to manage disruptions in the CH Group's global supply chain and a failure to manage disruptions appropriately may have a material adverse effect on the CH Group's business and/or financial condition.

The CH Group is engaged in manufacturing and sourcing of products and materials on a global scale. The CH Group's operations and those of its suppliers, contract manufacturers and logistics providers have been and may continue to be disrupted by a number of factors, including, but not limited to:

- increased and/or changing regulation, as well as regulatory compliance issues;
- environmental events, including natural disasters (such as fires, floods and earthquakes) and any potential effect of climate change;
- widespread health emergencies, such as COVID-19 or other pandemics or epidemics;
- strikes and other labour disputes;
- disruptions in logistics;
- cybersecurity failures or incidents;
- loss or impairment of key manufacturing sites;
- loss of key suppliers or contract manufacturers;
- supplier capacity constraints;
- raw material and product quality or safety issues;
- industrial accidents or other occupational health and safety issues;
- the impact on the CH Group's suppliers of tighter credit or capital markets;
- the lack of availability of qualified personnel;
- global shipping, logistics, transport and warehousing constraints;
- governmental incentives and controls (including import and export restrictions, such as new or increased tariffs, sanctions, quotas or trade barriers); and
- acts of war or terrorism, political unrest or uncertainty, fires or explosions, and other external factors over which the CH Group has no control.

While the product ranges of the CH Group's leading brands are manufactured by multiple sources, some of the CH Group's products are currently primarily manufactured at a single location. The loss of the use of all or a portion of any of the CH Group's manufacturing facilities or the loss of the use of key suppliers could have a material adverse effect on the CH Group's business, financial condition and results of operations.

In addition, the CH Group purchases certain raw and packaging materials from single-source suppliers or a limited number of suppliers and new suppliers may have to be qualified under industry, governmental and its own standards, which can require additional investment and take a significant period of time.

Although the CH Group has contingency plans in place, those plans may not be sufficient to mitigate manufacturing or supplier interruptions. A significant disruption to the manufacturing or sourcing of products or materials for any reason, including those mentioned above, could interrupt product supply and, if not remedied, could lead to litigation or regulatory action, product delistings by retailers, financial penalties, and reputational damage that could materially and adversely affect the CH Group's business, results of operations and financial condition.

Increasing dependence on key retail customers, changes in the policies of the CH Group's retail customers, the emergence of alternative retail channels and the rapidly changing retail landscape may materially and adversely affect the CH Group's business.

The CH Group's products are sold in a highly competitive global marketplace which has experienced increased trade concentration and the growing presence of large-scale retailers, including pharmacies, as well as discounters and e-commerce retailers. With the growing trend towards retail trade consolidation, increased cross-border trade, the rapid growth of e-commerce and the integration of traditional and digital operations at key retailers, the CH Group is increasingly dependent on certain retailers, and some of these retailers have and may continue to have greater bargaining strength than the CH Group does. For example, similar to its competitors, while the CH Group maintains relationships with a variety of significant retailers across its key markets, sales attributable to its top five largest retailers account for over half of the CH Group's revenue in the US market.

The CH Group's large-scale retail customers, including pharmacies, may use their leverage to demand higher trade discounts, allowances, display fees or increased investment, including through display media, paid search, preparation fees and other programmes, which could lead to reduced sales or profitability. The loss of a key retailer or a significant reduction in sales to a key retailer could materially and adversely affect the CH Group's business, prospects, results of operations and financial condition. The CH Group's business might also be negatively affected by the growing presence and bargaining strength of customers who operate internationally and retail buying alliances (horizontal alliances of retailers, retail chains or entire retailer groups that cooperate in pooling their resources) and the enhanced leverage that such alliances possess.

The CH Group has also been and may continue to be negatively affected by changes in the policies or practices of the CH Group's retail trade and pharmacy customers, such as inventory de-stocking, limitations on access to shelf space, delisting of the CH Group's products, or environmental, sustainability, supply chain or packaging initiatives and other conditions. For example, a determination by a key retailer that any of the CH Group's ingredients should not be used in certain consumer products or that the CH Group's packaging does not comply with certain environmental, supply chain or packaging standards or initiatives could materially and adversely impact the CH Group's business, prospects, results of operations and financial condition.

"Private label" products sold by the CH Group's retail customers, which are typically sold at lower prices than branded products, are a source of competition for certain of the CH Group's products. In addition, the retail landscape in many of the CH Group's markets continues to evolve as a result of the rapid growth of e-commerce retailers (who are able to rapidly generate "private label" products and capitalise on access to data) and price comparison sites, changing consumer preferences (as consumers increasingly shop online), and, in certain categories (particularly vitamins, minerals and supplements), the increased presence of alternative retail channels, such as subscription services, sales through social media platforms and direct-to-consumer businesses (especially those which specialise in rapid distribution). The strong growth in e-commerce and the emergence of alternative retail channels may create pricing and margin pressures and/or adversely affect the CH Group's relationships with key retailers. If the CH Group is not able to successfully manage and adapt to these changes in the retail landscape, the CH Group's business, prospects, results of operations and financial condition could be materially and adversely affected.

The CH Group may not be able to develop and commercialise new products effectively, which may materially and adversely affect the results of the CH Group's operations and financial condition.

The future growth of the CH Group is to a significant extent dependent on its ability to develop new products or new formulations of existing products. The CH Group's ability to launch new products and to expand into adjacent categories, channels of distribution or markets is affected by whether the CH Group can successfully:

- identify, develop and fund technological innovations;
- obtain and maintain necessary intellectual property protection and avoid infringing intellectual property rights of others;
- obtain and maintain approvals and registrations of regulated products, including from the FDA, the European Medicines Agency (the "EMA"), the Chinese National Medical Products Administration (the "NMPA") and other regulatory bodies in the countries in which the CH Group has business operations, including in relation to switches of products requiring a prescription to products with OTC status ("Rx-to-OTC switches");
- anticipate, quickly respond to, and benefit from the needs and preferences of consumers and customers by, among other things, effectively utilising digital technology and marketing and data analytics to gain new commercial insights and develop relevant marketing and advertising to identify new products that will align with consumer preferences; and
- successfully compete to in-licence products.

The identification, development and introduction of innovative new products that drive incremental sales involves considerable costs and effort, and any new product may not generate sufficient customer and consumer interest and sales to become a profitable product or to cover the costs of its development and promotion. The CH Group's ability to achieve a successful launch of a new product could also be adversely affected by pre-emptive actions taken by competitors in response to the launch, such as increased promotional activities and advertising. In addition, new products may not be accepted quickly or significantly in the marketplace.

The product development process is both time-consuming and costly and involves a high degree of business risk. In particular, the CH Group's OTC products, including those in respect of which it is undertaking an Rx-to-OTC switch, are subject to lengthy development programmes and regulatory approval periods which can restrict the CH Group's ability to innovate in this product area. The CH Group must develop, test and manufacture products to meet its own internal specifications and standards as well as all applicable regulatory and safety requirements, and it is possible that a new product can fail to make it to market at any stage of this process. Whilst the CH Group has a good track record of developing new products and executing Rx-to-OTC switches, there can be no guarantee that the CH Group will continue to be able to develop and commercialise new products at the rate required to retain or grow market share or that suitable opportunities for further Rx-to-OTC switches will become available to the CH Group.

Any failure to develop and commercialise new products in a timely fashion may decrease revenue and/or increase R&D costs and, consequently, may materially and adversely affect the results of the CH Group's operations and financial condition.

Failure to retain key personnel or attract new personnel may materially and adversely affect the CH Group's business.

The CH Group relies upon a number of key executives and employees who have an in-depth understanding of the consumer healthcare industry and the CH Group's technologies, products, programmes, collaborative relationships and strategic goals. While the CH Group follows a disciplined, ongoing succession planning process and has succession plans in place for senior management and other key executives, these do not guarantee that the services of qualified senior executives will continue to be available to the CH Group at all times. Competition for such personnel in the consumer healthcare industry is intense, and there can be no assurance that the CH Group will be able to continue to attract and retain such personnel, particularly as competitors may attempt to recruit them.

Further, the CH Group's ability to implement its strategy depends on the ability and experience of its senior management and other key employees. If the CH Group is unable to recruit, attract and retain talented, highly qualified senior management and other key people, including through competitive remuneration and benefits packages, appropriate career development, employee resilience and engagement programmes, the CH Group's business, prospects, results of operations and financial condition could be materially and adversely affected. The

CH Group is also working to advance cultural change through the implementation of diversity, equality and inclusion initiatives and through the implementation of a new purpose, strategy and culture programme throughout the organisation. If the CH Group does not (or is perceived not to) successfully implement these plans and initiatives, its ability to recruit, attract and retain talent may be materially and adversely impacted, which may in turn materially and adversely affect the CH Group's business, results of operations and financial condition.

Damage to the CH Group's reputation could have a material adverse effect on the CH Group's business.

Maintaining the CH Group's strong reputation and trust with consumers and the CH Group's customers globally is critical to selling the CH Group's branded products. Negative publicity about the CH Group, the CH Group's industry, the CH Group's brands and products, the CH Group's advertising and promotion practices, the CH Group's use, storage and securing of technology and data, including personal data, the CH Group's supply chain, the CH Group's ingredients, the CH Group's packaging, the CH Group's research practices, threatened or pending litigation or regulatory proceedings, the CH Group's public policy engagement, the CH Group's environmental, social and governance practices, including as they relate to diversity, equality and inclusion, the health, safety and welfare of employees or other stakeholders, or relations with the CH Group's employees, or regulatory infractions, violations of sanctions or anti-bribery rules, whether or not deserved, could jeopardise the CH Group's reputation and/or expose it to adverse press and social media attention.

The CH Group's reputation may also be adversely affected if third parties with whom the CH Group contracts, including its suppliers, manufacturers and customers, fail to maintain high ethical, social and environmental standards, comply with local laws and regulations or become subject to other negative events or adverse publicity. Such third parties may also enter into relationships with or be acquired by other third parties whose values, business practices and/or reputation expose the CH Group to the risk of adverse publicity and damage to its existing relationships by association. While the CH Group has policies and procedures for managing third party relationships, it may not be possible to fully ensure that third parties adhere to the same standards and values as the CH Group or to replace third party relationships in a timely and/or cost-effective manner.

In addition, widespread use of digital and social media by consumers has greatly increased the accessibility of information and the speed of its dissemination. Negative publicity, posts or comments on social media about the CH Group, the CH Group's brands, the CH Group's products, including any ingredients used in its products, the CH Group's packaging or the CH Group's employees, whether true or untrue, could damage the CH Group's brands and its reputation and/or lead to boycotts of its products. For example, during the COVID-19 pandemic, sales of Advil (an ibuprofen-based product) were adversely impacted by negative media coverage regarding the use of ibuprofen products in treating the symptoms of COVID-19. Moreover, the CH Group's reputation could be harmed as a result of inappropriate use of its branded products being promoted on social media and any associated negative publicity. The success of the CH Group's brands could also suffer if the CH Group's marketing initiatives do not have the desired impact on a brand's image or its ability to attract consumers.

Counterfeiting is a common issue for successful brands and has been amplified by the growth of e-commerce. Although the CH Group has an anti-counterfeiting programme in place, third parties continue to sell counterfeit versions of the CH Group's products, such as Sensodyne, Panadol and ENO, including on online platforms and on social media. These counterfeits are inferior in quality to the genuine CH Group products and may pose safety risks to consumers. Consumers of the CH Group's brands could confuse the CH Group's products with these counterfeit products, purchasing the counterfeit products in error instead of the genuine CH Group products. The consumption of inferior quality products, which consumers believe to be genuine (and, in some instances, may cause consumer safety issues) could also damage the reputation of the CH Group and its brands and lead to a reduction in market share with affected consumers choosing in the future to buy competitors' brands instead.

Damage to the CH Group's reputation or loss of consumer confidence in the CH Group's products for these or any other reasons could materially and adversely affect the CH Group's business, results of operations, cash flows and financial condition, as well as require resources to rebuild the CH Group's reputation.

Failure to respond effectively to the challenges raised by climate change and other sustainability matters may have a material adverse effect on the CH Group's business and results of operations.

Concern over climate change has increased the focus on the sustainability of practices and products in the market and may result in new or additional legal and regulatory requirements to reduce or mitigate the effects of climate change on the environment. Areas of focus relevant to the CH Group's business include, among others,

responsible sourcing and deforestation, the use of plastic, energy and water, the recyclability or recoverability of packaging, including single-use and other plastic packaging, and the use of certain materials, such as palm oil where the sourcing or environmental impact of the material can attract scrutiny. If new or additional legal and regulatory requirements relating to sustainability matters are more stringent than the CH Group's current legal and regulatory obligations and/or the CH Group's existing practices and procedures are inadequate to meet these requirements, this may require the CH Group to revise its operations and supply chain management, including, for example, by collecting used products, packaging or other materials from consumers and reintroducing them to the CH Group's manufacturing cycle. There may also be financial impacts as governments implement taxation, such as extended producer responsibility taxes or carbon taxes to help to recover the cost of managing plastic waste and the impacts of climate change. These developments may result in increased costs and disruption to the CH Group's operations, which could materially and adversely affect the CH Group's business, results of operations, cash flows and financial condition.

The CH Group's reputation is also affected by its perceived sustainability credentials and its ability to meet its sustainability goals. There is increased public attention, including by non-governmental organisations, investors, customers, consumers, the CH Group's employees and other stakeholders, on climate change and other sustainability matters. Despite the CH Group's sustainability efforts, any failure or perceived failure to achieve its sustainability goals, including, among others, carbon net zero scope 1 & 2 by 2030 and 100 per cent. recyclable or reusable packaging by 2030 (quality, safety and regulations permitting), or the perception (whether or not valid) that the CH Group has failed to act responsibly with respect to such matters or to effectively respond to new or additional legal or regulatory requirements regarding climate change, could result in adverse publicity and/or litigation which could materially and adversely affect the CH Group's business and reputation. This could result in product delistings with customers or loss of preference with consumers, investors, employees or other stakeholders, which could materially and adversely affect the CH Group's business, results of operations, cash flows and financial condition.

The CH Group is dependent on shifts in the wider industry to meet some of its sustainability goals and there is a risk that the CH Group will not meet its goals if those shifts do not take place. In order to reduce its scope 3 carbon footprint, the CH Group depends on shifts in the energy grid away from fossil fuels and towards renewable sources in the areas the CH Group sources from and sells its products. The CH Group's transition to more sustainable packaging formats and circular business models is dependent on, among other things: the supply of recycled content or alternative non-virgin petroleum-based plastic materials; regulatory approval for use of alternative materials; the availability of new packaging technologies; and improvements in recycling infrastructure. In order to meet its sustainable sourcing goals, the CH Group also depends on the availability of sustainably sourced commodities at a reasonable cost. Adverse developments in respect of such dependencies may result in the CH Group failing to meet its sustainability goals and could lead to a material adverse effect on the CH Group's reputation which, in turn, could materially and adversely affect its business, results of operations, cash flows and financial condition.

The CH Group may not be successful in obtaining, maintaining and enforcing sufficient intellectual property rights to protect its business, or in avoiding claims that the CH Group infringes on the intellectual property rights of others.

The CH Group relies on various types of intellectual property rights such as trademarks, patents, copyrights and designs, whether registered or unregistered, as well as unpatented proprietary knowledge and trade secrets, to protect its business. However, these rights do not afford complete protection against third parties' claims and infringements. For example, trademarks, patents, copyrights and designs are territorial; thus, the CH Group's business can only claim optimal IP protection in jurisdictions where the CH Group has obtained trademark, patent, design and copyright registrations, or has obtained licences to use third-party trademarks, patents, copyrights or registered designs. While IP laws are fairly harmonised around the world, certain countries' laws may not protect the CH Group's intellectual property rights to the same extent as afforded in the UK and the USA. Additionally, there can be no assurance that third parties will not independently develop knowledge and trade secrets that are similar to the CH Group's, or develop products or brands that compete effectively with the CH Group's products and brands without infringing, misusing or otherwise violating any of the CH Group's intellectual property rights.

The CH Group cannot be certain that any of its registered (granted or pending) or unregistered trademarks, patents, copyrights, or designs will provide the CH Group with sufficient protection from competitors, or that any intellectual property rights which the CH Group does hold will not be invalidated, circumvented or challenged in the future. In the event of such a challenge, the CH Group could incur significant costs to defend its intellectual

property rights, even if it is ultimately successful. Additionally, there is a risk that the CH Group will not be able to obtain and perfect or, where appropriate, obtain licences for the intellectual property rights necessary to support new product introductions and product innovations. Additionally, the CH Group has licenced, and may licence in the future, trademarks, patents, trade secrets and other intellectual property rights to third parties. While the CH Group attempts to ensure that its intellectual property rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect the CH Group's rights or the value of its intellectual property rights.

The CH Group also uses intellectual property rights in-licenced from licensors. The CH Group's licences to such intellectual property rights may not provide exclusive or unrestricted rights in all fields of use and in all territories in which the CH Group may wish to develop or commercialise its products in the future and may restrict its rights to offer certain products in certain markets, including through non-compete provisions, or impose other obligations on the CH Group in exchange for its rights to the licenced intellectual property. In addition, the CH Group may not have full control over the maintenance, protection, enforcement or use of the intellectual property rights in-licenced from licensors, and therefore the CH Group may be reliant on the licensors to conduct such activities.

Disputes may arise between the CH Group and its licensors regarding the scope of rights or obligations under the relevant intellectual property licence agreements, including the scope of the CH Group's rights to use the licenced intellectual property, the CH Group's rights with respect to third parties, the CH Group's and its licensors' obligations with respect to the maintenance and protection of the licenced intellectual property, financial obligations of the CH Group to the licensor, and other interpretation-related issues. The agreements under which the CH Group licences intellectual property rights from others are complex, and the provisions of such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what the CH Group believes to be the scope of the CH Group's rights to the intellectual property being licenced, or increase what the CH Group believes to be its financial or other obligations under the relevant agreement. Termination of or disputes over such licences could result in the loss of significant rights.

Third parties may copy or otherwise obtain and misuse the CH Group's proprietary knowledge, trade secrets, trademarks, patents, designs or copyrights, or infringe or otherwise violate the CH Group's intellectual property rights. For example, the CH Group's brands are well-established in the market and have attracted trademark and patent infringers in the past. Additionally, the CH Group may not be able to prevent current and former employees, contractors and other parties from misappropriating the CH Group's confidential and proprietary knowledge. Infringement, misuse or other violation of any of the CH Group's intellectual property rights may dilute or diminish the value and goodwill of its brands and products in the marketplace, which could materially and adversely affect the CH Group's results of operations and make it more difficult for the CH Group to maintain a strong market position. While the CH Group protects its intellectual property rights, including through litigation, where necessary, it cannot economically prevent all infringements, misuses or other violations, and any litigation could be protracted and costly and could have a material adverse effect on the CH Group's business and results of operations regardless of its outcome.

The CH Group may incur liabilities or be forced to recall products as a result of real or perceived product quality or other product-related issues.

Failure to comply with good manufacturing or good distribution practices and regulations, as well as other regulations in relation to product quality, throughout the CH Group's in-house and contract manufacturing supply and distribution chains could lead to product supply interruptions, product recalls and/or regulatory enforcement action and fines from regulators, such as the FDA, EMA and NMPA, despite control measures and systems being in place that are designed to ensure that the safety and quality of the CH Group's products is maintained. By way of example, raw materials which the CH Group sources for production may become contaminated through the supply chain and other product defects may occur due to human error or equipment failure, among other things. Additionally, products may be contaminated or tampered with during distribution or at stores. The CH Group is increasingly using new technology to enhance the manufacture and testing of its products, such as the deployment of new electronic documentation systems and advanced laboratory information management tools. Such technology is inherently susceptible to the threat of cyberattacks which pose an ongoing risk to the integrity of product quality data and its audit trail. The CH Group also continues to be reliant on third parties and is continuing to undertake a global network rationalisation programme to reduce the number of manufacturing sites it uses, both of which factors may increase the risks to safe and timely supply of products.

Failure by the CH Group to manufacture its products in accordance with good manufacturing practices could have the potential to do significant damage to the CH Group's reputation and materially and adversely affect the results of its operations and financial condition. In addition, if any of the CH Group's competitors or customers supply faulty or contaminated products to the market, the CH Group's industry could be negatively impacted, which in turn could have material adverse effects on the CH Group's business.

A cyber-security incident, data breach or a failure of a key information technology system could materially and adversely impact the CH Group's business.

The CH Group relies extensively on information technology systems ("IT Systems"), including some which are managed, hosted, provided and/or used by third parties, including cloud-based service providers, and their vendors, in order to conduct its business.

Although the CH Group has a broad array of information security measures in place, the CH Group's IT Systems, including those of third-party service providers with whom it has contracted, have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorised access attempts, phishing and other cyber- attacks.

Cyber-attacks and other cyber incidents are occurring more frequently, are constantly evolving in nature, are becoming more sophisticated and are being made by groups, individuals and nation states with a wide range of expertise and motives. Such cyber-attacks and cyber incidents can take many forms, including cyber extortion, social engineering, password theft or introduction of viruses or malware, such as ransomware through phishing emails. The CH Group cannot guarantee that its security efforts will prevent breaches or breakdowns of its, or its third-party service providers', IT Systems since the techniques used in these attacks change frequently and may be difficult to detect for periods of time, and so such cyber-attacks may from time to time succeed. In addition, the CH Group cannot guarantee that it or its third-party service providers' response to any such incidents will fully remedy the extent of the damage caused by these incidents. Although the CH Group has policies and procedures in place to ensure that all personal information collected by it or its third-party service providers is securely maintained, data breaches due to human error or intentional or unintentional conduct may still occur in future.

Furthermore, the CH Group periodically upgrades its IT Systems or adopts new technologies. If such an upgrade or new technology does not function as designed, does not go as planned or increases the CH Group's exposure to a cyber-attack or cyber incident, it may adversely impact the CH Group's business, including its ability to ship products to customers, issue invoices and process payments or order raw and packaging materials. If the CH Group were to suffer a significant loss or disclosure of confidential business or stakeholder information as a result of a breach of its IT Systems, including those of third-party service providers with whom it has contracted, or otherwise, the CH Group may suffer reputational, competitive and/or business harm, incur significant costs and be subject to government investigations, litigation, fines and/or damages, which may materially and adversely impact the CH Group's business, prospects, results of operations and financial condition.

While the CH Group has disaster recovery and business continuity plans in place, if its IT Systems were damaged, breached or were to cease to function properly for any reason, including the poor performance of, failure of or cyber-attack on, third-party service providers, catastrophic events, power outages, cyber-security breaches, network outages, failed upgrades or other similar events and if the disaster recovery and business continuity plans do not effectively resolve such issues on a timely basis, the CH Group may suffer interruptions in its ability to manage or conduct business as well as reputational harm, and may be subject to governmental investigations and litigation, any of which may materially and adversely impact the CH Group's business, prospects, results of operations and financial condition.

The CH Group relies on third parties in many aspects of its business and ineffective management of these relationships could increase the CH Group's financial, legal, reputational and operational risk.

Due to the scale and scope of the CH Group's business, the CH Group relies on relationships with third parties, including its suppliers, contract manufacturers, distributors, contractors, commercial banks, joint venture partners and external business partners, for route to market and for certain functions (including the outsourcing of certain back office and consumer relations services). If the CH Group is unable to effectively manage and maintain its third-party relationships and the agreements under which the CH Group's third-party partners operate, its results of operations could be adversely impacted.

For example, in China, part of the CH Group's business is conducted through Sino-American Tianjin Smith Kline & French Laboratories Ltd., which is a joint venture between GlaxoSmithKline Consumer Healthcare (Overseas) Limited, the Tianjin Pharmaceutical Group and the Tianjin Zhongxin Pharmaceutical Group (the "TSK&F Joint Venture"), pursuant to a joint venture agreement which is due to expire in April 2024. If the CH Group does not renew these arrangements or implement alternative measures, in either case on acceptable terms, then the continuity and development of part of its operations and route to market in China, as well as its business, results of operations and cash flows in that market, may be adversely affected.

Failure of third parties to meet their obligations to the CH Group or substantial disruptions in the relationships between the CH Group and third parties could adversely impact the CH Group's operations and financial results. Additionally, while the CH Group has policies and procedures for managing these relationships, they inherently involve a lesser degree of control over business operations, and compliance with laws, regulations and CH Group policies and practices than is available for the CH Group's own operations and compliance, thereby potentially increasing the CH Group's financial, reputational, operational and legal risk, including in respect of health and safety, environmental, social and governance issues, modern slavery, anti-bribery and corruption.

The CH Group faces various risks related to pandemics, epidemics or similar widespread public health concerns, the ultimate impact of which is outside the CH Group's control and which may materially and adversely affect the CH Group's operations, cash flows and financial condition.

The CH Group faces various risks related to pandemics, epidemics or similar widespread public health concerns, including the COVID-19 pandemic. A pandemic, epidemic or similar widespread health concern could have, and COVID-19 has had and will continue to have, a variety of impacts on the CH Group's business, results of operations, cash flows and financial condition, including:

- the CH Group's ability to continue to maintain and support the health, safety and well-being of the CH Group's employees, including key employees;
- volatility in the demand for and availability of the CH Group's products, which may be caused by the temporary inability of the CH Group's consumers to purchase the CH Group's products due to illness, financial hardship, quarantine, government actions mandating the closure of the CH Group's distributors or retailers or imposing travel or movement restrictions, shifts in demand and consumption away from more discretionary or higher priced products to lower-priced products, or pantry-loading activity;
- increases in demand for certain of the CH Group's products requiring the CH Group to increase its production capacity or acquire additional capacity at an additional cost and expense;
- decreases in demand and sales for certain of the CH Group's key products such as Theraflu and Robitussin due to a particularly weaker cold and flu season;
- changes in regulatory policy, including restrictions on sales of certain products. For example, amid the COVID-19 pandemic, in certain countries specific restrictions were introduced on the sale of cough and cold medicines in an attempt to prevent patients from self-medicating against COVID-19 at home. In China, in early 2020, certain local authorities introduced temporary restrictions on the sale of such medicines, which limited sales of Contac (nasal decongestant tablets that also relieve pain and reduce fever) and Fenbid (ibuprofen-based relief medicine) by the CH Group in 2020, adversely affecting the CH Group's revenue in Asia Pacific ("APAC") in FY 2020. See also "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the CH Group's results of operating and financial position—Regulation;*"
- changes in purchasing patterns of the CH Group's consumers, including the frequency of in-store visits by consumers to retailers and dental and skin health professionals and a shift to purchasing the CH Group's products online from e-commerce retailers;
- disruptions to the CH Group's global supply chain (including the closure of manufacturing and distribution facilities) due to, among other things, the availability of raw and packaging materials or manufacturing components; a decrease in the CH Group's workforce or in the efficiency of such workforce, including as a result of illness, travel restrictions, absenteeism or governmental regulations; and transportation and logistics challenges, including as a result of port and border closures and other governmental restrictions or reduced shipping capacity;
- failure of third parties on which the CH Group relies, including the CH Group's retailers, suppliers, contract manufacturers, logistics providers, customers, commercial banks, joint venture partners and

external business partners, to meet their obligations to the CH Group, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties;

- significant changes in the economic and political conditions of the markets in which the CH Group operates, which could restrict and have restricted the CH Group's employees' ability to work and travel, could mandate and have mandated or caused the closure of certain distributors or retailers, the CH Group's offices, shared business service centres and/or operating and manufacturing facilities, or otherwise could prevent and have prevented the CH Group as well as the CH Group's third-party partners, suppliers or customers from sufficiently staffing operations, including operations necessary for the manufacture, distribution, sale and support of the CH Group's products;
- disruptions and volatility in the global capital markets, which may increase the cost of capital and/or adversely impact the CH Group's access to capital; and/or
- volatility in foreign exchange rates and in raw and packaging materials and logistics costs.

Despite the CH Group's efforts to manage these impacts, their ultimate impact also depends on factors beyond the CH Group's knowledge or control, including the duration, severity and geographic scope of an outbreak, such as COVID-19, the availability, widespread distribution and use of safe and effective vaccines and the actions taken to contain its spread and mitigate its public health and economic effects.

The implementation of complex strategic, operational and/or change initiatives gives rise to significant execution risks, which may affect the operational capacity of the CH Group and may materially and adversely impact the CH Group if these initiatives fail to meet their objectives.

The CH Group has undertaken a number of, and may from time to time commence, strategic, operational and/or change initiatives. For example, the CH Group has previously implemented strategic initiatives to effectively integrate the Novartis (as defined in "*Consumer Healthcare Business—Key Highlights*) and Pfizer consumer healthcare businesses and execute a targeted programme of non-core asset divestments. There may be financial, operational, regulatory, customer and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives, which could place strain on the operational capacity of the CH Group. The scale and nature of the programmes and management challenges may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, which, in turn, could result in the disruption of business as usual activities. Implementing further strategic, operational and/or change initiatives may amplify these risks.

Any disruption caused by, or failure to successfully implement any such initiatives could have a material adverse effect on the CH Group's ordinary course business and, consequently, its financial condition, results of operations and prospects, or otherwise harm the CH Group's reputation.

The CH Group's business is affected by seasonality, which could have a negative impact on the CH Group's financial condition.

Portions of the CH Group's business are seasonal. This is driven by seasonal demand for certain products, including its cough, cold and flu, allergy and decongestant products, such as Theraflu and Robitussin. In respect of such products, if the seasonal effects which help to deliver performance are negatively impacted, including due to unfavourable economic conditions, this could have a material adverse effect on the CH Group's financial condition and results of operations for the entire year. Government measures imposed in response to COVID-19, such as lockdowns and social distancing restrictions, have tempered the usual seasonal spikes in the incidence of flu and cold, thus reducing demand for the CH Group's cold and flu product lines during FY 2021. Because of quarterly fluctuations caused by these and other factors, comparisons of the CH Group's operating results across different fiscal quarters may not be accurate indicators of the CH Group's future performance.

The CH Group may not successfully acquire and integrate other businesses, licence rights to technologies or products, form and manage alliances, or divest businesses.

The CH Group may decide in the future to pursue acquisitions, technology licensing arrangements, strategic alliances or divestitures as part of its business strategy. The CH Group may not complete these transactions in a timely manner, on a cost-effective basis or at all. In addition, the CH Group may be subject to regulatory constraints or limitations or other unforeseen factors that prevent it from realising the expected benefits of such transactions. Even if the CH Group is successful in completing an acquisition, the products, intellectual property

and technologies that are acquired may not be successful or may require significantly greater resources and investments than originally anticipated. The CH Group may be unable to integrate acquisitions successfully into its existing business, and the CH Group may be unable to achieve expected operating margin improvements, synergies or efficiencies. The CH Group could also incur or assume significant debt and unknown or contingent liabilities in connection with acquisitions. The CH Group's reported operating results could be negatively affected by acquisition or disposition- related charges, amortisation of expenses related to intangibles and charges for impairment of long-term assets. The CH Group may be subject to litigation in connection with, or as a result of, acquisitions, dispositions, licences or other alliances, including claims from terminated employees, customers or third parties, and the CH Group may be liable for future or existing litigation and claims related to the acquired business, disposition, licence or other alliance because either the CH Group is not indemnified for such claims or the scope or availability of indemnification is limited. These effects could cause the CH Group to incur significant expenses and could materially and adversely affect the CH Group's business, results of operations and financial condition.

The CH Group's leverage and debt service obligations could materially and adversely affect its business, financial condition or results of operations.

Following the offering of the Notes, any issuances of Pre-Separation Programme Notes and/or any other amounts drawn as described in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Pre-Separation borrowings and Pre-Demerger Dividend*", the CH Group will have higher leverage levels than are reflected in the CH Group's longer-term strategy and will have significant debt service obligations. The CH Group's longer-term strategy to improve its financial risk profile, including by reducing levels of indebtedness, may not be successful.

The degree to which the CH Group is leveraged could have important consequences to the CH Group's business, including, but not limited to:

- increasing the CH Group's vulnerability to, and reducing its flexibility to respond to, a downturn in the CH Group's business or general adverse economic and industry conditions;
- limiting the CH Group's ability to obtain additional financing in the longer term;
- requiring the dedication of a substantial portion of the CH Group's cash flow from operations to the payment of interest on the CH Group's indebtedness and the repayment of principal, thereby reducing the availability of such cash flow to fund capital expenditures, dividends, joint ventures, acquisitions or other general corporate purposes;
- increasing the cost of future borrowings for the CH Group;
- a downgrade in the CH Group's credit rating (to the extent such a rating has been obtained at the relevant time), which may, in turn, increase the cost of the CH Group's financing arrangements and make it difficult for the Group to access financing on commercially acceptable terms or at all;
- limiting the CH Group's flexibility in planning for, or reacting to, changes in the CH Group's business and the competitive environment and the industry in which it operates; and
- placing the CH Group at a competitive disadvantage as compared to some of its competitors, to the extent that they are not as highly leveraged.

Any of these or other consequences or events could have a material adverse effect on the CH Group's business, financial condition and results of operations. In addition, the Group may incur substantial additional indebtedness in the future. See "*—Risks Relating to the Notes—Neither the Issuers nor the Guarantors are prohibited from issuing further debt*" below. If new debt is added to the CH Group's debt levels, the risks that it faces could intensify. The incurrence of additional indebtedness would increase the leverage-related risks described herein and would increase the risk of a downgrade in the CH Group's credit rating.

The CH Group's business and results of operations are affected by fluctuations in interest rates.

The CH Group is expected to incur financial indebtedness that bears interest at floating rates, including the Callable Floating Rate Notes and certain securities issued under the EMTN Programme and borrowings under the CH Group's bank financing facilities, and so the CH Group is expected to be subject to risk from financial instruments that bear interest at floating rates. These interest rates could rise significantly in the future, thereby increasing the CH Group's interest expenses associated with these obligations and reducing cash flow available for other purposes.

The CH Group expects to hedge a portion of the interest rates on its financial instruments with the aim of achieving an appropriate balance of fixed rate and floating rate exposures. However, it may not be able to enter into, replace or extend such hedges on terms that are acceptable to the CH Group, or at all, and either the CH Group's overall strategy or any individual hedge may not be fully effective, which would expose the CH Group to interest rate risk.

Goodwill and indefinite-life intangible assets are a material component of the CH Group's balance sheet and impairments of these assets could have a significant impact on its results.

The CH Group has recorded a significant amount of goodwill and indefinite-life intangible assets, representing £26.45 billion as of 31 December 2021, on its balance sheet. The CH Group tests the carrying values of goodwill and indefinite-life intangible assets for impairment at least annually and whenever events or circumstances indicate the carrying value may not be recoverable. The estimates and assumptions about future results of operations and cash flows made in connection with impairment testing could differ from future actual results of operations and cash flows. While the CH Group has concluded that the CH Group's goodwill and indefinite-life intangible assets are not impaired, future events could cause the CH Group to conclude that the goodwill associated with a given segment, or one of the CH Group's indefinite-life intangible assets, may have become impaired. Any resulting impairment charge, although non-cash, could have a material adverse effect on the CH Group's results of operations and financial condition.

RISKS APPLICABLE TO THE CH GROUP RELATING TO CHANGES IN LAW AND THE POLITICAL AND ECONOMIC ENVIRONMENT, REGULATION AND LEGISLATION

The CH Group's business is subject to legal and regulatory risks in all the markets in which it operates, which may have a material adverse effect on the CH Group's business operations and financial condition.

The CH Group's business is subject to extensive legal and regulatory requirements in all the markets in which it operates. Such legal and regulatory requirements apply to most aspects of the CH Group's products, including their development, ingredients, formulation, manufacture, packaging content, labelling, storage, transportation, distribution, export, import, advertising, promotion beyond therapeutic indications, sale and environmental impact. Many different governmental and regulatory authorities in the CH Group's markets regulate and have jurisdiction over different aspects of the CH Group's business activities. In addition, the CH Group's selling practices are regulated by competition law authorities in the UK, as well as in the EU, the USA and other markets.

For example, in China, where the CH Group has significant sales and operations, governmental authorities introduced changes in regulations relating to registrations of all generic medicines (including OTC products) and recently introduced changes for oral health products. These affect both new and existing products and impose increased data submission requirements for products the CH Group markets in China. There is a risk that commercialisation of certain products of the CH Group may be restricted in China if the CH Group is unable to comply with these regulatory changes on the required timetable.

New or more stringent legal or regulatory requirements, or more restrictive interpretations of existing requirements, could materially and adversely impact the CH Group's business, results of operations and financial condition. For example, regulators have decided, and might decide in the future, that certain products of the CH Group should be prescription only or otherwise reclassified, resulting in new regulations and laws, including in respect of claims, becoming applicable to such products.

Because of the CH Group's extensive international operations, the CH Group could be materially and adversely affected by violations of worldwide anti-bribery laws, including those that prohibit companies and their intermediaries from making improper payments to government officials or other third parties for the purpose of obtaining or retaining business, such as the US Foreign Corrupt Practices Act, the UK Bribery Act 2010, and other laws that prohibit commercial bribery. Additionally, in certain jurisdictions, the CH Group's engagement with healthcare professionals and other external leaders is subject to applicable restrictions. While the CH Group's policies mandate compliance with such laws, the CH Group cannot provide assurance that the CH Group's internal control policies and procedures will always protect the CH Group from reckless or criminal acts committed by its employees, joint venture partners or agents. Violations of these laws, or allegations of such violations, could disrupt the CH Group's business and materially and adversely affect its reputation and the CH Group's business, prospects, results of operations and financial condition.

While it is the CH Group's policy to comply with all legal and regulatory requirements applicable to the CH Group's business, there can be no guarantee that the CH Group will always achieve full compliance and a finding

that the CH Group is in violation of, or out of compliance with, applicable laws or regulations could subject the CH Group to civil remedies, including fines, damages, injunctions or product recalls, or criminal sanctions, any of which could materially and adversely affect the CH Group's business, results of operations and financial condition. Even if a claim is unsuccessful, is without merit or is not fully pursued, the cost of responding to such a claim, including management time and out-of-pocket expenses, and the negative publicity surrounding such assertions regarding the CH Group's products, processes or business practices could materially and adversely affect the CH Group's reputation, brand image and the CH Group's business, prospects, results of operations and financial condition.

The CH Group faces risks relating to the regulation and perception of the ingredients it uses in its products, which could materially and adversely impact the CH Group's business, prospects, financial condition and results of operations.

Regulatory bodies and consumer groups may, from time to time, request or conduct reviews of the use of certain ingredients that are used in manufacturing the CH Group's products, the results of which may have a material adverse effect on the CH Group's business as the CH Group may need to reformulate its products. For example, certain materials in consumer products are under scrutiny in the EU, such as Titanium Dioxide, Synthetic Amorphous Silica and the potential in medicines for Nitrosamine formation in medicines. If the result of such reviews is an inability to use or restrictions on the use of certain ingredients and/or any requirement for remedial action, the CH Group may incur significant additional costs and/or need to invest substantial resources to make formulation adjustments to its products. Additionally, the CH Group may be adversely affected by the findings and any remedial actions resulting from the EU's ongoing investigations into the impact of pharmaceuticals in the environment, such as the levels of diclofenac measured in water in the EU.

While the CH Group monitors and seeks to respond to and address the impact of any emerging regulatory and legislative developments, new or more stringent ingredient legislation could have a negative impact on the CH Group's business, undermine the CH Group's reputation and goodwill and affect consumer demand or trade customer demand for products containing such ingredients. If the CH Group voluntarily removes, or is required to remove, certain ingredients from its products, it may not be able to develop an alternative formulation, successfully modify its existing products or obtain necessary regulatory approvals on a timely basis, or at all, which could materially and adversely impact the CH Group's business, prospects, financial condition and results of operations.

Litigation, disputes and regulatory investigations may materially and adversely affect the CH Group's business, financial condition, results of operations and prospects.

The CH Group is, and may in the future be, subject to legal proceedings, disputes and regulatory and governmental investigations in various contexts, including consumer fraud actions, competitor and regulatory challenges to product and marketing claims, competition law investigations, product liability and quality claims, human resources claims, contractual disputes and other disputes or claims arising in the ordinary course of its business operations. These legal actions, disputes and investigations may relate to aspects of the CH Group's businesses and operations that are specific to the CH Group, or that are common to companies that operate in the CH Group's markets, and this risk may be enhanced in circumstances where the CH Group is operating in new markets. Legal actions and disputes may arise under contracts, regulations or from a course of conduct taken by the CH Group, and may be class actions.

For example, in the USA, the CH Group is a defendant in ongoing proton pump inhibitor ("PPI") litigation, in which plaintiffs have alleged that their use of PPIs caused serious bodily injuries. The CH Group has filed motions to dismiss several hundred cases, but the court has not yet ruled on those motions. In addition, certain members of the GSK Group and the Pfizer Group are party to proceedings relating to the detection of N-Nitroso-dimethylamine in Zantac (ranitidine) products. Pursuant to the Pfizer SAPA, CH JVCo is required to indemnify the GSK Group and the Pfizer Group in respect of "Purchaser Liabilities" and "Assumed Liabilities" (each as defined in the Pfizer SAPA), which may include liabilities related to OTC Zantac (see "*The CH Group has and it is anticipated that Haleon will have additional, indemnification obligations in favour of the GSK Group and the Pfizer Group, which could be significant and could have a material adverse effect on the financial condition, results of operations and/or prospects of the CH Group"* below). Further, in 2013, GlaxoSmithKline Consumer Healthcare GmbH &Co. KG and other members of a German trademark association were fined by the Federal Cartel Office of Germany, as a result of the exchange of certain information during meetings from 2004 to 2006. Following the fine, the CH Group has become party to several civil proceedings in Germany for follow-on damages. An adverse outcome in such proceedings (or any other related proceedings) may have a material adverse effect on the CH Group's business, reputation, results of operations and financial condition.

Although the CH Group has developed and implemented a set of standards, controls, and policies and procedures that are highly tailored to the specific requirements of the CH Group and the regulatory regimes of the jurisdictions in which it operates, there is no guarantee that those standards, controls, and policies and procedures will totally shield the CH Group from liability, and the CH Group remains exposed to the risk of potential civil and/or criminal actions leading to damages, fines and sanctions. For example, the risk of consumer fraud class actions, competitor, regulatory and governmental challenges to product and marketing claims, and product liability lawsuits remains significant. Governmental agencies such as the Federal Trade Commission ("FTC") are very active in oversight of consumer products as they seek to prevent consumer fraud. The FTC may have changing enforcement priorities in this area, for example, the use of expert endorsements/testimonials, COVID-19-related marketing claims, all-natural marketing claims and environmental marketing claims. Consumer fraud actions, and competitor, regulatory and governmental challenges to product and marketing claims, and class action lawsuits affecting the CH Group have the potential to do significant damage to the CH Group's reputation and materially and adversely affect the results of its operations and financial condition.

Given the large or indeterminate amounts of damages sometimes sought by claimants, other sanctions that might be imposed (including the CH Group no longer being able to use key claims) and the inherent unpredictability of litigation and disputes, it is possible that an adverse outcome to any litigation, dispute, government or regulatory investigation could have a material adverse effect on the CH Group's business, financial condition, results of operations and prospects. At 31 December 2021, the CH Group had £14 million of provisions for legal disputes and matters, including amounts relating to legal and administrative proceedings, which are included within "Other provisions" as set out in Note 26 to the Financial Statements.

The CH Group's business is subject to market fluctuations and general economic conditions, each of which may materially and adversely affect the CH Group's business, financial condition, results of operations and prospects.

Uncertainty, fluctuations or negative trends in the international economic climate could have a material adverse effect on the CH Group's business and profitability. There will be market fluctuations and economic factors that will be beyond the CH Group's control, but that will have the potential to materially and adversely affect its business, revenue, financial condition and operating results.

Such factors include: (i) inflation or deflation; (ii) changes in government, fiscal and monetary policies; (iii) changes in the financial standing of the CH Group's customers, suppliers and consumers, including levels of employment, real disposable income, salaries and wage rates; (iv) consumer confidence and consumer perception of economic conditions; (v) retailers' perception of consumer spending habits; (vi) technological change; (vii) exposure to possibly adverse governmental or regulatory actions in countries where the CH Group operates or conducts business; (viii) levels of volatility in global markets; (ix) exposure to the effects of economic sanctions or other restrictive economic measures as a result of the CH Group's global presence; and (x) any change or development in global, national or regional economic and political conditions.

Whilst the CH Group's diversified geographic presence, product offering and consumer profile may help to mitigate its exposure to risks that are localised or product- or consumer group-specific, there can be no assurance that these risks would arise in such a way. The occurrence of any of these risks could materially and adversely affect the business, revenue, financial condition and operating results of the CH Group.

The CH Group faces risks associated with significant international operations, which could negatively impact the CH Group's business.

The CH Group operates on a global basis with 96.6 per cent. of the CH Group's revenue in FY 2021 originating in markets outside the United Kingdom. While geographic diversity helps to reduce the CH Group's exposure to risks in any one country or part of the world, it also means that the CH Group faces risks associated with significant international operations, including, but not limited to:

- changes in exchange rates for foreign currencies (as set out in more detail at "*—The CH Group is exposed to risks relating to fluctuations in currency exchange rates and related hedging activities, which could negatively impact the CH Group's financial condition and prospects*" below);
- exchange controls, export controls, economic sanctions and other limits on the CH Group's ability to import or export raw materials or finished product, including as a result of the COVID-19 pandemic, or to repatriate earnings from overseas;

- political or economic instability, geopolitical events (such as Russia's invasion of Ukraine), environmental events, widespread health emergencies, such as the COVID-19 pandemic or other pandemics or epidemics), natural disasters or social or labour unrest;
- rising geopolitical trade tensions in the CH Group's key markets, such as between the USA, Western Europe and China;
- changing macroeconomic conditions in the CH Group's markets;
- lack of well-established, reliable and/or impartial legal systems in certain countries where the CH Group operates and difficulties in enforcing contractual, intellectual property or other legal rights;
- foreign ownership and investment restrictions and the potential for nationalisation or expropriation of property or other resources;
- changes to trade policies and agreements and other foreign or domestic legal and regulatory requirements, including those resulting in potentially adverse tax consequences or the imposition of and/or the increase in onerous trade restrictions, tariffs and/or price controls (including requirements to exclusively utilise local manufacturing); and
- changes to labour laws, travel or immigration restrictions, including as a result of the COVID-19 pandemic or other pandemics or epidemics.

Any or all of the foregoing risks could have a significant impact on the CH Group's ability to sell its products on a competitive basis in international markets and may materially and adversely affect its business, prospects, results of operations and financial condition. In addition, a number of these risks may adversely impact consumer confidence and consumption, which could reduce sales volumes of the CH Group's products or result in a shift in its product mix from higher margin to lower margin product offerings.

Failure to comply with regulation regarding the use of personal data could lead to significant fines and regulatory action against the CH Group.

The CH Group is subject to regulations in the jurisdictions in which it operates regarding the use of personal data. The CH Group collects and processes personal data from its consumers, customers, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the CH Group in respect of the collection, retention, use and processing of such personal information. Notwithstanding its efforts, the CH Group is exposed to the risk that this data could be wrongfully appropriated, lost, disclosed, retained, stolen or processed in breach of data protection laws. In addition, increased regulatory restrictions on the use of cookies may materially and adversely affect the CH Group's marketing practices as well as the cost efficiency of such strategies. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs.

Regulation (EU) No 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), as amended (the "EU GDPR" or "GDPR") (and the GDPR as it forms part of retained EU law in the UK, as defined in the EU (Withdrawal) Act 2018) ("UK GDPR")), as well as the increased data protection regulation in other jurisdictions, such as the Personal Information Protection Law 2021 in China, the Federal Law No. 152-FZ on Personal Data in Russia, and the California Consumer Privacy Act of 2018 in California, USA, introduced the potential for significant new levels of fines for non-compliance based on turnover. The CH Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with applicable requirements and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the CH Group's business, financial condition and financial results, or otherwise harm its reputation.

Failure to comply, or the costs of complying, with environmental and health and safety regulations could materially and adversely affect the CH Group's operations.

The CH Group is subject to regulation relating to the protection of the environment and health and safety, including regulations governing air emission, effluent discharge, and the use, generation, manufacture, storage, handling and disposal of certain materials. The CH Group believes that it is in compliance in all material respects with all such laws, rules, regulations and policies applicable to the CH Group. However, there can be no

assurance that the CH Group will not be required to incur significant costs to comply with such environmental and health and safety laws and regulations in the future. Additionally, failure to manage environmental, health and safety and sustainability risks could lead to significant harm to people, the environment and communities in which the CH Group operates, fines, failure to meet stakeholder expectations and regulatory requirements, litigation or regulatory action and damage to the CH Group's reputation and could materially and adversely affect the CH Group's financial results. Additionally, working conditions in global supply chains are subject to increased scrutiny and growing regulations and legislative requirements, including for companies to evidence their human rights due diligence assessments. Failure to comply with such requirements could result in sanctions, including injunctions, fines, civil liability and exclusion from public procurement being imposed on the CH Group.

In addition, most product, component and raw material supply chains present a number of potential reputational risks relating to: labour standards; health, safety and environmental standards; raw material sourcing; and the social, ethical and environmental performance of third party manufacturers and other suppliers. The CH Group mandates minimum requirements regarding these issues, in line with international guidelines, for the CH Group's own manufacturing sites, third party manufacturers and suppliers. If it is perceived that the CH Group is not respecting or advancing the economic and social progress and safety of the local communities it works in, the CH Group's reputation could be damaged, which could have a negative impact on the CH Group's 'social licence to operate', the CH Group's ability to secure new resources and labour and the CH Group's financial performance.

Volatility in material and other costs could materially and adversely impact the CH Group's profitability.

Increases in the costs of and/or a reduction in the availability of materials, including active pharmaceutical ingredients and excipients and raw and packaging material commodities, as well as labour, energy, logistics and other necessary services, such as those seen during the COVID-19 pandemic, may adversely affect the CH Group's profit margins. If material and other cost increases continue in the future and the CH Group is unable to pass along such higher costs in the form of price increases, achieve cost efficiencies, such as in manufacturing and distribution, or otherwise manage the exposure through sourcing strategies, ongoing productivity initiatives and the potential use of commodity hedging contracts, the CH Group's business, results of operations and financial condition could be materially and adversely impacted. In addition, even if the CH Group were able to increase the prices of its products in response to material and other cost increases, the CH Group may not be able to sustain the price increases. Also, sustained price increases may lead to declines in sales volumes as competitors may not adjust their prices or consumers may decide not to pay higher prices, which could lead to sales declines and loss of market share and could materially and adversely affect the CH Group's business, results of operations and financial condition.

The CH Group is exposed to risks relating to fluctuations in currency exchange rates and related hedging activities, which could negatively impact the CH Group's financial condition and prospects.

As further described at "*—The CH Group faces risks associated with significant international operations, which could negatively impact the CH Group's business*" above, the CH Group operates internationally and holds assets, incurs liabilities, generates sales and pays expenses in a variety of currencies other than Pounds Sterling (the currency in which it reports its financial results). The CH Group's operations outside the United Kingdom generated 96.6 per cent. of revenue in FY 2021.

Fluctuations in exchange rates for foreign currencies have reduced and could continue to reduce the Pounds Sterling value of sales, earnings and cash flows the CH Group receives from markets outside the United Kingdom, increase its supply costs (as measured in Pounds Sterling) in those markets, negatively impact its competitiveness in those markets or otherwise materially and adversely impact its business or financial condition. The CH Group's foreign currency exposure will be greater for so long as the leverage levels of the CH Group are higher than are reflected in the CH Group's longer-term strategy, the success of which cannot be guaranteed. The CH Group aims to manage this risk through hedging where possible and practical; however, there are risks associated with the use of hedging instruments (including derivative financial instruments). While limiting to some degree the CH Group's risk from fluctuations in currency exchange, such hedging activities may be ineffective or may not offset more than a portion of the adverse financial effect resulting from variations to such rates. The CH Group is also exposed to counterparty credit (or repayment) risk in respect of counterparties to hedging contracts.

To the extent any hedging activities of the CH Group are wholly or partially ineffective, or to the extent a hedging counterparty fails to meet its obligations under any hedging agreement, this could result in losses which could have a material adverse effect on the CH Group's business, results of operations and financial condition.

Determinations made by the CH Group with respect to the application of tax law may result in challenges from or disputes with tax authorities which result in the payment of additional amounts for tax.

The CH Group has a significant exposure to business operations which are subject to taxation across multiple jurisdictions. The worldwide nature of the CH Group's operations means that IP, R&D and manufacturing operations are centred in a number of locations. A consequence of this is that the CH Group's cross-border supply routes, which are necessary to ensure supplies of healthcare products into numerous end markets, can be subject to complex tax laws and can result in conflicting claims from tax authorities as to the profits to be taxed in individual countries. Additionally, the CH Group is subject to many different forms of taxation within any given jurisdiction in which it operates (including, but not limited to, corporate income taxes, value added taxes, property taxes and social security and other payroll taxes) and many tax regimes—domestically as well as cross-border—are increasingly complex (such that the proper interpretation and application of tax laws is not always clear). This means that the CH Group may be subject to domestic and cross-border tax authority disputes (potentially including disputes between tax authorities), which could result in the payment of additional amounts of tax. Such potential disputes and the resulting payment obligations could have a material and adverse effect on the CH Group's business, results of operations and financial condition. At 31 December 2021, the CH Group had recognised provisions of £150 million in respect of uncertain tax provisions.

Haleon is a foreign private issuer and, if it loses such status in the future, it may incur significant additional expenses which could have a material adverse effect on the CH Group's business, prospects, results of operations and financial condition.

Haleon is a "foreign private issuer", as such term is defined under the Exchange Act . If, for any reason in the future Haleon were to lose its foreign private issuer status, the regulatory and compliance costs to Haleon under US securities laws as a US domestic issuer may be significantly more than the costs Haleon would incur as a foreign private issuer. In addition, in such circumstances, Haleon may lose its ability to rely upon exemptions from certain corporate governance requirements on US stock exchanges that are available to foreign private issuers. Such transition and modifications would involve additional costs and may divert Haleon's management's attention from other business concerns, which could have a material adverse effect on the CH Group's business, financial condition and results of operations.

The CH Group's business may be impacted by the effects of Russia's invasion of Ukraine.

The CH Group is monitoring the effects of Russia's invasion of Ukraine. While the broader economic consequences of the invasion are currently difficult to predict, geopolitical instability, the imposition of sanctions and other restrictive measures against Russia and any retaliatory actions taken by Russia in response to such measures could adversely affect the global markets and the global geopolitical and economic environment, which could in turn adversely impact the CH Group's business and/or the trading prices of its securities. Specifically, the CH Group faces the following risks:

- The CH Group's business includes employees based in Russia and Ukraine and revenues deriving from sales in Russia and Ukraine. The situation remains highly uncertain and the CH Group is actively monitoring the situation, the risks to its employees and the significant risk of disruption to its operations, including in relation to the importation and distribution of its products, in Russia and Ukraine and other countries in the region.
- The CH Group generates revenues from sales of its products in Russia in the Russian Ruble, while significant costs (notably, manufacturing and supply chain costs) associated with those products are denominated in other currencies, such as Euro and US Dollar. The international response to the invasion, including the imposition of international sanctions against Russia, has had a significant adverse effect on the value of the Russian Ruble, which has reduced the CH Group's revenue from its operations in Russia without a corresponding reduction in costs, and the CH Group may not be able to offset the devaluation of the Russian Ruble through increased prices of its products. In addition, the imposition of exchange controls may limit the CH Group's ability to repatriate profits from its operations in Russia.
- The CH Group's customers in Russia and Ukraine have been significantly negatively affected by the factors described above, which exposes the CH Group to increased counterparty risk in relation to these customers and receivables from these customers.
- Given the CH Group's international presence, it is subject to various global sanctions regimes, and similar laws, regulations or orders imposed in response to the invasion, many of which are evolving rapidly. The CH Group is monitoring changes to applicable global sanctions regimes to ensure it remains in compliance

with its obligations, as any failure to comply with the evolving sanctions could present legal and reputational risks, which could, in turn, have a material and adverse effect on the CH Group's business. In addition, there is a risk that Russia's response to the global sanctions regime, as well as additional international sanctions against Russia, creates regulatory uncertainty and presents further compliance challenges for the CH Group's operations, which will increase compliance costs and make it difficult to continue operations in Russia.

- There may be certain reputational risks associated with the CH Group's continued presence in the Russian market. Negative publicity surrounding the CH Group's continued presence and/or supply of products to the general public in Russia could damage the CH Group's brands and its reputation, lead to boycotts of its products outside of Russia and/or have consequences on the continuation of operations and/or sales in Russia.
- As of the date of this offering memorandum, the Russian government has indicated it has drawn up plans to seize the assets of western companies leaving Russia. While the scope of such measures is not presently clear, if the CH Group ceased its activities and/or suspended its operations in Russia and did not resume its presence in Russia within a certain period of time, there is a risk the Russian government could (i) nationalise the CH Group's assets located in Russia, (ii) allow the CH Group's patents and trademarks to be used within Russia without the CH Group's consent and/or (iii) introduce restrictions on, or impose unfavourable terms in respect of, payments made from Russia or relating to assets in Russia.

In addition to the specific implications for the CH Group's operations in Russia and Ukraine, the CH Group may be affected by broader impacts on the global geopolitical and economic environment, including (but not limited to) changes in commodity, freight, logistics and input costs.

The situation remains highly uncertain and there may be additional risks to the CH Group arising out of or relating to the Russian invasion of Ukraine, and the escalating military conflict in the region, which could also have a material and adverse impact on the CH Group's business.

RISKS RELATING TO THE DEMERGER AND SEPARATION

The Demerger and Separation may not be implemented in the manner or timescale, or on the terms, described in this offering memorandum, or at all.

The Demerger and Separation are subject to a number of conditions, including certain mandatory conditions which may not be waived. For example, the Demerger is conditional on, among other things, approval by the board of directors of GSK and the approval of the necessary resolution by a majority of the holders of GSK's ordinary shares at a general meeting of GSK. There can be no assurance that any or all of these conditions will be satisfied or, where relevant and/or possible, waived. If any condition is not satisfied or waived, the Demerger and Separation will not be completed.

In addition, the description of the Demerger and Separation and the relevant implementation steps as described in this offering memorandum at "*History and Development of the CH Group—The Demerger and Further Preparatory Steps*" reflect the current expectations of the GSK Group. Intervening events, which may be outside of the control of the GSK Group and/or the CH Group, for example, disruptions in the global financial markets or unanticipated changes in the legal or regulatory requirements relating to the implementation of the Demerger and Separation, may require the GSK Group to amend the timing, terms and/or structure of the Demerger or may result in a decision by GSK not to proceed with the Demerger and Separation in the manner currently planned, or at all.

Failure to complete the Demerger and Separation would result in the anticipated benefits of the Demerger and Separation not being realised and may have a material and adverse impact on the reputation of the GSK Group and on the external perception of its ability to implement large-scale projects successfully. This may be the case even where the failure to implement the Demerger and Separation is due to factors outside the control of the GSK Group. The aggregate consequences of a failure to complete the Demerger and Separation, including the failure to realise the anticipated benefits of the Demerger and Separation, could have a material and adverse impact on the business, financial condition, results of operations and/or prospects of the GSK Group.

In addition, in circumstances where the Demerger has not been completed by the first anniversary of the Issue Date or, if earlier, at such time as GSK has publicly stated that it no longer intends to pursue the Demerger a Special Mandatory Redemption Event (as defined in "*Description of the Notes and Guarantees—Redemption*")

shall occur in accordance with the terms of the Notes. (See "*Description of the Notes—Redemption—Special Mandatory Early Redemption*" and "*—Risks Relating to the Notes—The Notes may be subject to mandatory redemption, which may limit the market value of the Notes"* below).

The CH Group may fail to realise any or all of the anticipated benefits of the Demerger and Separation.

The extent to which the anticipated benefits of the Demerger and Separation, including, among others, the creation of a standalone public company with a leadership team with independent control of its strategy and capital allocation decisions and the maximisation of shareholder value, may be realised, is subject to a number of factors, including many which are outside of the CH Group's control. There can be no guarantee that the anticipated benefits of the Demerger and Separation will be realised in full or in part, or as to the timing when any such benefits may be realised. Failure to realise the anticipated benefits of the Demerger and Separation, in full or in part, or in a timely manner, could result in a delay in the execution of the strategic objectives of the CH Group and/or have a disruptive effect on the CH Group's management and employees. This could in turn have a material adverse effect on the CH Group's business, results of operations, financial condition and prospects.

Haleon will incur new costs in its transition to a standalone public company and its management team will be required to devote substantial time to new compliance matters.

As part of the Demerger and Separation, it is intended that an application will be made for all the fully paid ordinary shares in the capital of Haleon ("Haleon Shares") to be admitted to the premium listing segment of the Official List of the Financial Conduct Authority (the "FCA") and to trading on the LSE main market for listed securities. It is also expected that application will be made to the New York Stock Exchange ("NYSE") for American depositary shares representing (Haleon Shares to be admitting to listing and trading on the NYSE.

As a standalone public company, Haleon will incur additional legal, accounting, financing and other expenses, including the costs of recruiting and retaining non-executive directors, costs resulting from public company reporting obligations and the rules and regulations regarding corporate governance practices, including—on current planning assumptions—the listing requirements of the LSE and the NYSE. There can be no assurance that, under a changed board structure and ownership, and in an environment where it is subject to greater scrutiny and disclosure requirements, the CH Group will be able to manage its operations in the same manner as it has done as part of the GSK Group (see also "*—Following the Demerger and Separation, Haleon will need to operate as an independent publicly listed company and the CH Group could fail to meet the challenges involved in operating successfully as a standalone business"* below).

In particular, the CH Group will be subject to increased regulatory obligations as a result of being listed, and its management team will need to devote a substantial amount of time to ensure that the CH Group complies with all of these requirements. The implementation of new policies and procedures across the CH Group could require significant time and energy that would otherwise be devoted to the business' operating activities and strategy.

Following the Demerger and Separation, Haleon will need to operate as an independent publicly listed company and the CH Group could fail to meet the challenges involved in operating successfully as a standalone business.

Following the Demerger and Separation, Haleon will need to operate as an independent publicly listed company.

The CH Group's operations have historically benefited from certain GSK central office resources, including, among other things, access to its larger finance and treasury, corporate secretariat, legal, procurement, information technology, investor relations and human resources teams. The CH Group has also benefited from negotiated arrangements with third-party suppliers, distributors, licensors, lessors, other business partners and/or counterparties as part of the larger GSK Group. It cannot be assured that the CH Group will be able to maintain such arrangements or replace them on similar terms.

Following the Demerger and Separation, the CH Group will take on additional responsibility for these activities and, in preparation, it is undertaking steps to enhance its standalone arrangements in a wide range of areas, including finance and treasury, corporate secretariat and investor relations. Further, it is intended that the CH Group will enter into a transitional services agreement with the GSK Group (the "Transitional Services Agreement") prior to the Demerger and Separation, under the terms of which the CH Group would continue to have access to certain resources of the GSK Group (see "*—For a period following the Demerger and Separation, Haleon will be reliant on the GSK Group for the provision of certain services and any disruption to such services could be costly and materially and adversely affect the CH Group's business, results of operations, financial conditions and prospects*" below).

However, there remains a risk that the CH Group could suffer operational difficulties without access to the support and services from GSK following the Demerger and Separation, which could have a material adverse effect on the CH Group's business. These challenges include (i) demonstrating to interested parties that the Demerger and Separation will not result in adverse changes in standards of business and impairment of relationships with consumers, customers, regulators or employees; (ii) retaining key personnel; (iii) distraction of management; (iv) difficulty in marketing and communicating effectively the capabilities of the CH Group as a standalone business; and (v) successfully negotiating the rebranding exercise such that consumers accept the new branding under the Haleon name. Furthermore, there remains a risk that operating as an independent group may reduce the CH Group's flexibility to deal with unexpected events and require additional resources. In addition, there is a risk that the actual costs of the standalone arrangements could be higher than expected, that there could be unanticipated dis-synergies and/or that the CH Group will need to further invest in new services and functions. These risks, individually or together, could have a material adverse effect on the CH Group's business, financial condition, results of operations and prospects.

For a period following the Demerger and Separation, Haleon will be reliant on the GSK Group for the provision of certain services and any disruption to such services could be costly and materially and adversely affect the CH Group's business, results of operations, financial conditions and prospects.

In connection with the Demerger and Separation, it is intended that GSK and Haleon will enter into the Transitional Services Agreement. Services to be procured by the CH Group under the Transitional Services Agreement are expected to include certain information services, back office services and distribution services for a transitional period as required by the CH Group and to be agreed with the GSK Group, of up to a maximum of 24 months following the Demerger (depending on the service and subject to a right to extend for up to a maximum of 12 months in relation to certain services). As the CH Group does not currently have the capabilities to provide these services internally, on a standalone basis, without third-party support, the Transitional Services Agreement is expected to provide contractual protections for the continued provision of these services during an agreed transitional period, absent which the CH Group would need to procure these services from other third-party providers. As a result, any failure to enter into the Transitional Services Agreement on terms that are satisfactory to the CH Group, or at all, or any significant disruption or other issues in the services provided by the GSK Group under the Transitional Services Agreement, even if they give rise to a contractual claim, may cause operational difficulties that could negatively impact the CH Group's performance and results of operations.

Following the transitional periods set out in the Transitional Services Agreement, the CH Group will be required to provide these services internally or obtain these services from a third-party provider. If the CH Group does not effectively develop and implement these capabilities, or it is unable to source further arrangements from third-party providers, its business, results of operations, financial condition and prospects could be materially and adversely affected.

The CH Group has and it is anticipated that Haleon will have additional, indemnification obligations in favour of the GSK Group and the Pfizer Group, which could be significant and could have a material adverse effect on the financial condition, results of operations and/or prospects of the CH Group.

GSK, Pfizer and CH JVCo, entered into the Pfizer SAPA on 19 December 2018 pursuant to which GSK, Pfizer and CH JVCo agreed to form a new global consumer healthcare joint venture. The Pfizer SAPA contains certain cross indemnities among the GSK Group, the Pfizer Group and CH JVCo. Among other provisions, CH JVCo is required to indemnify the GSK Group and Pfizer Group in respect of "Purchaser Liabilities" and "Assumed Liabilities", which may include liabilities related to OTC Zantac. Certain members of the GSK Group and the Pfizer Group are party to certain proceedings relating to the detection of N-Nitroso-dimethylamine in Zantac (ranitidine) products. While Pfizer and GSK have each served the CH Group with notice of potential claims under the relevant indemnification provisions in the Pfizer SAPA in relation to possible liabilities connected with OTC Zantac, it is not possible, at this stage, to meaningfully assess whether the outcome will result in a probable outflow, or to quantify or reliably estimate the liability (if any) that the CH Group may have to the GSK Group and/or the Pfizer Group under the relevant indemnities.

In addition, it is anticipated that as part of the Demerger and Separation process, GSK, Pfizer, Haleon, CH JVCo and GSKCHH will enter into a tax covenant, which would become effective as at the time of the Demerger. It is anticipated that the tax covenant will, subject to customary limitations, contain certain indemnities in respect of taxation given from Haleon to GSK and Pfizer (and vice versa).

Such indemnities will survive completion of the Demerger and other steps pursuant to which, among other things, Haleon will become a listed company. If any amounts payable under the indemnities are substantial, this

could have a material adverse effect on the financial condition, results of operations and/or prospects of the CH Group.

GSK and Pfizer may compete with the CH Group.

GSK and Pfizer will not be restricted from competing with the CH Group in the consumer healthcare business, including as a result of acquiring a company that operates a consumer healthcare business. Due to the significant resources of GSK and Pfizer, including brand recognition, financial resources and know-how resulting from the previous management of the CH Group's business, GSK and Pfizer could have a significant competitive advantage over the CH Group should they decide to engage in the type of business the CH Group conducts, which may materially and adversely affect the CH Group's business, results of operations and financial condition.

RISKS RELATING TO THE GSK GROUP

The GSK 2021 Form 20-F, which is incorporated by reference in this offering memorandum, includes risk factors relating to the GSK Group's business and industry on pages 3 through 10. You should carefully consider those risks and the risks included in this "*Risk Factors*" section, as well as the other information included or incorporated by reference into this offering memorandum, before making a decision to invest in the Notes.

RISKS RELATING TO THE NOTES

The Notes lack a developed public market.

There can be no assurance regarding the future development of a market for the Notes or the ability of holders of the Notes to sell their Notes or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including, among other things, prevailing interest rates, the CH Group's operating results and the market for similar securities. The Initial Purchasers, and broker-dealers and agents that participate in the distribution of the Notes may make a market in the Notes as permitted by applicable laws and regulations but will have no obligation to do so, and any such market-making activities with respect to any, some or all of the Notes may be discontinued at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the Notes or that an active public market for the Notes will develop or be maintained. Each Issuer has applied for admission to listing of the Notes on the Official List of Euronext Dublin and to trading on the GEM of Euronext Dublin; however, there can be no assurance that the Notes will be so listed by the time the Notes are delivered to purchasers or at all.

The US Issuer and the UK Issuer may redeem any of the US Issuer Notes or the UK Issuer Notes, respectively, at any time prior to maturity and for certain tax reasons.

The US Issuer and the UK Issuer may redeem any of the US Issuer Notes or the UK Issuer Notes, respectively, in whole or in part prior to maturity as more particularly described under "*Description of the Notes and Guarantees—Redemption*".

Moreover, the US Issuer and the UK Issuer may redeem any of the US Issuer Notes or the UK Issuer Notes, respectively, at any time prior to maturity in whole (but not in part) upon the occurrence of certain tax events, as more particularly described under "*Description of the Notes and Guarantees—Redemption—Optional Redemption for Tax Reasons*". Certain of such tax events may occur at any time after the issue date and it is therefore possible that the issuer would be able to redeem any of the Notes at any time after the issue date. The US Issuer and the UK Issuer are also required to redeem all of the US Issuer Notes or the UK Issuer Notes, respectively, upon the occurrence of a Special Mandatory Redemption Event, subject to the provisions set forth under "*Description of the Notes and Guarantees—Redemption—Special Mandatory Early Redemption*". See also *"The Notes may be subject to mandatory redemption, which may limit the market value of the Notes"* below. If either of the Issuers redeems any of the relevant Notes in any of the circumstances mentioned above, the relevant noteholders may not be able to reinvest the redemption proceeds in comparable securities with the same or higher yield.

The Notes may be subject to mandatory redemption, which may limit the market value of the Notes.

The Notes will include a mandatory redemption condition, as more particularly described under "*Description of the Notes and Guarantees—Redemption—Special Mandatory Early Redemption*". This requires that, if the

Demerger has not completed by the first anniversary of the Issue Date, or if earlier, at such time as GSK has publicly stated that it no longer intends to pursue the Demerger, a Special Mandatory Redemption Event shall occur subject to the provisions set forth under "*Description of the Notes and Guarantees—Redemption—Special Mandatory Early Redemption*". The US Issuer, with respect to the US Issuer Notes, and the UK Issuer, with respect to the UK Issuer Notes, shall notify the Trustee, the paying agent and the relevant noteholders in accordance with the terms of the Indenture and the US Issuer Notes or the UK Issuer Notes, as applicable, within 15 days of the occurrence of a Special Mandatory Redemption Event (which notice shall be irrevocable and shall specify the date fixed for redemption). Within 45 days from (and including) the date of such notice, the US Issuer or the UK Issuer, as applicable, shall redeem the US Issuer Notes or the UK Issuer Notes, as applicable, in whole, but not in part, at the Special Mandatory Redemption Amount (as defined below), together with any accrued and unpaid interest up to (but excluding) the date fixed for redemption.

Although a mandatory redemption feature is often included in notes that are issued in connection with, and ahead of completion of, mergers, demergers and acquisitions, the inclusion of the Special Mandatory Redemption Event is not a standard feature of notes sold into the public debt markets. Investors may thus not be familiar with conditions of this nature, which may have a material and adverse effect on investor appetite and, as a result, the value of the Notes. In addition, and regardless of whether the Special Mandatory Redemption Event is ultimately triggered, there may be volatility in the trading price and market value of the Notes prior to the Demerger and Separation as a result of investor speculation regarding the likelihood of the Demerger and Separation completing. If investors do not have confidence (whether merited or not) that the Demerger and Separation will complete, the trading price and market value of Notes containing the mandatory redemption feature may be materially and adversely affected. Following the redemption of Notes pursuant to a Special Mandatory Redemption Event, a noteholder may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Neither the Issuers nor the Guarantors are prohibited from issuing further debt.

There is no restriction on the amount of debt each of the Issuers may issue that ranks equally with the Notes or on the amount of debt or guarantees each Guarantor may issue that ranks equally with the guarantee on the Notes. The issuance of any such debt or guarantees may reduce the amount recoverable by noteholders in the event of a liquidation or bankruptcy.

In particular, each of the Issuers may from time to time, without the consent of the holders of the Notes, create and issue further debt securities of the same series having the same terms and conditions in all respects as any of the Notes being offered hereby, except for the issue date, the issue price and, in certain cases, the first payment of interest thereon. See "*Description of the Notes and Guarantees—Further Issuances*."

As each Guarantor is a holding company, its obligations as guarantor are structurally subordinated to liabilities of its subsidiaries.

Each Guarantor is organised as a holding company, and substantially all of their operations are or, in the case of Haleon following Separation, will be carried out through subsidiaries. Each Guarantor's ability to meet its financial obligations thus is or will be dependent upon the availability of cash flows from its domestic and foreign subsidiaries (as applicable) and affiliated companies through dividends, intercompany advances and other payments. The US Issuer Notes are obligations of the US Issuer and are fully and unconditionally guaranteed by GSK prior to the Guarantee Assumption Date. The UK Issuer Notes are obligations of the UK Issuer and are fully and unconditionally guaranteed by GSK prior to the Guarantee Assumption Date. With effect from (and including) the Guarantee Assumption Date, the GSK Guarantee will be automatically and unconditionally terminated and released without the consent of the noteholders, and the Notes will be fully and unconditionally guaranteed by Haleon, as more particularly described under "*Description of the Notes and Guarantees—Guarantees"* (see also "*The GSK Guarantee will fall away and be replaced by the Haleon Guarantee*" for risks relating to the structure of the Guarantees). The subsidiaries of each Guarantor are or, in the case of Haleon following Separation, will be separate and distinct legal entities, and, other than the Issuers, have no obligation to pay any amounts due on the Guarantees or to provide the Issuers or the Guarantors with funds for the payment obligations under the Notes.

Moreover, there is no restriction on the amount of debt or preferred equity that each Guarantor's subsidiaries may incur or issue, and if debt or preferred equity is incurred or issued, the claims of the creditors and preferred equity holders of the applicable Guarantor's subsidiaries have priority as to the assets of such subsidiaries over the

claims of the applicable Guarantor as a common equity holder of such subsidiaries. Consequently, in the event of the liquidation or reorganisation of any of the Guarantors' subsidiaries, the claims of holders of the Notes to participate in those assets through the applicable guarantee on the Notes would be structurally subordinated to the prior claims of the creditors and preferred equity holders of subsidiaries of the applicable Guarantor.

The GSK Guarantee will fall away and be replaced by the Haleon Guarantee.

Under the terms of the Indenture, the Notes will benefit from the GSK Guarantee prior to the Guarantee Assumption Date. However, the GSK Guarantee is only available on a temporary basis and will automatically be released and discharged, with the effect that GSK will cease to be a Guarantor, from (and including) the Guarantee Assumption Date. At the same time as the release of the GSK Guarantee takes place, the Haleon Guarantee will, under the terms of the Indenture, automatically become effective.

On the Guarantee Assumption Date, at the time that the Haleon Guarantee becomes effective, Haleon will have become the direct holder of GSK's entire shareholding of GSKCHH's A Ordinary Shares and GSKCHH's B Ordinary Shares, together representing a majority stake in the ordinary share capital of GSKCHH (see further "*The Guarantors—Haleon*").

It is intended that the GSK Share Exchange (and thus the Guarantee Assumption Date), together with the SLP Share Exchange and Anacor Share Exchange (as defined below), will occur while markets are closed over the weekend immediately prior to the listing of the Haleon Shares on the LSE. It is anticipated that the Demerger will occur after the closing of markets on a Friday evening and that the GSK Share Exchange, the SLP Share Exchange and the Anacor Share Exchange (each as defined below in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps*" and together, the "Share Exchanges") will occur on the following Sunday (i.e., the second day after the completion of the Demerger), after the Haleon share register has been updated to reflect the Demerger, such that, prior to the opening of the markets on the following Monday morning (i.e., the third day after the completion of the Demerger) and the listing of the Haleon Shares, Haleon will become the indirect owner of the entire issued share capital of CH JVCo. The agreements to implement the Share Exchanges will be signed ahead of the Demerger and implementation of the Demerger will be the only outstanding condition under those agreements. As such, on the occurrence of the Guarantee Assumption Date, the SLPs and Anacor will have unconditional contractual obligations to complete, respectively, the SLP Share Exchange and the Anacor Share Exchange either simultaneously with, or shortly following, the GSK Share Exchange. The transaction steps have been designed to ensure that the Demerger, on the one hand, and the Share Exchanges, on the other hand, are interconditional, such that one cannot occur without completion of the others. Investors should be aware, however, that prior to completion of the SLP Share Exchange and the Anacor Share Exchange, there may be a short period on the weekend of implementation in which Haleon is a Guarantor and has a majority, but not 100 per cent., holding in the issued share capital of GSKCHH and does not own 100 per cent. of the share capital of CH JVCo.

Any analysis of the long-term value attributable to the Guarantees should take into consideration (i) that the GSK Guarantee is being provided on a temporary basis only, and that noteholders will not have ongoing recourse to GSK and (ii) the historical financial information relating to the CH Group (see "*The Guarantors— Haleon*" and "*Consumer Healthcare Business*"), which will be the credit group providing the longer-term Haleon Guarantee. Investors should further note that it is expected that Haleon will receive a credit rating which is lower than GSK's credit rating as at the date of this offering memorandum and that, by definition, the balance sheet of the demerged CH Group will be smaller than the current balance sheet of GSK. Although the replacement of the GSK Guarantee with the Haleon Guarantee on the Guarantee Assumption Date will be a term of the Notes at the time of issuance, there is a risk that markets may not fully price in the guarantee structure and that the market value of the Notes may be affected by the replacement of the GSK Guarantee with the Haleon Guarantee.

Each Issuer's and Guarantor's credit ratings may not reflect the potential impact of all risks related to structure and other factors on any trading market for, or market value of, the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time in its sole discretion.

Any rating assigned to either of the Issuers or the Guarantors may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgement, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors that can change over time, including the credit rating agency's assessment of: the Issuers' strategy and management's capability; the Issuers' financial condition and liquidity; competitive, economic, legal and regulatory conditions in the Issuers'

key markets, including those markets where the Issuer has large exposures or on which its operating results, including revenues, are substantially dependent; the level of political support for the industries in which the Issuers operate; and legal and regulatory frameworks affecting the Issuers' legal structure, business activities and the rights of its creditors. Moreover, the rating agencies that currently, or may in the future, publish a rating for the Issuers may change the methodologies that they use for analysing securities with features similar to the Notes.

Any rating or outlook downgrade would negatively affect any rating assigned to the relevant Issuer or Guarantor. Real or expected downgrades, suspensions or withdrawals of credit ratings assigned to either of the Issuers or Guarantors could cause the liquidity or trading prices of the Notes to decline significantly. Additionally, any uncertainty about the extent of any anticipated changes to the credit ratings assigned to either of the Issuers or Guarantors may adversely affect the market value of the relevant Notes.

Each of the Issuers is a finance vehicle.

Potential investors should be aware that each of the Issuers is a financing company which raises money for the purpose of on-lending to other members of the CH Group and, prior to the Demerger and Separation, indirectly to the GSK Group and the Pfizer Group (see further "*Use of Proceeds*" and "*The Issuers*").

Neither of the Issuers is an operating company and each is a special purpose vehicle with no business other than issuing debt securities in the international capital markets. Substantially all of the assets of the Issuers are loans and advances made by the Issuers to other members of the CH Group.

As such, the ability of each of the Issuers to fulfil its obligations under the Notes may be dependent upon other members of the CH Group complying with their obligations to pay principal and interest in respect of loans of Notes proceeds in a timely fashion. Failure by any recipient of on-lending by each of the Issuers to comply with its payment obligations in a timely fashion could have a material and adverse effect on the ability of each of the Issuers to fulfil its obligations under the Notes. In those circumstances, noteholders would continue to benefit from the obligations of either Haleon or GSK, as applicable, under the applicable Guarantee (see further "*Description of the Notes and Guarantees—Guarantees*" and "*—The GSK Guarantee will fall away and be replaced by the Haleon Guarantee*" for risks relating to the structure of the Guarantees).

In certain circumstances a noteholder may not be able to accelerate the Notes of the series it holds on an event of default because of the failure of noteholders of other series of Notes to take action

Under the terms of the Notes, if an event of default occurs because of a default in a payment of principal or interest on any series of Notes, then the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of such series of Notes can accelerate the entire principal of such series of Notes with written notice to the Trustee. If the event of default occurs because of bankruptcy proceedings, then the entire principal of the Notes under the Indenture will be accelerated automatically without any further action on the part of the noteholders or the Trustee. However, if an event of default occurs because of a failure to perform any other covenant in the Indenture or any covenant for the benefit of one or more, but not all, of the series of the Notes, then only the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of Notes of all series affected, voting as one class, can accelerate all of the affected series of Notes. Therefore, except in the case of a default on a payment of principal or interest on the Notes of the series that a noteholder holds, or a default due to the bankruptcy or insolvency of the relevant Issuer or the applicable Guarantor, it is possible that a noteholder may not be able to accelerate the Notes of the series it holds because of the failure of noteholders of other series of Notes to take action.

RISKS RELATING TO THE BENCHMARK

SOFR is a relatively new market index, and the adoption of daily compounded SOFR by the Issuers and the market is uncertain.

For each Callable Floating Rate Notes Interest Period (as defined in "*Description of the Notes and Guarantees—Interest—Callable Floating Rate Notes*"), the interest rate on the Callable Floating Rate Notes is based on a daily compounded SOFR rate calculated using the formula described in "*Description of the Notes and Guarantees*" below. Since SOFR is a relatively new market rate, the Callable Floating Rate Notes may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. If SOFR does not prove to be widely used in securities like the Callable Floating Rate Notes, the trading price of the Callable Floating Rate Notes may be lower than those of debt securities linked to rates that are more widely used. The Callable Floating Rate Notes may not be able to be sold or may not be able to be sold at prices that will

provide a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Market terms for debt securities indexed to SOFR, such as the spread over the index reflected in interest rate provisions and the formula and related conventions described in "*Description of the Notes and Guarantees*" below to calculate Compounded Daily SOFR (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark"*) for the Callable Floating Rate Notes, may evolve over time, and trading prices of the Callable Floating Rate Notes may be lower than those of later-issued SOFR-linked debt securities which contain more settled and different market terms as a result. In particular, each of the Issuers may in the future also issue securities referencing SOFR that differ materially in terms of interest determination when compared with any previous SOFR-referenced securities, including the Callable Floating Rate Notes. Additionally, the nascent development of SOFR as an interest reference rate, as well as continued development of other SOFR-based rates (such as weighted average SOFR and term SOFR), market infrastructure for adopting such rates, and proposed legislative solutions to address the LIBOR transition, could result in reduced liquidity or increased volatility or otherwise affect the market price of any compounded daily SOFR referenced securities. The manner of adoption or application of SOFR-based rates in one market may differ materially compared with the application and adoption of SOFR-based rates in other markets, such as the derivatives and loan markets, including the manner of adoption or application by each of the Issuers.

Investors should carefully consider how any mismatch between the adoption of SOFR-based reference rates across these markets may impact any hedging or other financial arrangements that they may put in place in connection with any acquisition, holding or disposal of the Callable Floating Rate Notes.

Historical levels of SOFR are not an indication of its future levels.

The NY Federal Reserve (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark"*) began to publish SOFR in April 2018 and has published modelled, pre-publication estimates of SOFR going back to 2014. Such pre-publication estimates inherently involve assumptions, estimates and approximations. Hypothetical or historical performance data and trends are not indicative of, and have no bearing on, the potential performance of SOFR and therefore noteholders should not rely on any such data or trends as an indicator of future performance. Since the initial publication of SOFR, daily changes in the rate have, on occasion, been more volatile than daily changes in comparable benchmark or market rates. As a result, the return on and value of SOFR-linked debt securities may fluctuate more than floating rate debt securities that are linked to less volatile rates. The future performance of SOFR is impossible to predict, and therefore no future performance of SOFR should be inferred from any hypothetical or historical data or trends.

Compounded Daily SOFR with respect to a particular Callable Floating Rate Notes Interest Period will only be capable of being determined near the end of the relevant Callable Floating Rate Notes Interest Period.

The level of Compounded Daily SOFR applicable to a particular Callable Floating Rate Notes Interest Period and, therefore, the amount of interest payable with respect to such Callable Floating Rate Notes Interest Period will be determined on the Interest Determination Date (as defined in "*Description of the Notes—Interest—Callable Floating Rate Notes*") for such Callable Floating Rate Notes Interest Period. Because each such date is near the end of such Callable Floating Rate Notes Interest Period, noteholders will not know the amount of interest payable with respect to a particular Callable Floating Rate Notes Interest Period until shortly prior to the related Callable Floating Rate Notes Interest Payment Date and it may be difficult for noteholders to reliably estimate the amount of interest that will be payable on each such Callable Floating Rate Notes Interest Payment Date. In addition, some investors may be unwilling or unable to trade the Callable Floating Rate Notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of the Callable Floating Rate Notes.

SOFR is not expected to be comparable to US dollar LIBOR.

Near risk-free rates ("RFRs") such as SOFR may differ from IBORs in a number of material respects. In particular, in the majority of relevant jurisdictions, the chosen RFR is an overnight rate (for example, SOFR in respect of USD, the Sterling Overnight Index Average ("SONIA") in respect of GBP and the euro short-term rate ("€STR") in respect of EUR), with the interest rate for a relevant period calculated on a backward looking (compounded or simple weighted average) basis, rather than on the basis of a forward-looking term. As such, investors should be aware that RFRs may behave materially differently from LIBOR, EURIBOR and other IBORs as interest reference rates for the Callable Floating Rate Notes.

In particular, the composition and characteristics of SOFR are not the same as those of US dollar LIBOR, and the performance of the Callable Floating Rate Notes is not expected to be comparable to LIBOR-linked securities. SOFR is a broad Treasury repo financing rate that represents overnight secured funding transactions and is not the economic equivalent of US dollar LIBOR. While SOFR is a secured rate, US dollar LIBOR is an unsecured rate. While Compounded Daily SOFR is a backward-looking rate based on an overnight rate, US dollar LIBOR is a forward-looking rate that represents interbank funding for a specified term. As a result, there can be no assurance that SOFR, or SOFR-based securities such as the Callable Floating Rate Notes, will perform in the same way as US dollar LIBOR, or LIBOR-based securities, would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, bank credit risk, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

Compounded Daily SOFR will not be the SOFR rate published on or for a particular day during such Callable Floating Rate Notes Interest Period or an average of SOFR rates during such Callable Floating Rate Notes Interest Period. If the SOFR rate for a particular USGS Business Day (as defined in "*Description of the Notes— Interest— Calculation of the Benchmark*") during an Observation Period (as defined in "*Description of the Notes—Interest— Calculation of the Benchmark*") is negative, the inclusion of such SOFR value in the calculation of Compounded Daily SOFR will reduce the interest rate and the interest payable for such Callable Floating Rate Notes Interest Period; *provided* that in no event will the interest payable on the Callable Floating Rate Notes be less than zero.

SOFR may be modified or discontinued by its administrator.

SOFR is a relatively new rate, and the NY Federal Reserve (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR (which may including withdrawing, suspending or discontinuing the calculation or dissemination of SOFR). The NY Federal Reserve may make any or all of these changes in its sole discretion and without notice, and it has no obligation to consider the interests of holders of the Callable Floating Rate Notes in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. Because SOFR is published by the NY Federal Reserve based on data received from other sources, the Issuers have no control over its determination, calculation or publication.

There can be no guarantee that SOFR will not be modified or discontinued in a manner that is materially adverse to noteholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or elimination of the amount of interest payable on the Callable Floating Rate Notes and a reduction in their trading prices.

Uncertainty relating to the regulation of benchmarks may adversely affect the value of the Callable Floating Rate Notes.

SOFR and other interest rates or other types of rates and indices which are deemed to be "benchmarks" are the subject of ongoing national and international regulatory discussions and proposals for reform. Some of these reforms are already effective, while others are still to be implemented. Following the implementation of any such reforms, the manner of administration of benchmarks, including SOFR, may change, with the result that they may perform differently than in the past, or the benchmark could be eliminated entirely, or there could be other consequences that cannot be predicted. Any of the foregoing may have an adverse effect on the value of the Callable Floating Rate Notes.

Interest on the Callable Floating Rate Notes will be calculated using the Benchmark Replacement if a Benchmark Transition Event occurs.

To the extent SOFR is discontinued or is no longer quoted, interest rates on the Callable Floating Rate Notes will be determined using the alternative methods described under "*Description of the Notes and Guarantees—Interest—Calculation of the Benchmark—Benchmark Transition Provisions*." In particular, if the US Issuer or its designee (in consultation with the US Issuer), determines that a Benchmark Transition Event and related Benchmark Replacement Date (each as defined in "*Description of the Notes— Interest—Calculation of the Benchmark*") have occurred, the US Issuer or its respective designee (in consultation with the US Issuer) will use the Benchmark Replacement (each as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") for the purposes of determining the interest rates on the Callable Floating Rate Notes, as well as to make certain changes to the manner in which interest rates on the Callable Floating Rate Notes are calculated or determined.

This Benchmark Replacement may result in interest payments that are lower than, or that do not otherwise correlate over time with, the payments that would have been made on the Callable Floating Rate Notes if SOFR was available in its current form. Additionally, if SOFR is no longer calculated or administered and no Benchmark Replacement is calculated (including because the same costs and risks that may lead to the discontinuation or unavailability of SOFR make the Benchmark Replacement impossible or impracticable to determine), the interest rate on the Callable Floating Rate Notes may accrue at the same rate as the immediately preceding Callable Floating Rate Notes Interest Period (or, in the case of the initial Callable Floating Rate Notes Interest Period, the initial rate of interest which would have been applicable to the Callable Floating Rate Notes for the first Callable Floating Rate Notes Interest Period had the Callable Floating Rate Notes been outstanding for a period equal in duration to the scheduled first Callable Floating Rate Notes Interest Period but ending on (and excluding) the Issue Date (and applying the applicable Margin)), effectively converting the Callable Floating Rate Notes into fixed rate instruments. Due to the uncertainty concerning the availability of benchmark replacements, the relevant fallback provisions may not operate as intended at the relevant time. Any of the foregoing may have an adverse effect on the value of the Callable Floating Rate Notes.

The rate of interest on the Callable Floating Rate Notes may be determined by reference to a Benchmark Replacement even if SOFR continues to be published.

If a Benchmark Transition Event and related Benchmark Replacement Date occur with respect to SOFR, the rate of interest on the Callable Floating Rate Notes will thereafter be determined by reference to the Benchmark Replacement. A Benchmark Transition Event includes, among other things, a public statement or publication of information by the regulatory supervisor for the administrator of SOFR announcing that SOFR is no longer representative. The rate of interest on the Callable Floating Rate Notes may therefore cease to be determined by reference to SOFR, and instead be determined by reference to the Benchmark Replacement, even if SOFR continues to be published. Such rate may be lower than SOFR for so long as SOFR continues to be published, and the value of and return on the Callable Floating Rate Notes may be adversely affected.

Any Benchmark Replacement will likely be a relatively new market index that may be altered or discontinued.

The Benchmark Transition Provisions (each as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") specify a "waterfall" of alternative rates that may become the Benchmark Replacement. These alternative rates are uncertain and no market convention currently exists, or may ever exist, for their determination. For example, the ISDA Fallback Rate, which is the rate referenced in the ISDA Definitions (each as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") that is to be effective upon the occurrence of an index cessation date with respect to the Benchmark (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") for the applicable tenor, has not been established as of the date hereof. Even after the ISDA Fallback Rate is initially determined, ISDA Definitions and the ISDA Fallback Rate may change over time. Uncertainty surrounding the establishment of market conventions related to the calculation of the ISDA Fallback Rate and other alternative rates, and whether any of the alternative rates is a suitable replacement or successor for SOFR, may adversely affect the value of and return on the Callable Floating Rate Notes.

The Benchmark Transition Provisions provide for a Benchmark Replacement Adjustment (as defined below) to be added to the Unadjusted Benchmark Replacement (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") in order to make the Unadjusted Benchmark Replacement more comparable to SOFR. However, such adjustment will not necessarily make the Unadjusted Benchmark Replacement equivalent to SOFR. In particular, the Benchmark Replacement Adjustment may be a one-time adjustment, so such adjustment above the applicable Unadjusted Benchmark Rate Replacement may not respond to changes in unsecured bank credit risk or other market conditions on a periodic basis.

Further, (i) any failure of the Benchmark Replacement to gain market acceptance could adversely affect the Callable Floating Rate Notes, (ii) the Benchmark Replacement may have a very limited history and the future performance of the Benchmark Replacement may not be able to be predicted based on historical performance, (iii) the secondary trading market for debt securities linked to the Benchmark Replacement may be limited and (iv) the administrator of the Benchmark Replacement may make changes that could change the value of the Benchmark Replacement or discontinue the Benchmark Replacement and would not have any obligation to consider the interests of noteholders in doing so.

The US Issuer or its designee (after consulting with the US Issuer) may make determinations with respect to the Callable Floating Rate Notes that could affect the value of and return on the Callable Floating Rate Notes.

The US Issuer or its designee (in consultation with the US Issuer) may make certain determinations with respect to the Notes as further described in this offering memorandum that may adversely affect the value of and return on the Callable Floating Rate Notes. In particular, if a Benchmark Transition Event and related Benchmark Replacement Date occur, the US Issuer or its designee (in consultation with the US Issuer) will determine the Benchmark Replacement and the Benchmark Replacement Adjustment and can make Benchmark Replacement Conforming Changes (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*") in connection with the implementation of the applicable Benchmark Replacement as described below under "*Description of the Notes and Guarantees—Interest—Calculation of the Benchmark—Benchmark Transition Provisions.*" These determinations may require the exercise of discretion and the making of subjective judgements (such as, for example, determining the occurrence or non-occurrence of a Benchmark Transition Event).

Benchmark Replacements and Benchmark Replacement Adjustments may be selected or formulated by (i) the Relevant Governmental Body (as defined below) (such as the Alternative Reference Rates Committee convened by the Board of Governors of the Federal Reserve System and the NY Federal Reserve), (ii) ISDA (as defined in "*Description of the Notes—Interest—Calculation of the Benchmark*"), or (iii) in certain circumstances, the US Issuer (or one of its affiliates). In addition, the Benchmark Transition Provisions expressly authorise the US Issuer or its designee (in consultation with the US Issuer) to make Benchmark Replacement Conforming Changes with respect to, among other things, the determination of Callable Floating Rate Notes Interest Periods and the timing and frequency of determining rates and making payments of interest; in each case that the US Issuer or its designee (in consultation with the US Issuer) determines, from time to time, to be appropriate to reflect the determination and implementation of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the US Issuer or its designee (in consultation with the US Issuer) decides that implementation of any portion of such market practice is not administratively feasible or determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the US Issuer or its designee (in consultation with the US Issuer) determines is appropriate (acting in good faith)).

Any determination, decision or election that may be made by the US Issuer or its designee (in consultation with the US Issuer) pursuant to the Benchmark Transition Provisions will, in each case, become effective without consent from the holders of the Callable Floating Rate Notes or any other party. Any designee that the US Issuer may appoint in connection with these determinations may be the US Issuer's affiliate. When performing such functions, potential conflicts of interest may exist between the US Issuer, its designee or the calculation agent and holders of the Notes. All determinations made by the US Issuer or its respective designee (after consulting with the US Issuer) will be conclusive for all purposes and binding on the US Issuer and holders of the Notes absent manifest error. In making these potentially subjective determinations, the US Issuer, its designee or the calculation agent may have economic interests that are adverse to noteholders' interests, and such determinations may adversely affect the value of and return on the Callable Floating Rate Notes. Because the Benchmark Replacement is uncertain, the US Issuer or its designee (in consultation with the US Issuer) are likely to exercise more discretion in respect of calculating interest payable on the Callable Floating Rate Notes than would be the case in the absence of a Benchmark Transition Event and related Benchmark Replacement Date. Neither they nor the US Issuer will have any obligation to consider the interests of noteholders in taking any action that might affect the value of the Callable Floating Rate Notes.

The application of a Benchmark Replacement and Benchmark Replacement Adjustment, and any implementation of Benchmark Replacement Conforming Changes, could result in adverse consequences to the amount of interest payable on the Callable Floating Rate Notes, which could adversely affect the return on, value of and market for such Callable Floating Rate Notes. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the then-current Benchmark that it is replacing, or that any Benchmark Replacement will produce the economic equivalent of the then-current Benchmark that it is replacing.

USE OF PROCEEDS

The Issuers estimate the net proceeds from the sale of the Notes to be $8,675,839,851 after deducting the underwriting discounts and expenses of the offering. It is anticipated that, subsequent to the on-lending of the net proceeds to GSK Consumer Healthcare Holding (US) LLC (as described above in "*Summary—The Issuer*"), the proceeds will ultimately be made available to CH JVCo in order to fund the Pre-Demerger Dividend (as described in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Pre-Separation borrowings and Pre-Demerger Dividend*").

CAPITALISATION AND INDEBTEDNESS

CH Group

The following table sets forth the CH Group's consolidated capitalisation and indebtedness (including short-term debt) as at 31 December 2021 on an actual basis and on an as adjusted basis to give effect to the application of the net proceeds received from the issuance of the Notes on the capitalisation of the CH Group as if these transactions had taken place on 31 December 2021. The "As Adjusted" information below is for illustrative purposes only and therefore does not represent the CH Group's actual capitalisation as at that date.

Financial information set forth in the "Actual" column was derived from the Financial Statements. This information should be read in conjunction with information included elsewhere in this offering memorandum, including the Financial Statements, "*Presentation of Financial and Other Information*," and "*Management's Discussion And Analysis Of Financial Condition And Results Of Operations*."

		As at 31 December 2021	
£m	**Note**	**Actual**	**As adjusted**
Share capital		1	1
Share premium		—	—
Other reserves		(11,632)	(11,632)
Retained earnings		37,986	37,986
Shareholders' equity		**26,355**	**26,355**
Non-controlling interests		125	125
Total equity		**26,480**	**26,480**
Short-term borrowings			
Total Secured		—	—
Bank loan and overdrafts		49	49
Lease liabilities		30	30
Loan amounts owing to related parties		825	825
Total Unsecured		904	904
Total short-term borrowings		**904**	**904**
Long-term borrowings			
Total Secured		—	—
Lease liabilities		87	87
Notes offered hereby	1	—	6,427
Total Unsecured		87	6,514
Total long-term borrowings		**87**	**6,514**
Total borrowings		**991**	**7,418**
Total capitalisation	2	**27,471**	**33,898**

(1) Unsecured long-term borrowings in the "adjusted" column includes an adjustment reflecting the application of the net proceeds from the Notes. The adjustments to long-term borrowings reflects the proceeds received from the Notes, less underwriting discount and estimated transaction costs of £27 million incurred which are capitalised and will be amortised over the term of each Note. The net proceeds received will be used to fund payment of the Pre-Demerger Dividend. Where amounts are not denominated in GBP, they have been converted at an exchange rate of US$1.35 per £ as at 31 December 2021.

(2) Total capitalisation is the sum of total equity and total borrowings.

Except for the Notes offered hereby, there have been no material changes to the CH Group's capitalisation and indebtedness since 31 December 2021.

GSK Group

The following table sets forth the GSK Group's consolidated capitalisation (including short-term debt) as at 31 December 2021 on an actual basis and on an as adjusted basis to give effect to the application of the net proceeds received from the issuance of the Notes on the capitalisation of the GSK Group as if these transactions had taken place on 31 December 2021. The "As Adjusted" information below is for illustrative purposes only and therefore does not represent the GSK Group's actual capitalisation as at that date.

Financial information set forth in the "Actual" column was derived from the consolidated financial statements as at and for the year ended 31 December 2021 (the "GSK Financial Statements") included in the GSK 2021 Form 20-F incorporated by reference in this offering memorandum. This information should be read in

conjunction with information included the GSK 2021 20-F, including the GSK Financial Statements and Item 5. "*Operating and Financial Review and Prospects*" in the GSK 2021 Form 20-F.

	As at 31 December 2021	
	Actual	As Adjusted
£m		
Capital and reserves		
Share capital(1)	1,347	1,347
Share premium account	3,301	3,301
Retained earnings and other reserves	10,407	10,407
Shareholders' equity	**15,055**	**15,055**
Non-controlling interests	6,287	6,287
Total equity	**21,342**	**21,342**
Borrowings		
Notes offered hereby(2)	—	6,427
Short-term borrowings:		
Commercial paper(3)	252	252
Bank loans, overdrafts and other	550	550
2.850% US$ US Medium Term Note 2022	1,483	1,483
2.875% US$ US Medium Term Note 2022	1,113	1,113
Lease liabilities	203	203
Long-term borrowings:		
2.800% US$ US Medium Term Note 2023	926	926
0.125% € European Medium Term Note 2023	629	629
3.375% US$ US Medium Term Note 2023	925	925
Exchangeable Senior Notes 2023	204	204
0.000% € European Medium Term Note 2023	420	420
0.534% US$ US Medium Term Note 2023	926	926
3.000% US$ US Medium Term Note 2024	739	739
1.375% € European Medium Term Note 2024	836	836
4.000% € European Medium Term Note 2025	627	627
3.625% US$ US Medium Term Note 2025	738	738
1.000% € European Medium Term Note 2026	587	587
1.250% € European Medium Term Note 2026	838	838
3.375% £ European Medium Term Note 2027	595	595
3.875% US$ US Medium Term Note 2028	1,294	1,294
1.250% £ European Medium Term Note 2028	743	743
3.375% US$ US Medium Term Note 2029	733	733
1.375% € European Medium Term Note 2029	418	418
1.750% € European Medium Term Note 2030	628	628
5.250% £ European Medium Term Note 2033	984	984
5.375% US$ US Medium Term Note 2034	368	368
1.625% £ European Medium Term Note 2035	744	744
6.375% US$ US Medium Term Note 2038	2,022	2,022
6.375% £ European Medium Term Note 2039	695	695
5.250% £ European Medium Term Note 2042	987	987
4.200% US$ US Medium Term Note 2043	364	364
4.250% £ European Medium Term Note 2045	789	789
Lease liabilities	812	812
Other long-term borrowings	1	1
Total borrowings	**24,173**	**30,600**
Total capitalisation(4)	**45,515**	**51,942**

(1) As at 31 December 2021, the issued share capital (which includes shares held in treasury by the GSK Group and shares held in trust in connection with GSK Group employee share option and award plan) of GSK was:

	Issued (in thousands)
Ordinary Shares of 25p each	5,387,015

Subsequent to 31 December 2021 and as at 18 March 2022, the GSK Group has issued 1,775,066 ordinary shares for £18,781,853.65 to satisfy the exercise of share options and awards under GSK Group employee share option and award plans.

(2) Unsecured long-term borrowings in the "adjusted" column includes an adjustment reflecting the application of the net proceeds from the Notes. The adjustments to long-term borrowings reflects the proceeds received from the Notes, less underwriting discount and estimated transaction costs of £27 million incurred which are capitalized and will be amortized over the term of each Note. The net proceeds received will be used to fund payment of the Pre-Demerger Dividend. Where amounts are not denominated in GBP, they have been converted at an exchange rate of US$1.35 per £ as at 31 December 2021.

(3) At 31 December 2021, the GSK Group had commercial paper in issue in the aggregate principal amount of US Dollar 0.34 billion. At 18 March 2022, the GSK Group did not have commercial paper in issue.

(4) Total capitalisation is the sum of total equity and total borrowings.

Except as described above and for the Notes offered hereby, there have been no material changes to the GSK Group's capitalisation and indebtedness since 31 December 2021.

SELECTED FINANCIAL DATA

Overview

The selected financial data relating to the CH Group set out below has been extracted, without material adjustment, from the Financial Statements. The selected non-IFRS financial information and operating information relating to the CH Group set out below has been calculated on the basis set out in "*Presentation of Financial and Other Information*". The selected financial and operating information presented below should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Consolidated income statement

For the years ended 31 December 2021, 31 December 2020 and 31 December 2019.

£m	2021	2020	2019
Revenue	9,545	9,892	8,480
Cost of sales	(3,595)	(3,982)	(3,678)
Gross Profit	**5,950**	**5,910**	**4,802**
Selling, general and administration	(4,086)	(4,220)	(3,596)
Research and development	(257)	(304)	(292)
Other operating income/(expense)	31	212	(17)
Operating profit	1,638	**1,598**	**897**
Finance income	17	20	24
Finance expense	(19)	(27)	(35)
Net finance costs	(2)	**(7)**	**(11)**
Profit before tax	1,636	**1,591**	**886**
Income tax	(197)	(410)	(199)
Profit after tax	1,439	**1,181**	**687**
Profit attributable to shareholders	1,390	1,145	655
Profit attributable to non-controlling interests	49	36	32

Consolidated balance sheet

For the years ended 31 December 2021, 31 December 2020 and 31 December 2019.

£m	2021	2020	2019
Non-current assets	29,200	29,122	29,900
Current assets	5,251	5,008	5,811
Total Assets	34,451	**34,130**	**35,711**
Current liabilities	(4,238)	(4,014)	(4,269)
Non-current liabilities	(3,733)	(3,893)	(4,030)
Total liabilities	(7,971)	**(7,907)**	**(8,299)**
Net assets	26,480	**26,223**	**27,412**

Consolidated cash flow statement

For the years ended 31 December 2021, 31 December 2020 and 31 December 2019.

£m	2021	2020	2019
Cash flow from operating activities			
Profit after tax	1,439	**1,181**	**687**
Adjustments reconciling profit after tax to cash generated from operations	227	780	408
Cash generated from operations	1,666	**1,961**	**1,095**
Taxation paid	(310)	(554)	(309)
Net cash inflow from operating activities	**1,356**	**1,407**	**786**
Net cash (outflow)/inflow from investing activities	**(33)**	**1,030**	**291**
Net cash (outflow) from financing activities	**(1,236)**	**(2,437)**	**(925)**
Increase in cash and bank overdrafts	**87**	**—**	**152**
Cash and bank overdrafts at the beginning of the year	323	329	191
Exchange adjustments	(5)	(6)	(14)
Increase in cash and bank overdrafts	87	—	152
Cash and cash equivalents at end of year	405	**323**	**329**

Non-IFRS financial measures

The following tables reconcile IFRS results to Adjusted Results.

Adjusted Results

2021 Adjusted Results

£M	IFRS Results	Net Amortisation and Impairment of Intangible Assets	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposals and others	Adjusted Results
Gross profit	5,950	8	44	—	—	—	6,002
Operating profit	1,638	16	195	—	278	45	2,172
Profit before tax	1,636	16	195	—	278	45	2,170
Profit after tax for the year	1,439	24	159	—	231	(152)	1,701
Profit attributable to shareholders	1,390	24	159	—	231	(152)	1,652
Basic earnings per share	139,000p	2,400p	15,900p	0p	23,100p	(15,200)p	165,200p
Weighted average number of shares	1,000,000						1,000,000
Diluted earnings per share	139,000p	2,400p	15,900p	0p	23,100p	(15,200)p	165,200p
Weighted average number of shares (diluted)	1,000,000						1,000,000
The following adjustments are made in arriving at Adjusted gross profit							
Cost of sales	(3,595)	8	44	—	—	—	(3,543)
The following adjustments are made in arriving at Adjusted operating profit							
Selling, general and administration	(4,086)	—	150	—	278	76	(3,582)
Research and development	(257)	8	1	—	—	—	(248)
Other operating income / (expense)	31	—	—	—	—	(31)	—
The following adjustments are made in arriving at Adjusted profit before tax							
Net finance costs	(2)	—	—	—	—	—	(2)
The following adjustments are made in arriving at Adjusted profit after tax							
Income tax	(197)	8	(36)	—	(47)	(197)	(469)
The following adjustments are made in arriving at Adjusted profit attributable to shareholders							
Profit attributable to non-controlling interests	49	—	—	—	—	—	49

2020 Adjusted Results

£M	IFRS Results	Net Amortisation and Impairment of Intangible Assets	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposals and others	Adjusted Results
Gross profit	5,910	81	89	91	—	2	6,173
Operating profit	1,598	97	411	91	66	(189)	2,074
Profit before tax	1,591	97	411	91	66	(189)	2,067
Profit after tax for the year	1,181	78	321	71	53	(120)	1,584
Profit attributable to shareholders	1,145	78	319	71	53	(120)	1,546
Basic earnings per share	114,500p	7,800p	31,900p	7,100p	5,300p	(12,000)p	154,600p
Weighted average number of shares	1,000,000						1,000,000
Diluted earnings per share	114,500p	7,800p	31,900p	7,100p	5,300p	(12,000)p	154,600p
Weighted average number of shares (diluted)	1,000,000						1,000,000
The following adjustments are made in arriving at Adjusted gross profit							
Cost of sales	(3,982)	81	89	91	—	2	(3,719)
The following adjustments are made in arriving at Adjusted operating profit							
Selling, general and administration	(4,220)	—	314	—	66	21	(3,819)
Research and development	(304)	16	8	—	—	—	(280)
Other operating income	212	—	—	—	—	(212)	—
The following adjustments are made in arriving at Adjusted profit before tax							
Net finance costs	(7)	—	—	—	—	—	(7)
The following adjustments are made in arriving at Adjusted profit after tax							
Income tax	(410)	(19)	(90)	(20)	(13)	69	(483)
The following adjustments are made in arriving at Adjusted profit attributable to shareholders							
Profit attributable to non-controlling interests	36	—	2	—	—	—	38

2019 Adjusted Results

£M	IFRS Results	Net Amortisation and Impairment of Intangible Assets	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposals and others	Adjusted Results
Gross profit	4,802	36	69	366	—	—	5,273
Operating profit	897	36	330	366	—	25	1,654
Profit before tax	886	36	330	366	—	25	1,643
Profit after tax for the year	687	31	271	285	—	4	1,278
Profit attributable to shareholders	655	31	271	285	—	4	1,246
Basic earnings per share	65,500p	3,100p	27,100p	28,500p	0p	400p	124,600p
Weighted average number of shares (basic)	1,000,000						1,000,000
Diluted earnings per share	65,500p	3,100p	27,100p	28,500p	0p	400p	124,600p
Weighted average number of shares (diluted)	1,000,000						1,000,000
The following adjustments are made in arriving at Adjusted gross profit							
Cost of Sales	(3,678)	36	69	366	—	—	(3,207)
The following adjustments are made in arriving at Adjusted operating profit							
Selling, general and administration	(3,596)	—	236	—	—	8	(3,352)
Research and development	(292)	—	25	—	—	—	(267)
Other operating expense	(17)	—	—	—	—	17	—
The following adjustments are made in arriving at Adjusted profit before tax							
Net finance costs	(11)	—	—	—	—	—	(11)
The following adjustments are made in arriving at Adjusted profit after tax							
Income tax	(199)	(5)	(59)	(81)	—	(21)	(365)
The following adjustments are made in arriving at Adjusted profit attributable to shareholders							
Profit attributable to non-controlling interests	32	—	—	—	—	—	32

Adjusting Items

Adjusted Results exclude the following items (net of the impact of taxes, where applicable):

Net amortisation and impairment of intangible assets

Impairment of intangibles and goodwill and amortisation of intangibles excluding computer software. Intangible amortisation and impairments arising from intangibles acquired in business combinations are adjusted to reflect the performance of the business excluding the effect of acquisition accounting.

It is the CH Group's view that acquired intangible assets by their nature are fundamentally different from other depreciating assets that are replaced on a predictable cycle. The CH Group excludes the impact of non-cash

amortisation associated with acquired intangible assets as this is not directly attributable to the sale of the CH Group's products and varies from period to period, which affects comparability of the CH Group's financial results. The costs to operate, maintain and extend the life of acquired intangible assets and purchased intellectual property are reflected in the CH Group's operating costs as labour, overheads, etc.

Restructuring costs

Includes personnel costs, associated with restructuring programmes, impairments of tangible assets and computer software relating to specific programmes approved by the board of Haleon from time to time (the "Board") that are structural and of a significant scale, where the costs of individual or related projects exceed £15 million. Restructuring costs also include integration costs following an acquisition, including in relation to personnel, manufacturing sites, real estate and IT infrastructure. These programmes can take several years to complete and are not directly attributable to the sale of the CH Group's products. Further, costs associated with these programmes vary from period to period, which affects comparability of the CH Group's financial results.

Restructuring costs do not include Separation and Admission costs (see *"—Separation and Admission costs*" below).

Transaction-related costs

Transaction-related accounting or other adjustments related to significant acquisitions. These costs are adjusted as they arise as a result of business combinations. In FY 2019 and FY 2020, these costs were related to the unwind of inventory fair value adjustments in connection with the Pfizer Transaction (as defined below), which was completed by the end of FY 2020. These costs are not directly attributable to the sale of the CH Group's products and vary from period to period, which affects comparability of the CH Group's financial results.

Separation and Admission costs

Costs incurred in relation to and in connection with the Demerger, Separation, UK Admission and registration of Haleon Shares represented by Haleon American Depositary Shares ("ADSs") under the Exchange Act and listing of Haleon ADSs on the NYSE (the "US Listing"). These costs are not directly attributable to the sale of the CH Group's products and specifically relate to the foregoing activities, affecting comparability of the CH Group's financial results in historic and future reporting periods.

Disposals and others

Gains and losses on disposals of assets, businesses and tax indemnities related to business combinations, and other items. These gains and losses are not directly attributable to the sale of the CH Group's products and vary from period to period, which affects comparability of the CH Group's financial results.

Organic revenue growth

The following tables reconcile reported revenue growth for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 to organic revenue growth for the same period by geographical segment and by product category.

	Geographic Segments			
£m	**APAC**	**EMEA/LatAm**	**N America**	**Total**
2021 vs 2020 (%)				
Revenue Growth	**4.3%**	**(4.5%)**	**(6.7%)**	**(3.5%)**
Organic Adjustments[1]	2.0%	3.4%	2.4%	2.7%
of which:				
Effect of Acquisitions	—	—	—	—
Effect of Divestments	2.2%	3.1%	2.5%	2.7%
Effect of MSAs	(0.2%)	0.3%	(0.1%)	—
Effect of Exchange Rates	2.8%	4.6%	5.6%	4.6%
Organic Revenue Growth	**9.1%**	**3.5%**	**1.3%**	**3.8%**

£m	Geographic Segments			
	APAC	EMEA/LatAm	N America	Total
2020 vs 2019 (%)				
Revenue Growth	**20.7%**	**4.1%**	**31.2%**	**16.7%**
Organic Adjustments[1]	(15.9%)	(5.0%)	(32.1%)	(16.6%)
of which:				
Effect of Acquisitions	(19.9%)	(8.8%)	(33.9%)	(19.7%)
Effect of Divestments	4.0%	4.5%	1.2%	3.2%
Effect of MSAs	—	(0.7%)	0.6%	(0.1%)
Effect of Exchange Rates	0.9%	4.0%	1.6%	2.7%
Organic Revenue Growth	**5.7%**	**3.1%**	**0.7%**	**2.8%**

£m	Product Categories					
	Oral Health	Pain Relief	VMS	Respir-atory Health	Digestive Health and Other	Total
2021 vs 2020 (%)						
Revenue Growth	(0.8%)	2.1%	0.5%	(12.8%)	(9.8%)	(3.5%)
Organic Adjustments[1]	—	0.3%	0.3%	6.4%	7.6%	2.7%
of which:						
Effect of Acquisitions	—	—	—	—	—	—
Effect of Divestments	—	0.3%	0.3%	6.4%	7.5%	2.7%
Effect of MSAs	—	—	—	—	0.1%	—
Effect of Exchange Rates	5.2%	4.1%	3.4%	4.6%	5.3%	4.6%
Organic Revenue Growth	**4.4%**	**6.5%**	**4.2%**	**(1.8%)**	**3.1%**	**3.8%**

£m	Product Categories					
	Oral Health	Pain Relief	VMS	Respir-atory Health	Digestive Health and Other	Total
2020 vs 2019 (%)						
Revenue Growth	**3.3%**	**25.8%**	**150.3%**	**(1.5%)**	**(0.1%)**	**16.7%**
Organic Adjustments[1]	—	(23.5%)	(133.5%)	(6.7%)	(5.4%)	(16.6%)
of which:						
Effect of Acquisitions	—	(23.7%)	(133.9%)	(10.5%)	(14.2%)	(19.7%)
Effect of Divestments	—	0.2%	0.4%	3.8%	9.4%	3.2%
Effect of MSAs	—	—	—	—	(0.6%)	(0.1%)
Effect of Exchange Rates	2.6%	2.6%	2.5%	1.9%	3.0%	2.7%
Organic Revenue Growth	**5.9%**	**4.9%**	**19.3%**	**(6.3%)**	**(2.5%)**	**2.8%**

Notes:

1. As defined in "*Presentation of Financial and Other Information—Description of Key Line Items in the CH Group's Financial Statements.*"
2. Organic revenue growth for the period FY 2019 to FY 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction for the period 1 January 2020 to 31 July 2020 and includes revenue attributable to these brands for the period 1 August 2020 to 31 December 2020. Sales patterns during these two periods were materially impacted by the COVID-19 pandemic with increased sales during the former period driven by accelerated purchases by consumers combined with increased consumption and sales during the latter period negatively impacted by a reduction in consumer inventories and weak cold and flu incidence (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the CH Group's results of operations and financial position—Impact of macroeconomic factors and market trends on discretionary consumer spending*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the CH Group's results of operations and financial position—Impact of COVID-19*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Description of the CH Group's results of operations*").

Adjusted EBITDA

The reconciliation between profit after tax for the year and Adjusted EBITDA for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 is provided below.

£m	2021	2020	2019
Profit after tax	**1,439**	**1,181**	**687**
Add Back: Income Tax	197	410	199
Less: Finance Income	(17)	(20)	(24)
Add Back: Finance Expense	19	27	35
Operating Profit	**1,638**	**1,598**	**897**
Net Amortisation and Impairment of Intangible Assets	16	97	36
Restructuring Costs	195	411	330
Transaction Related Costs	—	91	366
Separation and Admission Costs	278	66	—
Disposals and Others	45	(189)	25
Adjusted Operating Profit	**2,172**	**2,074**	**1,654**
Add Back: Depreciation of property, plant and equipment	139	167	167
Add Back: Depreciation of right-of-use assets	35	48	31
Add Back: Amortisation – of software intangible assets	54	40	35
Add Back: Impairment of property, plant and equipment, Rights of Use Assets and Computer Software net of impairment reversals	13	22	(3)
Adjusted EBITDA	**2,413**	**2,351**	**1,884**

Free cash flow

The reconciliation of net cash inflow from operating activities to free cash flow for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 is provided below.

£m	2021	2020	2019
Net cash inflow from operating activities	1,356	1,407	786
Purchase of property, plant and equipment	(228)	(222)	(190)
Proceeds from sale of property, plant, and equipment	12	6	51
Purchase of intangible assets	(70)	(96)	(53)
Proceeds from sale of intangible assets	137	924	120
Distributions to non-controlling interests	(35)	(31)	(28)
Interest paid	(15)	(19)	(29)
Interest received	16	19	24
Free cash flow	**1,173**	**1,988**	**681**

Free cash flow conversion

The reconciliation of free cash flow conversion for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 is provided below.

£m	2021	2020	2019
Free cash flow	1,173	1,988	681
Profit after tax	1,439	1,181	687
Free cash flow conversion	**82%**	**168%**	**99%**

Net debt

The reconciliation of net debt to the different balance sheet items for the years ended 31 December 2021, 31 December 2020 and 31 December 2019 is provided below.

£m	2021	2020	2019
Short-term borrowings	(79)	(82)	(64)
Long-term borrowings	(87)	(105)	(121)
Derivative financial liabilities	(19)	(25)	(2)
Cash and cash equivalents and liquid investments	414	334	340
Derivative financial assets	17	6	12
Net debt1	**246**	**128**	**165**

Note:

1. The sum of the CH Group's cash and cash equivalents and liquid investments and derivative financial assets were greater than the sum of its short-term borrowings, long-term borrowings and derivative financial liabilities in the period 2019-2021 (a net cash position). 'Net debt' is defined differently to 'indebtedness' referenced in "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"

Other selected financial and operating information

Regional performance

The tables below set out the CH Group's regional revenue and operating profit for the years ended 31 December 2021, 31 December 2020 and 31 December 2019.[1]

	Revenue (£m)			Revenue change FY20-FY21 %			Revenue change FY19-FY20 %		
	2021	2020	2019	Reported rates	Constant currency	Organic	Reported rates	Constant currency	Organic[2]
North America	3,525	3,779	2,880	(6.7)	(1.3)	1.3	31.2	32.6	0.7
EMEA and LatAm	3,877	4,059	3,898	(4.5)	—	3.5	4.1	8.4	3.1
APAC	2,143	2,054	1,702	4.3	7.1	9.1	20.7	21.8	5.7
Total	**9,545**	**9,892**	**8,480**	**(3.5%)**	**1.0%**	**3.8%**	**16.7%**	**19.3%**	**2.8%**

	Adjusted operating profit (£m)			Adjusted operating profit margin %		
	2021	2020	2019	2021	2020	2019
North America	828	897	660	23.5%	23.7%	22.9%
EMEA and LatAm	960	857	746	24.8%	21.1%	19.1%
APAC	461	377	311	21.5%	18.4%	18.3%
Central and unallocated	(77)	(57)	(63)	n/a	n/a	n/a
Total	**2,172**	**2,074**	**1,654**	**22.8%**	**21.0%**	**19.5%**
Reconciling items[3]	**(534)**	**(476)**	**(757)**	**n/a**	**n/a**	**n/a**
CH Group operating profit	**1,638**	**1,598**	**897**	**17.2%**	**16.2%**	**10.6%**

Notes:

1. On a segment basis, Adjusted operating profit is the measure of segment profit or loss reviewed by Haleon's chief operating decision maker. Adjusting Items are not allocated by segment, as these items are managed and funded centrally by the CH Group, and therefore are not part of the measure of segment profit or loss reviewed by Haleon's chief operating decision maker. See note 6 to the Financial Statements.
2. Organic revenue growth for the period FY 2019 to FY 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction for the period 1 January 2020 to 31 July 2020 and includes revenue attributable to these brands for the period 1 August 2020 to 31 December 2020. Sales patterns during these two periods were materially impacted by the COVID-19 pandemic with increased sales during the former period driven by accelerated purchases by consumers combined with increased consumption and sales during the latter period negatively impacted by a reduction in consumer inventories and weak cold and flu incidence (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the CH Group's results of operations and financial position—Impact of macroeconomic factors and market trends on discretionary consumer spending*").
3. Reconciling items for these purposes are the Adjusting Items, which are defined at "*—Adjusting Items*" above. A reconciliation between IFRS and Adjusted Results is included at "*—Adjusting Results*" above.

Revenue by product category

The table below sets out the CH Group's revenue by product category for the years ended 31 December 2021, 31 December 2020 and 31 December 2019.

	Revenue (£m)			Revenue change FY20-FY21 %			Revenue change FY19-FY20 %		
	2021	2020	2019	Reported rates	Constant currency	Organic	Reported rates	Constant currency	Organic
Oral Health	2,724	2,745	2,657	(0.8)	4.4	4.4	3.3	5.9	5.9
Pain Relief	2,237	2,192	1,742	2.1	6.2	6.5	25.8	28.6	4.9
VMS	1,501	1,494	597	0.5	3.9	4.2	150.3	154.6	19.3
Respiratory Health	1,132	1,298	1,318	(12.8)	(8.6)	(1.8)	(1.5)	0.5	(6.3)
Digestive Health and Other	1,951	2,163	2,166	(9.8)	(5.0)	3.1	(0.1)	2.5	(2.5)
Total	**9,545**	**9,892**	**8,480**	**(3.5%)**	**1.0%**	**3.8%**	**16.7%**	**19.3%**	**2.8%**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This section should be read in conjunction with the section entitled "Presentation of Financial and Other Information", as well as the "Market Overview" and "Key Highlights" sections of "Consumer Healthcare Business" and the Financial Statements, including accompanying notes. Unless otherwise indicated in this offering memorandum, the financial information contained in this section is extracted from the financial information set out in the Financial Statements.

The following discussion of the CH Group's results of operations and financial condition contains certain forward-looking statements. The CH Group's actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed elsewhere in this offering memorandum, particularly in the section entitled "Risk Factors". The CH Group does not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

Overview

The CH Group is a world-leading consumer healthcare business, with a portfolio of category leading brands and over 20,000 employees worldwide engaged in the research and development, manufacture and sale of a broad range of consumer healthcare products.

The CH Group conducts business internationally across five consumer healthcare categories: Oral Health, Pain Relief, VMS, Respiratory Health and Digestive Health and Other.

The CH Group's international presence is organised into three geographic regions, which are the CH Group's reporting segments: North America, Europe, Middle East and Africa and Latin America ("EMEA and LatAm") and Asia Pacific ("APAC"). Each geographic region consists of a number of countries, clusters of countries and markets.

North America

The North America region consists of the USA, Canada and Puerto Rico. As at 31 December 2021, approximately 5,800 employees were engaged in the CH Group's operations in North America.

North America represented 36.9 per cent. of the CH Group's revenue for FY 2021. Revenue attributable to North America fell by 6.7 per cent. at AER and 1.3 per cent. at CER from FY 2020 to FY 2021. Organic revenue growth in North America was 1.3 per cent. for this period, as compared to 0.7 per cent. for the period FY 2019 to FY 2020.

EMEA and LatAm

The diverse EMEA and LatAm region is divided into seven business units: Northern Europe, Southern Europe, Central and Eastern Europe (including the Commonwealth of Independent States), Russia, DACH (Germany, Austria and Switzerland), Middle East and Africa and LatAm (Brazil, Colombia and Wider LatAm). As at 31 December 2021, approximately 11,700 employees were engaged in the CH Group's operations in EMEA and LatAm.

EMEA and LatAm accounted for 40.6 per cent. of the CH Group's revenue for FY 2021. Revenue attributable to EMEA and LatAm fell by 4.5 per cent. at AER and remained flat at CER from FY 2020 to FY 2021. Organic revenue growth in EMEA and LatAm was 3.5 per cent. for this period, as compared to 3.1 per cent. for the period FY 2019 to FY 2020.

APAC

The APAC region covers the Asia Pacific markets and is divided into five business units: Greater China, Australia and New Zealand, Indian Sub-Continent, North Asia (Japan and South Korea) and South East Asia and Taiwan. As at 31 December 2021, approximately 5,300 employees were engaged in the CH Group's operations in APAC.

APAC contributed 22.5 per cent. of the CH Group's revenue for FY 2021. Revenue attributable to APAC grew by 4.3 per cent. at AER and 7.1 per cent. at CER from FY 2020 to FY 2021. Organic revenue growth in APAC was 9.1 per cent. for this period, as compared to 5.7 per cent. for the period FY 2019 to FY 2020.

Key factors affecting the CH Group's results of operations and financial position

The CH Group's results of operations and financial condition are affected by a variety of factors, a number of which are outside the control of the CH Group. Set out below is a discussion of the most significant factors that have affected the CH Group's financial results during the periods under review and which the CH Group currently expects to affect its financial results in the future. Factors other than those presented below could also have a significant impact on the CH Group's results of operations and financial condition in the future.

Impact of macroeconomic factors and market trends on discretionary consumer spending

The CH Group's business is impacted by fluctuations in demand for the CH Group's products as a result of changes in discretionary consumer spending.

Demand for the CH Group's products is generally impacted by macroeconomic conditions which affect disposable income of consumers and discretionary consumer spending. The prevailing global economic climate, inflation, levels of employment, disposable income, salaries, wage rates, interest rates, geopolitical and political uncertainty, fiscal policy (particularly on public healthcare), taxation, consumer confidence, consumer perception of economic conditions and global pandemics, are all factors that relate to the prevailing macroeconomic conditions and affect the CH Group's business. For example, in FY 2020, the COVID-19 pandemic had a significant impact on the CH Group's operations (see "*—Results of Operations*" below). In addition, Russia's invasion of Ukraine has had an adverse effect on the global geopolitical and economic environment, although the broader economic consequences of the invasion are currently difficult to predict (see "*Risk Factors—Risks Applicable to the CH Group relating to Changes in Law and the Political and Economic Environment, Regulation and Legislation—The CH Group's business may be impacted by the effects of Russia's invasion of Ukraine*" above).

Demand is also influenced by evolving consumer tastes and preferences and trends in discretionary consumer spending on consumer healthcare products. Trends evidenced during the periods under review include an increasing focus on self-management of health and wellbeing, an ageing population, an increasing demand for natural products (products that contain natural ingredients), premiumisation (where consumers switch their purchases to premium alternatives) and the countervailing trend toward "private-label" products (brands sold exclusively by a particular retailer, which are typically sold at lower prices than branded products), sustainability, and the convergence of digital and healthcare.

The CH Group benefits from the increasing consumer focus on health and wellbeing, with the most pronounced impact in the Pain Relief and VMS categories. Further, increased demand for preventative and therapeutic products associated with an ageing population has a positive impact on the CH Group's Pain Relief and Oral Health categories. In the periods under review, the CH Group's results were impacted by premiumisation trends. For example, in FY 2020, this trend adversely impacted sales of Aquafresh, the CH Group's everyday toothpaste brand, whereas Sensodyne, as a premium brand, benefited from the trend. Revenue in FY 2020 and FY 2021 was also affected by a number of "private-label" product launches; for example, this resulted in reduced demand in the USA for Abreva in FY 2020 and Voltaren in FY 2021.

The success of the CH Group depends on its ability to navigate and respond to changes in discretionary consumer spending. In turn, this is contingent on a number of factors, including competitive and market dynamics, brand strength, product offering, innovation and pricing (see "*—Competition in the consumer healthcare market*", "*—Brand and product portfolio*", "*—Innovation*" and "*—Impact of macroeconomic factors and market trends on discretionary consumer spending"*).

Competition in the consumer healthcare market

The CH Group's operating and financial performance is affected by competition in the geographic regions and product categories in which it operates. The CH Group faces competition from companies that produce and sell competing products in an industry that is experiencing consolidation. Consumer preference for branded, generic or private label products sold by competitors adversely impacts the CH Group's financial performance.

The CH Group's competitors, which differ within individual geographic markets, include large-scale retailers, smaller higher-growth companies (which often operate on a regional basis and offer aggressive competition), multinational corporations moving into or expanding their presence in the consumer healthcare market, and "private-label" products sold by retailers (principally in the US market) (see "*—Impact of macroeconomic factors and market trends on discretionary consumer spending*"). While the convergence of digital and health aids the prospects for consumer healthcare market size growth, the CH Group faces considerable competition from e-commerce retailers and large-scale retailers with expansive digital operations.

Competitive factors impacting the CH Group's business include market dynamics and evolving consumer preferences, brand image, a diversified product portfolio, new product innovations and product development, pricing that is attractive to consumers, and cost inputs (see "*—Impact of macroeconomic factors and market trends on discretionary consumer spending*", "*Brand and product portfolio*", "*—Innovation*" and "*—Commercial execution and financial discipline*"). Other competitive factors include supply chain (procurement, manufacturing and distribution) (see "*—Accounting policies*" below), the management of sales and marketing activities, and access to cash for investment in the CH Group's business (see "*—Cash generation*" below).

Brand and product portfolio

The CH Group's success is driven, to a large extent, by the strength of its brands and its ability to leverage its diversified portfolio to drive increased sales, profits and cash generation. The CH Group invests in R&D and marketing activities in order to maintain the long-term health of its brands and products and grow value, with investment levels varying year-to-year across the portfolio.

The CH Group's product portfolio is split among five categories: Oral Health, Pain Relief, VMS, Respiratory Health and Digestive Health and Other. The CH Group's largest category by revenue is Oral Health, which accounted for 28.5 per cent. of the CH Group's revenue in FY 2021. The Pain Relief and Digestive Health and Other categories also significantly contribute to revenue, respectively contributing 23.4 per cent. and 20.4 per cent. of revenue in FY 2021. VMS and Respiratory Health respectively accounted for 15.7 per cent. and 11.9 per cent. of revenue in FY 2021. Operating profit margin also varies across the CH Group's portfolio.

The CH Group's volume of sales and profits depends in part on its ability to identify and offer products at prices that appeal to changing consumer needs and preferences. Through net revenue management, the CH Group analyses pricing, discounting and promotional initiatives across the regions in which it operates in order to optimise volume of sales and revenue and support revenue growth and margin expansion. Pricing and discounting of the CH Group's products is influenced by a number of factors, including competitive and market dynamics (including competitive pricing behaviours), brand recognition and brand loyalty, innovation and marketing activities, supply chain (procurement, manufacturing and distribution), regulation and other cost inputs (see "*—Impact of macroeconomic factors and market trends on discretionary consumer spending*", "*—Competition in the consumer healthcare market*", "*—Brand and product portfolio*", "*—Innovation*", "*—Supply chain*", "*—Commercial execution and financial discipline*" and "*—Regulation*"). Price increases contribute to revenue growth and cash generation and support operating profit margin. Conversely, discounting dilutes operating profit margin and impacts revenue growth and cash generation. During the periods under review, a number of price increases and discounting initiatives affected the CH Group's financial performance.

The CH Group's Power Brands (as defined in "*Consumer Healthcare Business— Strengths— Exceptional portfolio of category-leading brands*") benefit from strong brand recognition and loyalty among consumers. While maintaining this recognition and loyalty requires greater investment in advertising and promotion relative to the rest of the portfolio, the Power Brands generally command higher prices and have higher gross margins. The Power Brands also typically account for the majority of the CH Group's revenue and have the highest growth. Accordingly, the Power Brands contribute significantly to revenue growth. The CH Group's local strategic brands also benefit from strong brand recognition and loyalty among consumers. As a result, the profitability of local strategic brands is typically comparable to the profitability of the Power Brands, and a number of the local strategic brands in particular contribute significantly to revenue across the regions (for example, Tums, Emergen-C, Flonase and Excedrin in the US, Caltrate and Fenbid in China and Dr. BEST in Germany). Investment in and growth rates of local strategic brands vary. Other brands in the CH Group's portfolio typically have lower levels of investment, generate lower prices and have lower gross margins, but these brands support overall profitability and consolidate the CH Group's competitive position in the geographic regions and categories in which it operates. The CH Group's results may fluctuate from year to year depending on the proportion of sales volume represented by higher-margin brands.

The CH Group relies on its ability to leverage brand recognition and consumer loyalty in responding to changing consumer trends and unmet consumer needs. Further, the success of new product launches depends in part on the strength of the CH Group's existing brands. In the periods under review, a number of products were launched, including under the Power Brands Sensodyne and parodontax in order to address increased consumer demand for home-based dental care solutions (see "*Consumer Healthcare Business— Strengths— Exceptional portfolio of category-leading brand*"). These launches contributed to growth in the Oral Health category in FY 2020 and FY 2021.

Competitive pressures from companies that produce and sell competing branded, generic and "private-label" products affect consumer preference for the CH Group's brands and products, which in turn impacts the CH Group's operating and financial performance (see "*—Impact of macroeconomic factors and market trends on discretionary consumer spending*", "*—Competition in the consumer healthcare market*").

The CH Group's performance is also influenced by consumer perception of its brands and products. In FY 2020, negative media coverage impacted consumer perception of the efficacy of ibuprofen products in treating the symptoms of COVID-19, which adversely impacted sales of Advil (an ibuprofen-based product) in FY 2020. The impact of this on the CH Group's overall performance during this period was more than mitigated by growth in Panadol (a paracetamol-based product), illustrating that the CH Group's diversified and balanced portfolio of products can provide a certain level of protection against negative consumer trends and adverse macroeconomic factors. However, the CH Group's reliance on the strength of its brands to drive revenue, operating profit margin and cash generation makes it vulnerable to reputational damage and changes in consumer perception.

The CH Group actively manages its portfolio. In the periods under review, the brands acquired as part of the Pfizer Transaction made an important contribution to the CH Group's geographic presence, revenue and operating profit margin (see "*—Pfizer Transaction*" below). Further, the CH Group continued to optimise and rationalise its portfolio by divesting a number of lower-growth brands with limited synergies with the rest of the portfolio (see "*—Divestments*" below). The CH Group will continue to assess further brand acquisitions and disposals in the context of its strategy and capital allocation priorities.

Innovation

The development and introduction of new products to the CH Group's portfolio contributes to revenue growth and cash generation and supports operating profit margins. Product development also supports portfolio diversification, which helps to minimise the effect of negative consumer trends and adverse market cycles (see "*—Brand and product portfolio*" above). The CH Group typically incurs incremental R&D costs in the period prior to the launch of a new product, with advertising and promotion costs generally incurred in connection with the launch and in subsequent periods. Investment in advertising and promotion impacts visibility of the product in the market, which in turn influences the success of a new product. Revenue attributable to a newly launched product is typically higher in the period immediately following launch, reflecting peak consumer interest, following which sales of the product begin to stabilise and the impact of market factors (such as competition from competitors) on revenue becomes more pronounced.

Throughout the periods under review, the CH Group continued to develop and diversify its product portfolio. As a consequence, the CH Group benefited from a number of product launches, particularly in relation to the Power Brands and local strategic brands. For example, in APAC, Caltrate revenue growth in the periods under review was partly driven by new product development and launches, such as Gluco IMC (a Caltrate product).

The switch of prescription products to OTC status forms part of the CH Group's innovation strategy. The process for a prescription product to be reclassified to be made available without a prescription is highly regulated and requires significant organisational resource and expenditure over a number of years, including in relation to clinical studies, label comprehension (in order to ensure that consumers understand the product and any side effects) and consumer studies.

Following approval by the regulator, the CH Group typically incurs advertising and promotion costs in connection with the launch of an Rx-to-OTC switch product and in subsequent periods. Any failure to develop and commercialise new products in a timely fashion may decrease revenue and/or increase R&D costs (see "*Risk Factors—Risks Relating to the CH Group and the Consumer Healthcare Business—The CH Group may not be able to develop and commercialise new products effectively, which may materially and adversely affect the results of the CH Group's operations and financial condition*"). The CH Group may face competition from similar "private-label" products following launch of an Rx-to-OTC switch product, which may negatively impact revenue growth attributable to the product. However, this impact on revenue growth is typically short-term, and the CH Group would expect revenue growth to continue in the medium term.

In FY 2020 the CH Group successfully completed the Rx-to-OTC switch of Voltaren, which was a key driver for growth in North America that year. In FY 2021, Voltaren revenue was adversely impacted by reduced demand in the US resulting from increased competition from "private-label" products and the stabilisation of revenue streams following launch. The FDA approval in 2020 (and the subsequent launch in H2 2020) of Advil Dual Action as an OTC product contributed to revenue growth in the second half of FY 2020. The CH Group increased marketing investments in order to support these launches.

Expansion of e-commerce and digital capabilities

Growing the CH Group's e-commerce sales has been and will continue to be a key focus for the CH Group. Revenue from e-commerce has grown from approximately 4 per cent. of total revenue in FY 2019 to around 8 per cent. of total revenue in FY 2021. The majority of the CH Group's e-commerce sales are generated on third party platforms, as opposed to platforms hosted by the CH Group.

During the periods under review, the CH Group also increased its investment in digital media and digital capabilities across the business, including in relation to advertising and promotion, R&D and supply chain. For example, in the context of advertising and promotion, digital media advertising accounted for approximately half of the CH Group's total media spend in FY 2021. The CH Group also invested in a range of digital tools and training programmes in order to enhance its digital capability and support growth of the business in an increasingly digital world.

Geographic market presence

The CH Group has a strong global footprint and is focused on growth across the markets in which it already operates. The CH Group serves approximately 170 markets, with 36.9 per cent. of the CH Group's revenue in FY 2021 generated in North America, 40.6 per cent. in EMEA and LatAm, and 22.5 per cent. in APAC. Adjusted operating profit margin across the geographic regions varies. In FY 2021, Adjusted operating profit margin was 23.5 per cent., 24.8 per cent., and 21.5 per cent. in North America, EMEA and LatAm and APAC, respectively. This variation is ultimately driven by a number of factors, including sales volume of higher margin brands, supply chain (procurement, manufacturing and distribution) and competitive dynamics, together with required investment in R&D and marketing activities and other cost inputs.

The mix of markets and economies also impacts revenue and revenue growth. For example, in FY 2021, almost a third of revenue was attributable to emerging markets. These figures may suggest that demand for consumer healthcare products is growing particularly fast in emerging markets.

North America

The North America region accounted for 36.9 per cent. (£3,525 million) of CH Group revenue in FY 2021. The region includes the CH Group's largest single market, the USA, which accounted for 89.0 per cent. (£3,138 million) of revenue in North America and 32.9 per cent. of CH Group revenue in FY 2021. During the periods under review, the majority of the CH Group's revenue in North America was attributable to the Oral Health, Pain Relief and Digestive Health and Other categories. The strength of brands such as Sensodyne, Tums and Flonase was a key driver of growth during these periods. The Pfizer Transaction provided the CH Group with meaningful incremental scale in North America, and brands acquired as part of the Pfizer Transaction (including Centrum and Emergen-C) have contributed significantly to CH Group revenue since it completed.

EMEA and LatAm

The EMEA and LatAm region was the largest contributor to CH Group revenue in FY 2021, accounting for 40.6 per cent. (£3,877 million) of CH Group revenue. The region is equally split between emerging and developed markets[1]. The region is divided into seven business units, of which four (Central and Eastern Europe, Russia, Middle East and Africa and LatAm) are emerging markets.

During the periods under review, the majority of the CH Group's revenue in EMEA and LatAm was attributable to the Oral Health and Pain Relief categories. The strength of brands such as Sensodyne, parodontax, Panadol and Voltaren was a key driver of growth during these periods.

[1] Source: The International Monetary Fund DataMapper 2022.

APAC

The APAC region accounted for 22.5 per cent. (£2,143 million) of the CH Group's revenue in FY 2021. China is the largest market in APAC, accounting for 37.4 per cent. (£801 million) of revenue in APAC and 8.4 per cent. of CH Group revenue in FY 2021.

During the periods under review, the majority of the CH Group's revenue in APAC was attributable to the Oral Health, VMS and Pain Relief categories. The strength of brands such as Sensodyne, Panadol and Voltaren, as well as brands acquired as part of the Pfizer Transaction, such as Centrum and Caltrate, was a key driver of revenue during these periods.

Supply chain

The CH Group relies on global supply chains and manufacturing and distribution operations which are complex and subject to increasing regulatory requirements. The CH Group is exposed to a number of factors that affect the sourcing, manufacturing, supply and pricing of the CH Group's products on a short-term basis, including macroeconomic events, such as the COVID-19 pandemic. Competitive factors relating to the distribution of the CH Group's products also influence the CH Group's performance. See also "*Risk Factors—Risks Relating to the CH Group and the Consumer Healthcare Business— The CH Group operates in a highly competitive market and failure to successfully compete with competitors could have a material adverse effect on the CH Group's business.*"

The CH Group prioritises reliability of supply to ensure its customers and consumers receive the CH Group's products. The CH Group is exposed to factors that may affect its ability to provide this reliable supply from time to time. These factors include interruptions in supply from the CH Group's own facilities or from third party facilities. Examples include issues affecting Advil supply in FY 2019 and FY 2021, Excedrin supply in FY 2019 and FY 2020 and Preparation H supply in FY 2021.

The CH Group also invests in its supply chain in order to support continuity and capacity. For example, where feasible, the CH Group aims to manage its supply chain through dual sourcing (where key products are manufactured in more than one location in order to limit the risk of supply chain disruption). The CH Group also runs capacity planning processes in order to proactively identify pressures on supply chain capacity and conducts assessments in order to assist management in determining the appropriate levels of investment in facilities and equipment.

The CH Group has manufacturing sites located around the world. However, where possible, the CH Group seeks to bring the manufacturing of its products within the region of sale. As a result, more than 80 per cent. of the CH Group's products are sourced in the region in which they are sold. Not only does this enable the CH Group to respond more efficiently to the needs of consumers, but it also forms part of the CH Group's natural hedging strategy.

Inflationary pressures and commodity prices

The CH Group is exposed to inflationary pressures and commodity prices, which generally affect the CH Group through their impact on payroll and supply costs (including freight). For example, inflationary pressures in FY 2021 increased the CH Group's commodity, freight and payroll, which had an adverse impact on the CH Group's operating profit and operating profit margin. While the CH Group may increase product prices in order to mitigate the impact of inflation, competitive pressures may constrain the CH Group's ability to fully recover any increased costs in this way, and so the CH Group may remain subject to market risk with respect to inflationary pressures and increases in commodity prices. Where possible, the CH Group aims to manage its exposure to this risk primarily through forward buying of commodities.

Seasonality

Revenue and cash flow in Respiratory Health is typically driven by seasonal demand for certain of the CH Group's products, including its cough, cold and flu, allergy and decongestant products. The impact of seasonality on revenue in the Respiratory Health category is largely the same across the CH Group's geographic regions. However, as Respiratory Health revenue accounts for a larger percentage of total revenue in North America and EMEA and LatAm, the impact of seasonality is greater in these regions than in APAC. For example, FY 2021 Respiratory Health revenue accounted for 11.9 per cent. and 14.2 per cent. of total revenue in North America and EMEA and LatAm, respectively, and 7.6 per cent. of total revenue in APAC.

Sales in countries in the Northern Hemisphere typically peak from September through to March, driven mainly by consumers purchasing products to self-medicate against cold and flu symptoms. Most of the seasonality impact is experienced in the Northern Hemisphere, where the CH Group's operations are concentrated. Because of the timing of these seasonal peaks, the CH Group's first and fourth quarter results tend to show significantly more revenue in the Respiratory Health category compared to its second and third quarter results, although this trend was less pronounced in FY 2021, when 53.2 per cent. of the CH Group's sales in Respiratory Health occurred in the first and fourth quarters. It follows that the CH Group's results for the first and fourth quarters of each year may not necessarily be indicative of the results that may be expected for a full financial year.

The CH Group incurs significant additional expenses in advance of and during September through to Q1 of the following financial year in anticipation of higher sales during that period, including costs of additional inventory and marketing. Further, the CH Group's cash flow is affected by this seasonality, with the CH Group experiencing lower cash flow during the second and third quarters of the financial year due to increases in seasonal inventory and lower sales during this period, in preparation for increased sales during the fourth quarter of the financial year and the first quarter of the following financial year.

Although the CH Group's SG&A and R&D costs, including personnel costs and administrative costs, are more evenly distributed during the financial year, these costs are exposed to some variations. Cash flows in these areas also experience some variation. For example, employee bonus payments are accrued throughout the year but settled in March.

The seasonality effect of cold and flu season was impacted by the COVID-19 pandemic. This had a material adverse effect on revenue in the Respiratory Health category in the period 1 August 2020 to and including the first half of FY 2021, reflecting the historically weak cold and flu season driven by government restrictions in response to the COVID-19 pandemic (see "*—Foreign Exchange*" below). However, revenue in Respiratory Health recovered during the second half of FY 2021, with Respiratory Health revenue returning to levels broadly consistent with the corresponding period in FY 2019 towards the end of the year.

During the period FY 2019 to FY 2020, the seasonality impact was more pronounced on an organic revenue growth basis. This is because organic revenue for the period FY 2019 to FY 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction (such as Robitussin) in respect of the period 1 January 2020 to 31 July 2020, which significantly contributed to CH Group revenue in the period. Organic revenue for the period FY 2019 to FY 2020 includes revenue attributable to brands acquired as part of the Pfizer Transaction in respect of the period 1 August 2020 to 31 December 2020, however this period was significantly affected by the impact of the COVID-19 pandemic, including in relation to the seasonality effect of cold and flu season (as described above).

The CH Group is also impacted by the allergy season, the severity of which varies from year to year across the geographic regions in which the CH Group operates depending on a number of factors, including the weather and the intensity, timing and length of pollen season. A stronger allergy season tends to result in higher revenue attributable to the CH Group's decongestant and allergy relief products. For example, a stronger allergy season in Q2 2021 relative to the prior year comparator was a key driver for revenue growth in Flonase.

Commercial execution and financial discipline

The CH Group's cost inputs are influenced by a number of factors, including competitive and market dynamics, commercial capabilities, innovation and marketing activities, supply chain (including procurement, manufacturing and distribution), acquisitions and divestments, and seasonality. As an innovation-led business, R&D activities account for a significant proportion of the CH Group's costs. Further, the continued strength of the CH Group's brands is contingent on a competitive level of expenditure on advertising and promotion.

The CH Group seeks to drive the disciplined and efficient use of resources in order to provide funding for brand growth and innovation, while delivering sustainable margin expansion and cash generation (see "*—Seasonality*" above). Following the transactions with Novartis and Pfizer (on which see "*History and Development of the CH Group*" below), the CH Group has continued to implement a number of initiatives to drive sustainable manufacturing and supply chain efficiency improvements including:

- Streamlining of the CH Group's manufacturing and supply footprint from 41 manufacturing sites (inherited by the CH Group through arrangements as part of the GSK Group and the transactions with Novartis and Pfizer) to 24 in 2021

- Reducing the number of contract manufacturing partners from more than 250 (inherited by the CH Group through arrangements as part of the GSK Group and the transactions with Novartis and Pfizer) to approximately 180 in 2022.
- Streamlining and refreshing of the CH Group's distribution centre footprint from more than 200 in 2015 (inherited by the CH Group through arrangements as part of the GSK Group and the transactions with Novartis and Pfizer) to approximately 90 in 2021.
- Implementing ongoing initiatives to drive value from third-party expenditure and offset headwinds from inflation in input prices and commodities, including forward buying, value engineering and new supplier introduction, as well as initiatives to ensure continuity of supply from the CH Group's third party partners through programmes such as the approval of alternate suppliers for critical materials.
- Implementing ongoing initiatives to drive site productivity and/or security of supply, including dual sourcing and localisation of Power Brands such as Voltaren, Sensodyne and Centrum.

The CH Group has also sought to drive effective and efficient use of resources in the research, development, advertising and promotion of its brands, as well as the administration of the CH Group's operations, through initiatives including:

- Cost synergies generated by the Pfizer Transaction (see "*—Pfizer Transaction*" below).
- De-duplication of R&D functions, localisation of R&D roles and projects and rationalisation of the CH Group's R&D footprint from 9 sites in 2015 (inherited by the CH Group through arrangements as part of the GSK Group and the transactions with Novartis and Pfizer) to 4 sites in 2021.
- Rationalisation of creative production and media agencies from greater than 200 in 2019 to 56 in 2021.[2]
- Optimisation of e-commerce strength through increased investment in digital media, as well as strengthening execution in other channels, such as retail and pharmacy. For example, in the pharmacy channel, where engagement with pharmacy and healthcare professionals is a core tenet of the CH Group's strategy, the CH Group has expanded its digital capabilities in order to support these relationships and expand reach (e.g., the proprietary Health Partner portal and webinars).
- Ongoing non-manufacturing procurement initiatives leveraging the CH Group's global scale and strategic supplier relationships, as well as targeted efforts to maximise the effectiveness of its investment in media and the efficiency of its support functions.

During the periods under review, costs incurred in connection with the delivery of synergies arising out of the transaction with Novartis and the Pfizer Transaction were reflected as Restructuring costs and are treated as an Adjusting Item for the purposes of Adjusted operating profit. Other costs incurred in connection with the initiatives referred to in this paragraph were not excluded from Adjusted operating profit.

Cash generation

The CH Group took a number of steps in the periods under review to drive cash generation from its operations, including:

- Tight management of receivables, inventory and payables;
- Disciplined capital expenditure, with strategic investment focused on supply chain and digital capabilities. This was reflected in a small increase in capital expenditure as a percentage of revenue to 3.1 per cent. in FY 2021 from 2.9 per cent. in FY 2019; and
- The receipt of proceeds from the divestment of a number of the CH Group's non-core brands (see "*—Divestments*" below).

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2 This consolidation is ongoing and is expected to be completed by 2022.

Pfizer Transaction

The Pfizer Transaction completed on 31 July 2019 (see "*History and Development of the CH Group"*).

In this section, the "Pfizer Contributed CH Business" is defined as the worldwide business of researching, developing, manufacturing, marketing, commercialising, distributing and selling:

- the products sold under the brand names listed for Pfizer in an annex to the Pfizer SAPA, as conducted by Pfizer (directly and indirectly) as of the date of the Pfizer SAPA and as of immediately prior to completion of the Pfizer Transaction; and
- any over-the-counter consumer healthcare or medicine products, wellness products and other personal care, oral care, nutrition, skin health, cosmetic and related products, as conducted by Pfizer (directly and indirectly) through its Pfizer consumer healthcare business unit (directly or indirectly pursuant to a contractual arrangement with any other Pfizer business unit, to the extent of the Pfizer consumer healthcare business unit's rights pursuant to such contractual arrangement) as of the date of the Pfizer SAPA and as of immediately prior to completion of the Pfizer Transaction,

but excludes:

- any product marketed, commercialised, distributed or sold under the brands Diflucan One, Feldene Gel or Ponstan (or any other products containing the same or similar compounds as such products) in any jurisdiction;
- any pharmaceutical products or pharmaceutical products that have become or may in the future become, in whole or in part, over-the-counter products (other than the products included in the definition of "Business" in the Pfizer SAPA); and
- any product containing any of the following compounds (or marketed, commercialised, distributed or sold under any of the following brands) in any jurisdiction: (a) Sildenafil citrate (Viagra); (b) Celecoxib (Celebrex); (c) Varenicline (Chantrix/Champix); (d) Atorvastatin (Lipitor); (e) Gabapentin (Neutontin); and (f) Fesoterodine (Toviaz).

The Pfizer Contributed CH Business was consolidated within the CH Group's financial statements from 1 August 2019.

The CH Group's results of operations and financial position have been affected in the periods under review, and will continue to be affected, as a consequence of the Pfizer Transaction, including steps taken in connection with and following the transaction. For example, in FY 2022 CH Group expects to continue to benefit from synergies arising in connection with the Pfizer Transaction.

The CH Group's revenue in FY 2020 was £9,892 million. The CH Group's revenue in FY 2019 (including the revenue of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £8,480 million. From FY 2019 to FY 2020, the CH Group's revenue increased by 16.7 per cent. (£1,412 million) at AER. The increase was primarily driven by the inclusion of the full year of revenue of the Pfizer Contributed CH Business in FY 2020, compared to five months of revenue in FY 2019, together with other factors (see "*—Liquidity and capital resources—Overview*" below). The impact of the Pfizer Transaction therefore limits the comparability of the financial information of the CH Group for FY 2019 and FY 2020.

In the periods under review, the CH Group has achieved cost synergies as a consequence of the Pfizer Transaction. In particular, the CH Group has adopted a leaner structure to drive cost savings across a number of areas of the CH Group's business, including the supply chain network, logistics and infrastructure, advertising and marketing, sales and distribution and functional support (see "*—Commercial execution and financial discipline*" above). GSK previously announced that the Pfizer Transaction was expected to realise annual cost savings of £0.5 billion by 2022 for expected total cash costs of £0.9 billion and non-cash charges of £0.3 billion. The CH Group has realised substantial cost synergies and expects to exceed this target to realise a total of £0.6 billion of annual cost savings. The total cash costs are expected to be £0.7 billion and non-cash charges are expected to be £0.1 billion, plus additional capital expenditure of £0.2 billion. Up to 25 per cent. of the cost savings are intended to be reinvested in the business to support innovation and other growth opportunities.

Restructuring costs and Transaction-related costs incurred by the CH Group during the period FY 2019 to FY 2021 were largely as a consequence of the Pfizer Transaction. Restructuring costs were primarily attributable to

steps taken in connection with the integration of the Pfizer Contributed CH Business. Restructuring costs and Transaction-related costs are treated as Adjusting Items for the purposes of Adjusted operating profit. Integration and restructuring related to the Pfizer Transaction was substantially completed by the end of FY 2021, and the CH Group expects the final charges to occur in FY 2022.

Divestments

As part of the CH Group's strategy in the periods under review, the CH Group made a number of divestments in order to bring greater focus to its portfolio of brands. Divestments have a negative impact on revenue growth year-on-year. Operating profit margin is also affected as a result of gains and/or losses arising from divestments, together with costs incurred in connection with the divestments. These costs are treated as an Adjusting Item for the purposes of Adjusted operating profit.

The CH Group's programme of disposals completed in Q1 2021 and realised £1.1 billion in proceeds net of costs and taxes from FY 2019 to FY 2021. The disposal programme had a negative impact on the CH Group's operating profit margin as the CH Group no longer received the associated revenue following the divestments, but due to the relatively low investment in these brands and the lack of dedicated resources supporting them, the majority of the costs previously attributed to these brands remained following their disposal.

The sale of ThermaCare and related manufacturing sites, which completed in Q1 2020, was a key divestment in the context of the CH Group's operations and was made in connection with certain regulatory conditions imposed on the CH Group as a result of the Pfizer Transaction. Following the sale, restrictions on the integration of the Pfizer Contributed CH Business were lifted. Other disposals included brands in the CH Group's Skin Health portfolio.

The CH Group continues to actively manage its portfolio (see "*—Brand and product portfolio*" above).

Impact of COVID-19

The COVID-19 pandemic and the implementation of associated responsive measures by governments in the jurisdictions in which the CH Group operates affected the CH Group's performance in FY 2020 and FY 2021.

Widespread consumer stockpiling in Q1 2020 resulted in an increase in revenue across all of the CH Group's categories in North America and EMEA. Stockpiling was followed by falls in demand, driven by consumers using up stockpiled supplies, together with fewer consumer visits to pharmacies and retail outlets during government-imposed lockdowns. This negatively impacted revenue in Q2 to Q4 of FY 2020, with the largest impact in Q2. Lockdowns also impacted the market for denture care products at certain points during FY 2020 and FY 2021, given the reduced incidence of social occasions.

The performance of the CH Group's Respiratory Health category in FY 2020 and the first half of 2021 was materially adversely affected by the COVID-19 pandemic. Revenue in Respiratory Health is typically driven by seasonal demand for certain of the CH Group's products (see "*—Inflationary pressures and commodity prices*" above). However, Government measures imposed in response to COVID-19, such as the widespread use of face masks and implementation of lockdowns, social distancing measures and improved hygiene practices, lead to a significant reduction in the number of respiratory illnesses, such as the common cold and flu, in the CH Group's key geographic markets. The introduction of specific restrictions on the sale of cough and cold medicines in China further depressed the CH Group's revenue (see "*—Impact of COVID-19*" above). Respiratory Health revenue consequently decreased by 1.5 per cent. at AER and increased by 0.5 per cent. at CER from FY 2019 to FY 2020. Whilst revenue grew at CER due to the inclusion of full year revenue of the brands acquired as part of the Pfizer Transaction (including Robitussin), the category experienced negative organic revenue growth of 6.3 per cent. in FY 2020. In FY 2021, while Respiratory Health revenue continued to be adversely impacted in the first half of the year, revenue recovered in the second half, as restrictions began to ease and seasonal virus levels began to return to more normalised levels of respiratory illnesses.

The COVID-19 pandemic caused a surge in demand for certain OTC and VMS products, as consumers became concerned with bolstering their immune systems and treating the symptoms of COVID-19 and side effects of COVID-19 vaccinations. In particular, in FY 2020 and FY 2021, an increase in demand for Panadol (a paracetamol-based product) led to growth in the CH Group's Pain Relief category. This growth in Panadol revenue may also have been attributable to negative media coverage regarding the use of ibuprofen products in treating the symptoms of COVID-19, which adversely impacted sales of Advil (an ibuprofen-based product)

during FY 2020. In the VMS category, the increasing trend towards self-management of health and wellbeing, which was accelerated by the COVID-19 pandemic, contributed to increased demand for Centrum and Emergen-C during FY 2020 and FY 2021.

Among its far-reaching impacts, COVID-19 has also accelerated the convergence of digital and health, including the rapid expansion of e-commerce for consumer healthcare products. Sales of the CH Group's products through the online channel grew from around 4 per cent. of revenue in FY 2019 to around 8 per cent. of revenue in FY 2021. In the periods under review, the CH Group continued investment in the CH Group's e-commerce platforms, including in relation to digital content for online retailer platforms, the direct-to-consumer channel in the USA (e.g., personalised ChapStick), and tools to measure the performance of the CH Group's "digital shelf" (e.g., presence of imagery, quality of content and shelf availability).

Costs associated with the CH Group's supply chain were also impacted by the COVID-19 pandemic, with increased costs in relation to freight and staffing. Increased staffing costs were driven by increased demand for the CH Group's products, the purchase of additional personal protective equipment, and changes to staff shift patterns in order to accommodate social distancing requirements. Further, the CH Group's shipping costs increased as a result of the global macroeconomic impact of the COVID-19 pandemic.

Foreign exchange

The CH Group operates internationally and holds assets, incurs liabilities, generates sales and pays expenses in a variety of currencies other than Pounds Sterling, which is the currency in which it reports its consolidated financial results. As a result, the CH Group's results of operations are affected by exchange rate fluctuations between Pounds Sterling and other currencies in which it conducts and will continue to conduct transactions, including US Dollar, Euro, Swiss Franc and Chinese Renminbi. For example, the impact of movements in foreign currencies against Pounds Sterling had a negative effect on the CH Group's results of operations in FY 2021, with a £443 million unfavourable revenue impact driven primarily by the depreciation of a number of currencies, including the US Dollar, certain currencies in Latin America, the Japanese Yen, the Turkish Lira, the Euro and the Russian Ruble, in each case against Pounds Sterling during that period. As discussed in "*Recent Developments*" below, Russia's invasion of Ukraine has had an adverse effect on the value of the Russian Ruble, which may negatively impact the CH Group's operations in Russia, as revenues from products sold in Russia are incurred in Rubles, while costs associated with those products are denominated in other currencies, such as Euro or US Dollars.

In order to reduce foreign currency translation exposure, the CH Group seeks to
denominate borrowings in the currencies of its principal assets and cash flows. The CH Group manages foreign currency transactional exposure by selectively hedging exposure arising on external and internal trade flows. The CH Group also adopts a natural hedging strategy and, to the extent reasonably possible, seeks to align the currency of inflows and outflows to minimise foreign exchange exposure. In certain cases (such as the purchase of some manufacturing inputs or some export sales made to distributors in markets where the CH Group does not have an entity presence) transactional foreign exchange exposure exists (see "*Risk Factors—Risks Applicable to the CH Group relating to Changes in Law and the Political and Economic Environment, Regulation and Legislation—The CH Group is exposed to risks relating to fluctuations in currency exchange rates and related hedging activities, which could negatively impact the CH Group's financial condition and prospects"*).

Regulation

The consumer healthcare market is heavily regulated by governments and other regulatory bodies in the countries in which the CH Group operates. Within the consumer healthcare market, the OTC segment tends to be subject to greater regulation, including in relation to pricing.

The CH Group expends significant resources within SG&A to support compliance with a broad and varied range of regulatory requirements, including pharmacovigilance obligations, maintenance of product registrations and compliance with rigorous quality standards. The CH Group is also subject to periodic requirements to assess and address new potential risks to consumers, such as the recent requirement imposed by a number of regulators to assess nitrosamine levels in OTC medicines. Failure to comply with regulations could lead to supply interruptions, product recalls and/or regulatory enforcement action and fines from regulators. See "*Risk Factors—Risks relating to the CH Group and the Consumer Healthcare Business—The CH Group may incur liabilities or be forced to recall products as a result of real or perceived product quality or other product-related issues*".

Changes to the laws and regulations to which the CH Group and its operations are subject, whether as a result of new or more stringent requirements, or more stringent interpretations of existing requirements, can also impose significant compliance costs and impact the way in which the CH Group conducts its business. For example, in China, in early 2020, certain local authorities introduced temporary restrictions on the sale of certain cough and cold medicines in an attempt to prevent patients from self-medicating against COVID-19 at home, which limited sales of Contac (nasal decongestant tablets that also relieve pain and reduce a fever) and Fenbid (ibuprofen-based pain relief medicine) by the CH Group in 2020. These restrictions had an adverse impact on the CH Group's revenue in FY 2020 and FY 2021. Similar restrictions may be imposed in the future, depending on the development of the COVID-19 pandemic.

The CH Group has also been impacted, and expects to continue to be impacted, by recent reforms regarding government price management of drugs in China. The nationwide volume-based procurement program, which was introduced in 2018, has negatively impacted revenue in respect of Fenbid sold in the country through the state-owned hospital channel, and other brands may be brought within the scope of this initiative in future. In order to mitigate the impact of this, the CH Group seeks to increase sales through retail and e-commerce channels.

Separation and future restructuring

The CH Group has taken a number of actions in preparation for Separation, including to ensure that the CH Group has the necessary infrastructure to operate as an independent publicly listed company. These actions include the establishment of independent IT infrastructure and independent corporate functions and governance of the CH Group, including building key technology infrastructure and capability within corporate functions to support a publicly-listed group.

During FY 2020 and FY 2021, the CH Group incurred costs in connection with preparation for Separation of £66 million and £278 million, respectively. The CH Group expects to incur Separation and Admission costs of approximately £0.4 billion between FY 2022 and FY 2024 (including UK Admission and US Listing costs of up to £0.1 billion), most of which are expected to be incurred in FY 2022.

Following Separation, the CH Group expects to incur Restructuring costs of approximately £0.2 billion between FY 2022 and FY 2024 in connection with projects to support further efficiencies in its operations. These Restructuring costs are not expected to exceed £0.1 billion in any individual year. The CH Group does not currently anticipate further significant restructuring programmes. Restructuring costs are treated as an Adjusting item for the purpose of calculating Adjusted operating profit.

The CH Group also expects to incur recurring operating costs of approximately £175 million to £200 million per annum to provide the capabilities to operate successfully as a UK public listed company following Separation, including in technology and infrastructure, and in corporate functions.

The CH Group has historically benefited from negotiated arrangements with third-party suppliers, distributors, licensors, lessors, other business partners and/or counterparties as part of the larger GSK Group. While certain of these arrangements will change as a result of Separation, the cost impact is not expected to be material.

The CH Group has entered into the Transitional Services Agreement (as defined in "*Risk Factors— Following the Demerger and Separation, Haleon will need to operate as an independent publicly listed company and the CH Group could fail to meet the challenges involved in operating successfully as a standalone business.*") with the GSK Group in connection with Separation. The Transitional Services Agreement is short-term and limited in scope. Additionally, the CH Group has entered into manufacturing and supply agreements with the GSK Group, which are also limited in scope.

Recent developments

The CH Group is monitoring the effects of Russia's invasion of Ukraine. The CH Group's operations and presence in these markets is limited and Russia and Ukraine accounted for less than 3 per cent. of the CH Group's revenue in FY 2021. The CH Group has no manufacturing operations in these markets and imports products sold there. There is a significant risk to disruption of the CH Group's operations in these markets.

- Despite the limited scope of the CH Group's activities in Russia and the CH Group's focus on meeting consumers' everyday health needs, there may be certain reputational risks associated with the CH Group's presence in the Russian market.

- The CH Group generates revenues from sales of its products in Russia in the Russian Ruble, while significant costs (notably, manufacturing and supply chain costs) associated with those products are denominated in other currencies, such as Euro and US Dollar. The international response to the invasion, including the imposition of international sanctions against Russia, has had a significant adverse effect on the value of the Russian Ruble, which has reduced the CH Group's revenue from its operations in Russia without a corresponding reduction in costs, and the CH Group may not be able to offset the devaluation of the Russian Ruble through increased prices of its products. In addition, the imposition of exchange controls may limit the CH Group's ability to repatriate profits from its operations in Russia.
- The CH Group's ability to supply customers may be negatively affected by disruption to supply and distribution channels.
- The CH Group's customers in Russia and Ukraine have been significantly negatively affected by the factors described above, which exposes the CH Group to increased counterparty risk in relation to these customers and receivables from these customers.
- The imposition of sanctions and other restrictive measures against Russia, Russia's response to the global sanctions regime, as well as additional international sanctions against Russia, may create regulatory uncertainty and present further compliance challenges for the CH Group's operations, which may increase compliance costs and make it difficult to continue operations in Russia.
- Depending on the long term outlook of the CH Group's business in Russia and Ukraine, the carrying value of certain of the CH Group's intangible assets may be impacted. However, any such impact is not anticipated to be material to the CH Group.
- As of the date of this offering memorandum, the Russian government has indicated it has drawn up plans to seize the assets of western companies leaving Russia. While the scope of such measures is not presently clear, if the CH Group ceased its activities and/or suspended its operations in Russia and did not resume its presence in Russia within a certain period of time, the Russian government could (i) nationalise the CH Group's assets located in Russia, (ii) allow the CH Group's patents and trademarks to be used within Russia without the CH Group's consent and/or (iii) introduce restrictions on, or impose unfavourable terms in respect of, payments made from Russia or relating to assets in Russia.

In addition to the specific implications for the CH Group's operations in Russia and Ukraine, the CH Group may be affected by broader impacts on the global geopolitical and economic environment, including (but not limited to) changes in commodity, freight, logistics and input costs.

Key performance indicators and non-IFRS financial measures

In evaluating the CH Group's results of operations, the CH Group considers the following key performance indicators and non-IFRS financial measures. Further information on the definition and purpose of these metrics is included in "*—Presentation of Financial and Other Information"* above. For a reconciliation of non-IFRS financial measures, see "*Selected financial data—Non-IFRS financial measures*."

	2021	2020	2019
Revenue (£m)	9,545	9,892	8,480
Revenue growth (%)	(3.5)	16.7	—
Organic revenue growth (%)	3.8	2.8	—
Gross profit (£m)[1]	5,950	5,910	4,802
Adjusted gross profit (£m)	6,002	6,173	5,273
Gross profit margin (%)[1]	62.3	59.7	56.6
Adjusted gross profit margin (%)	62.9	62.4	62.2
Operating profit (£m)[1]	1,638	1,598	897
Adjusted operating profit (£m)	2,172	2,074	1,654
Operating profit margin (%)[1]	17.2	16.2	10.6
Adjusted operating profit margin (%)	22.8	21.0	19.5
Profit after tax (£m)[1]	1,439	1,181	687
Adjusted EBITDA (£m)	2,413	2,351	1,884
Net cash inflows from operating activities (£m)[1]	1,356	1,407	786
Free cash flow (£m)	1,173	1,988	681
Free cash flow conversion (%)	82	168	99

Note:

1. Not considered to be key performance indicator, but included as the nearest IFRS measure to the relevant non-IFRS measure presented in the table above.

Results of Operations

Description of the CH Group's results of operations

Revenue

Revenue for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's revenue in FY 2021 and FY 2020 was £9,545 million and £9,892 million, respectively.

The CH Group's revenue decreased by 3.5 per cent. at AER, and increased by 1.0 per cent. at CER reflecting dilution from divestments given the completion of the divestment programme during FY 2021. The CH Group's organic revenue growth was 3.8 per cent.

The decline in revenue at AER reflected adverse exchange rate movements of £443 million as Pounds Sterling, the CH Group's reporting currency, strengthened against other currencies such as the US Dollar, Euro, certain currencies in Latin America, the Japanese Yen, the Turkish Lira and the Russian Ruble. Revenue growth at AER and CER was impacted by a decline attributable to the full year revenue effect of divestments made during the course of FY 2020, including Physiogel, Breathe Right, Venoruton and Coldrex, as well as a number of divestments made during FY 2021 including Transderm Scop, Acne Aid, Baldriparan and Spectraban.

Organic revenue growth was primarily driven by growth in revenue attributable to brands in the Oral Health, Pain Relief and VMS categories (including Sensodyne, parodontax, Voltaren, Panadol, Excedrin, Centrum and Caltrate), as well as growth in Otrivin, Flonase, Tums, ENO and brands in the Smokers Health sub-category of Digestive Health and Other. This reflects the underlying strength of brands across the CH Group's portfolio and categories and continuing growth in e-commerce.

The CH Group delivered revenue growth at CER in the Oral Health, Pain Relief, and VMS categories. Respiratory Health experienced a decline in revenue at CER due to the revenue impact of divestments of brands in that category, as well as the continued impact of the COVID-19 pandemic and associated responsive measures,

while the Digestive Health and Other category experienced revenue decline at CER due to the revenue impact of divestments of brands in that category.

- Revenue in the VMS category grew by 0.5 per cent. at AER and 3.9 per cent. at CER. Growth at CER built on the significant revenue growth experienced by the category in FY 2020. Revenue growth in FY 2021 was primarily attributable to the sustained, double-digit year-on-year per cent. growth in Centrum and mid-single digit growth in Caltrate, partially offset by a high single digit per cent. decline in Emergen-C. The strong performance of Centrum reflected the increasing consumer trend towards self-management of health and wellbeing, particularly in the APAC region, as well as successful innovation and improved supply capacity in the US. The decline in Emergen-C revenue was due to a particularly strong comparator in FY 2020, when Emergen-C revenue increased by half compared to FY 2019 as a result of a surge in demand during the early stages of the COVID-19 pandemic. However, Emergen-C revenue in FY 2021 was significantly above revenue attributable to the brand in FY 2019.
- Revenue in the Pain Relief category grew by 2.1 per cent. at AER and 6.2 per cent. at CER. Revenue growth at CER was largely due to growth in revenue attributable to Panadol, Voltaren, and Excedrin. Panadol revenue growth at CER in the low mid-teens was driven by the strength of the brand and an increase in demand driven by self-medication of symptoms associated with COVID-19 and the COVID-19 vaccination. Voltaren experienced double-digit per cent. revenue growth at CER, with growth in EMEA and LatAm and APAC partially offset by the impact of the introduction of "private-label" products in the US in FY 2021. Excedrin revenue recovered during FY 2021 following temporary supply chain interruption in FY 2020. Advil revenue was impacted by temporary disruption in third party supply.
- In Oral Health, revenue declined by 0.8 per cent. at AER and grew by 4.4 per cent. at CER. Revenue growth at CER was driven by continued strong demand in Sensodyne. Sensodyne delivered mid-single digit per cent. revenue growth at CER, which reflected underlying brand strength, continued innovation (for example, the Repair and Protect and Pronamel products), and increased consumption, particularly in India and China. Additionally there was growth in respect of parodontax. This growth was partially offset by a decline in Aquafresh revenue at CER, which was attributable to a shift in promotional focus to other brands in the Oral Health category. Denture Care revenue was flat year-on-year, driven by measures implemented in connection with the COVID-19 pandemic and increased competition in certain markets, although growth returned in the last quarter of FY 2021.
- Revenue in the Respiratory Health category declined by 12.8 per cent. at AER and 8.6 per cent. at CER. The decline at CER was primarily attributable to the full year revenue impact of the divestment of Breathe Right. While revenue in Respiratory Health was adversely impacted by an exceptionally low cold and flu incidence in the first half of FY 2021, revenue for the category recovered in the second half of the year (see "*—Impact of COVID-19*" above). Flonase experienced single digit per cent. revenue growth year-on-year, driven by a stronger allergy season relative to the prior year comparator.
- In Digestive Health and Other, revenue declined by 9.8 per cent. at AER and 5.0 per cent. at CER. Revenue decline at CER was largely attributable to the full year revenue impact of the divestments of Physiogel, Venoruton and Coldrex during FY 2020. This was partially offset by an increase in revenue attributable to Tums, ENO and ChapStick. Tums revenue growth was largely due to growth in the market for antacids, improved supply chain capacity, and innovation launches in the Naturals segment. ENO revenue growth was due to product price increases and increased consumption. An increase in ChapStick revenue was attributable to an increase of in-store purchases, coinciding with the easing of COVID-19 lockdowns.

Revenue for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's revenue in FY 2020 was £9,892 million. The CH Group's revenue in FY 2019 (including the revenue of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £8,480 million.

The CH Group's revenue increased by 16.7 per cent. at AER and 19.3 per cent. at CER, and the CH Group's organic revenue growth was 2.8 per cent.

Revenue growth at AER and CER was primarily driven by the inclusion of the full year of revenue of the Pfizer Contributed CH Business in FY 2020, compared to five months of revenue in FY 2019, together with growth in

revenue attributable to Sensodyne, Voltaren and Panadol. Revenue growth at AER and CER was partially offset by a decline in revenue attributable to divestments made during the course of FY 2020, including Physiogel, Breathe Right, Venoruton, Oilatum and Coldrex. Growth in revenue at AER was further offset by adverse exchange rate movements as Pounds Sterling, the CH Group's presentation currency, strengthened against other currencies such as the US Dollar, certain currencies in Latin America, the South African Rand and the Russian Ruble.

Organic revenue growth was primarily attributable to growth in organic revenue across the CH Group's VMS, Pain Relief and Oral Health categories (including in respect of Sensodyne, Centrum, Voltaren and Panadol). Revenue growth in the VMS and Pain Relief categories was stronger in the period 1 January 2020 to 31 July 2020 as a result of increased demand for products during the COVID-19 pandemic designed to address fever symptoms, together with the impact of consumer stockpiling (described further below). Organic revenue for the period excludes revenue attributable to brands acquired as part of the Pfizer Transaction in the period 1 January 2020 to 31 July 2020 (see "*—Presentation of Financial and Other Information"*), which made a significant contribution to the CH Group's revenue in the VMS and Pain Relief categories during the period, with the effect that the overall revenue growth of the CH Group was reduced on an organic basis. Furthermore, brands divested in FY 2021 (notably Transderm Scop in the Digestive Health and Other category, in respect of which revenue declined due to competition from generic products) are included in organic revenue growth for the period FY 2019 to FY 2020, and this also had a significant impact on the organic growth measure in this period.

The CH Group delivered strong revenue growth at CER in the VMS and Pain Relief categories, single digit growth in the Oral Health and Digestive Health and Other categories, and flat revenue growth in Respiratory Health.

- In the VMS category, revenue grew by 150.3 per cent. at AER and 154.6 per cent. at CER. Growth at CER was primarily attributable to the inclusion of the full year revenue of brands acquired as part of the Pfizer Transaction (including Centrum, Caltrate and Emergen-C), together with an increasing consumer trend towards self-management of health and wellbeing, which was accelerated by the COVID-19 pandemic. The CH Group also increased advertising and promotion investment in the VMS category.
- Revenue grew by 25.8 per cent. at AER and 28.6 per cent. at CER in the Pain Relief category. Growth at CER was largely attributable to the inclusion of the full year of revenue of brands acquired as part of the Pfizer Transaction (including Advil), together with the Rx-to-OTC switch of Voltaren and a strong performance from Panadol. Advil revenue was adversely affected by negative media coverage regarding the use of ibuprofen products in treating the symptoms of COVID-19 (see "*—Brand and product portfolio*" above). Excedrin revenue in North America was affected by temporary supply chain interruption.
- In Oral Health, revenue grew by 3.3 per cent. at AER and 5.9 per cent. at CER. Growth at CER was driven by strong demand in Sensodyne, as well as growth in respect of parodontax, largely offset by a decline in Aquafresh revenue and revenue attributable to brands in the Denture Care sub-category of Oral Health, the latter of which was driven by fewer opportunities for social occasions during the COVID-19 pandemic (see "*—Impact of COVID-19*" above).
- In Respiratory Health, revenue declined by 1.5 per cent. at AER and was flat at CER. Flat revenue at CER was primarily attributable to the inclusion of a full year of revenue attributable to brands acquired as part of the Pfizer Transaction (including Robitussin). This was largely offset by a decline in revenue attributable to Otrivin and Theraflu, which were negatively impacted by the COVID-19 pandemic, as well as the impact of the divestment of certain brands in this category. In particular, there was an exceptionally weak cold, cough and flu season in Q3 and Q4 of 2020 as a result of measures taken in response to COVID-19, together with fewer consumer visits to stores following the implementation of lockdowns.
- In Digestive Health and Other, revenue decreased by 0.1 per cent. at AER and increased by 2.5 per cent. at CER. Growth at CER was largely attributable to the inclusion of a full year of revenue attributable to brands acquired as part of the Pfizer Transaction (including Preparation H and ChapStick). This was partially offset by a decrease in revenue attributable to Fenistil and Abreva, driven by fewer consumer visits to stores following the implementation of lockdowns during the COVID-19 pandemic. These factors also negatively impacted Preparation H and ChapStick revenue. Further, revenue was negatively impacted as a result of the divestment of certain brands.

Cost of Sales

Cost of sales for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's cost of sales was £3,595 million and £3,982 million in FY 2021 and FY 2020, respectively. The CH Group's cost of sales decreased by 9.7 per cent. (£387 million). This decrease reflects a reduction in Adjusting Items (as outlined below), the full year impact of divestments in FY 2020 and further integration savings driven by the Pfizer Transaction, which more than offset investment in supply chain to improve continuity and capacity, as well as inflationary pressures, principally in relation to commodity and freight costs.

Adjusting Items within costs of sales totalled £52 million in FY 2021, which predominantly related to costs of restructuring programmes, together with Net impairment and amortisation of intangible assets across a number of the CH Group's brands. Adjusting Items within costs of sales totalled £263 million in FY 2020. The decrease primarily reflected reduced costs relating to the Pfizer Transaction (mainly Transaction-related costs and Restructuring costs), as well as reduced Net impairment and amortisation of intangible assets across a number of the CH Group's brands.

Adjusted cost of sales was £3,543 million and £3,719 million in FY 2021 and FY 2020, respectively. Adjusted cost of sales decreased by 4.7 per cent. (£176 million). This was primarily driven by the full year impact on cost of sales of divestments made in FY 2020 and further synergies from the Pfizer Transaction, which more than offset increased investment in supply chain, inflationary pressures and the increase in sales and freight costs in each region due to disruption caused by the COVID-19 pandemic.

Cost of sales as a percentage of revenue reduced to 37.7 per cent. from 40.3 per cent. in FY 2020, largely driven by the reduction in Adjusting Items, further synergies from the Pfizer Transaction, product price increases and supply chain efficiencies. This was partially offset by increased investment in supply chain and increases in freight, commodities and other costs (for example, employee costs), which reflected inflationary pressures in the supply chain. Adjusted cost of sales as a percentage of revenue reduced to 37.1 per cent. in FY 2021 from 37.6 per cent. in FY 2020.

Cost of sales for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's cost of sales in FY 2020 was £3,982 million. The CH Group's cost of sales in FY 2019 (including the cost of sales of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £3,678 million.

The CH Group's cost of sales increased by 8.3 per cent. (£304 million). This increase was primarily driven by the inclusion of the full year of cost of sales of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019, partially offset by a reduction in Adjusting Items (as outlined below), as well as the impact of divestments and ongoing supply chain productivity efforts.

Adjusting Items within costs of sales totalled £263 million in FY 2020, which predominantly related to further Adjusting Items associated with the Pfizer Transaction (mainly Transaction-related costs and Restructuring costs), together with Net intangible impairment and amortisation across a number of CH Group's brands. Adjusting Items within cost of sales totalled £471 million in FY 2019. These Adjusting Items principally related to the Pfizer Transaction (mainly Transaction-related costs and Restructuring costs).

Adjusted cost of sales was £3,719 million and £3,207 million in FY 2020 and FY 2019, respectively. Adjusted cost of sales increased by 16.0 per cent. (£512 million), primarily driven by the inclusion of the full year of Adjusted cost of sales of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019.

Cost of sales as a percentage of revenue reduced to 40.3 per cent. in FY 2020 from 43.4 per cent. in FY 2019, largely driven by a reduction in Transaction-related costs, product price increases, improvements in brand mix, synergies and ongoing supply chain productivity efforts. These factors were partially offset by increased freight and staffing costs driven by the COVID-19 pandemic. Adjusted cost of sales as a percentage of revenue reduced to 37.6 per cent. in FY 2020 from 37.8 per cent. in FY 2019.

Gross profit

Gross profit for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's gross profit in FY 2021 was £5,950 million, producing a gross profit margin of 62.3 per cent. The CH Group's gross profit in FY 2020 was £5,910 million, producing a gross profit margin of 59.7 per cent.

The CH Group's gross profit increased by 0.7 per cent. (£40 million) in FY 2021, which primarily reflected a reduction in Adjusting Items within cost of sales associated with the Pfizer Transaction (mainly Transaction-related costs and Restructuring costs). This more than offset the year-on-year decline in the CH Group's revenue at AER. Gross profit margin increased by 2.6 percentage points, largely reflecting the reduction in these Adjusting Items associated with the Pfizer Transaction, as well as product price increases, improvements in brand mix (including the divestment of several brands) and synergies from the Pfizer Transaction, as well as other ongoing supply chain and manufacturing efficiency efforts. These factors were partially offset by investment in the supply chain, as well as increased freight costs, commodity prices and staffing costs arising in connection with the COVID-19 pandemic.

Adjusted gross profit was £6,002 million and £6,173 million in FY 2021 and FY 2020, respectively. Adjusted gross profit decreased by 2.8 per cent. (£171 million), broadly in line with the year-on-year decline in the CH Group's revenue at AER.

Adjusted gross profit margin for the CH Group was 62.9 per cent. and 62.4 per cent. for FY 2021 and FY 2020, respectively. The factors driving the year-on-year increase of 0.5 percentage points were the same as for gross profit margin, except in respect of changes in Adjusting Items, which are excluded from Adjusted gross profit margin.

Gross profit for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's gross profit was £5,910 million in FY 2020, producing a gross profit margin of 59.7 per cent. The CH Group's gross profit for FY 2019 (including the gross profit of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £4,802 million, producing a gross profit margin of 56.6 per cent.

The CH Group's gross profit increased by 23.1 per cent. (£1,108 million), primarily driven by the inclusion of the full year of gross profit of brands acquired as part of the Pfizer Transaction in FY 2020, compared to five months of gross profit in FY 2019. Gross profit margin increased by 3.1 percentage points from FY 2019 to FY 2020. This increase was largely driven by a reduction in Adjusting Items in relation to the Pfizer Transaction (mainly Transaction-related costs and Restructuring costs), product price increases, improvements in brand mix, synergies resulting from the Pfizer Transaction, and ongoing supply chain productivity efforts. These factors were partially offset by increased freight and staffing costs arising as a result of the COVID-19 pandemic.

Adjusted gross profit was £6,173 million and £5,273 million in FY 2020 and FY 2019, respectively. Adjusted gross profit increased by 17.1 per cent. (£900 million), primarily driven by the inclusion of the full year of gross profit of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019.

Adjusted gross profit margin for the CH Group was 62.4 per cent. and 62.2 per cent. for FY 2020 and FY 2019, respectively. The factors driving the year-on-year increase of 0.2 percentage points were the same as for gross profit margin, save in respect of changes in Adjusting Items, which are excluded from Adjusted gross profit margin.

Selling, general and administration

SG&A costs for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's SG&A costs were £4,086 million and £4,220 million in FY 2021 and FY 2020, respectively. The CH Group's SG&A costs decreased by 3.2 per cent. (£134 million) in FY 2021, primarily driven by the continued benefit of synergies from the Pfizer Transaction and the tight control of ongoing costs, partially offset by an increase in Adjusting Items, primarily in respect of Separation and Admission costs.

Adjusting Items within SG&A totalled £504 million in FY 2021. These principally related to Separation and Admission costs as well as further Restructuring costs associated with the Pfizer Transaction. Adjusting Items within SG&A totalled £401 million in FY 2020. These principally related to Restructuring costs associated with the Pfizer Transaction, as well as the initial costs in connection with Separation, UK Admission and US Listing.

Adjusted SG&A costs were £3,582 million and £3,819 million in FY 2021 and FY 2020, respectively. Adjusted SG&A costs decreased by 6.2 per cent. (£237 million). This primarily reflected the continuing benefit of synergies from the Pfizer Transaction and tight control of ongoing costs.

SG&A costs as a percentage of revenue increased to 42.8 per cent. in FY 2021 from 42.7 per cent. in FY 2020. This primarily reflected the impact of an increase in Adjusting Items, in particular costs related to the Pfizer Transaction and in connection with Separation, UK Admission and US Listing. This was partially mitigated by synergies from the Pfizer Transaction and tight cost control. While the CH Group decreased advertising and promotion investment in the Respiratory Health category in response to reduced demand resulting from the impact of the COVID-19 pandemic and associated responsive measures (see "*—Impact of COVID-19*" above), investment was redirected to the VMS and Pain Relief categories. Adjusted SG&A costs as a percentage of revenue decreased to 37.5 per cent. in FY 2021 from 38.6 per cent. in FY 2020.

SG&A costs for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's SG&A costs in FY 2020 were £4,220 million. The CH Group's SG&A costs in FY 2019 (including the SG&A costs of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) were £3,596 million.

The CH Group's SG&A costs increased by 17.4 per cent. (£624 million), primarily driven by the inclusion of the full year of SG&A costs of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019, as well as an increase in Adjusting Items (as outlined below), partially offset by synergy savings following the Pfizer Transaction and cost control.

Adjusting Items within SG&A totalled £401 million in FY 2020. These principally related to further Restructuring costs associated with the Pfizer Transaction, as well as the initial costs in connection with Separation, UK Admission and US Listing. Adjusting Items within SG&A costs totalled £244 million in FY 2019. These principally related to Restructuring costs arising from the Pfizer Transaction.

Adjusted SG&A costs were £3,819 million and £3,352 million in FY 2020 and FY 2019, respectively. Adjusted SG&A costs increased by 13.9 per cent. (£467 million), primarily driven by the inclusion of the full year of Adjusted SG&A costs of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019.

SG&A costs as a percentage of revenue increased to 42.7 per cent. in FY 2020 from 42.4 per cent. in FY 2019. This reflected an increase in Adjusting Items, partially offset by synergies resulting from the Pfizer Transaction and cost control, in each case as referred to above. At a category level, the CH Group increased advertising and promotion investment in the VMS and Pain Relief Categories. In respect of the latter, this was in part to support the OTC launch of Voltaren and Advil Dual Action in North America (see "*—Innovation*" above). This increase in advertising and promotion spend in the VMS and Pain Relief categories was in turn partially offset by decreased investment in certain brands in the CH Group's portfolio where the COVID-19 pandemic had a temporary negative impact on demand for certain of the CH Group's products. Adjusted SG&A costs as a percentage of revenue decreased to 38.6 per cent. in FY 2020 from 39.5 per cent. in FY 2019.

Research and development

R&D costs for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's R&D costs were £257 million and £304 million in FY 2021 and FY 2020, respectively. The CH Group's R&D costs decreased by 15.5 per cent. (£47 million) in FY 2021, which primarily reflected continuing Pfizer synergies (including in relation to rationalisation of the site footprint and de-duplication of certain functions) and a decrease in Adjusting Items, partially offset by costs associated with an increased focus on innovation at a regional level.

Adjusting Items within R&D costs totalled £9 million in FY 2021. These primarily related to Net impairment and amortisation of intangible assets. Adjusting Items within R&D costs totalled £24 million in FY 2020. These principally related to Net intangible impairment and amortisation, in addition to Restructuring costs associated with the Pfizer Transaction.

Adjusted R&D costs were £248 million and £280 million in FY 2021 and FY 2020, respectively. Adjusted R&D costs decreased by 11.4 per cent. (£32 million), primarily driven by Pfizer synergies, and partially offset by costs associated with an increased focus on local innovation at a regional level.

R&D costs as a percentage of revenue decreased to 2.7 per cent. in FY 2021 from 3.1 per cent. in FY 2020. This reflected the full year benefit of the Pfizer synergies and reduced Restructuring costs. Adjusted R&D costs as a percentage of revenue decreased to 2.6 per cent. in FY 2021 from 2.8 per cent. in FY 2020.

R&D costs for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's R&D costs in FY 2020 were £304 million. The CH Group's R&D costs in FY 2019 (including the R&D costs of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) were £292 million.

The CH Group's R&D costs increased by 4.1 per cent. (£12 million), primarily driven by the inclusion of the full year of R&D costs of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019, partially offset by headcount reduction and optimisation of the CH Group's R&D operations, which included laboratory closures in Warren (New Jersey, USA) and Barnard Castle (UK).

Adjusting Items within R&D costs totalled £24 million in FY 2020. These primarily related to Net intangible impairment and amortisation, in addition to further Restructuring costs associated with the Pfizer Transaction. Adjusting Items within R&D costs totalled £25 million in FY 2019. These principally related to Restructuring costs in connection with the Pfizer Transaction.

Adjusted R&D costs were £280 million and £267 million in FY 2020 and FY 2019, respectively. Adjusted R&D costs increased by 4.9 per cent. (£13 million), primarily driven by the inclusion of a full year of Adjusted R&D costs of the Pfizer Contributed CH Business, partly offset by headcount reduction and optimisation of the CH Group's R&D operations, which included laboratory closures in Warren (New Jersey, USA) and Barnard Castle (UK).

R&D costs as a percentage of revenue decreased to 3.1 per cent. in FY 2020 from 3.4 per cent. in FY 2019. This reflected headcount reduction and optimisation of the CH Group's R&D operations, as referred to above. Adjusted R&D costs as a percentage of revenue decreased to 2.8 per cent. in FY 2020 from 3.1 per cent. in FY 2019.

Other operating (expense)/income

Other operating income of £31 million in FY 2021 primarily reflected the net gain on the disposal of Transderm Scop, Acne-Aid, Spectraban and Baldriparan.

Other operating income of £212 million in FY 2020 primarily reflected the net gain on the sale of a number of brands of the CH Group, including ThermaCare, Breathe Right, Physiogel, Coldrex, Venoruton and Oilatum.

Other operating expenses of £17 million in FY 2019 predominantly related to transaction costs incurred in connection with the disposal of ThermaCare. Transaction costs in relation to the disposal of certain other businesses and assets of the CH Group also contributed to operating expenses in FY 2019.

Operating profit and operating profit margin

Operating profit and operating profit margin for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's operating profit in FY 2021 was £1,638 million, producing an operating profit margin of 17.2 per cent. The CH Group's operating profit in FY 2020 was £1,598 million, producing an operating profit margin of 16.2 per cent.

The CH Group's operating profit increased by 2.5 per cent. (£40 million) in FY 2021, primarily reflecting organic revenue growth, a reduction in Adjusting Items and tight cost control, largely offset by the impact of divestments during FY 2021 and FY 2020, increased advertising and promotion investment, and increased commodity and freight costs. Operating profit margin increased by 1.0 percentage point, primarily driven by the benefit of a full year of Pfizer synergies, product price increases, product and pricing mix and tight cost control, which more than offset the increased advertising and promotion investment, increased commodity and freight costs, and investment in manufacturing sites.

Adjusting Items within operating profit totalled £534 million in FY 2021, which represented costs totalling £565 million in relation to Restructuring costs associated with the Pfizer Transaction, Separation and Admission costs and Net impairment and amortisation of intangible assets, offset by income from divestments of £31 million. Adjusting Items within operating profit totalled £476 million in FY 2020, which represented £688 million in relation to Transaction-related costs and Restructuring costs associated with the Pfizer Transaction and Separation and Admission costs, as well as Net impairment and amortisation of intangible assets, partially offset by income from divestments of £212 million.

Adjusted operating profit was £2,172 million and £2,074 million in FY 2021 and FY 2020, respectively. Adjusted operating profit increased by 4.7 per cent. (£98 million), primarily reflecting organic revenue growth, reductions in SG&A costs and R&D costs resulting from synergies resulting from the Pfizer Transaction, increased gross profit margins and tight cost control, partially offset by increased advertising and promotion investment and increased commodity and freight costs.

The CH Group's Adjusted operating profit margin was 22.8 per cent. and 21.0 per cent. in FY 2021 and FY 2020, respectively. Adjusted operating profit margin increased by 1.8 percentage points. The principal factors affecting Adjusted operating profit margin were the same as for operating profit margin.

Operating profit and operating profit margin for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's operating profit in FY 2020 was £1,598 million, producing an operating profit margin of 16.2 per cent. The CH Group's operating profit for FY 2019 (including the operating profit of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £897 million, producing an operating profit margin of 10.6 per cent.

The CH Group's operating profit increased by 78.1 per cent. (£701 million), primarily driven by the inclusion of the full year of operating profit of brands acquired as part of the Pfizer Transaction in FY 2020, compared to five months of operating profit in FY 2019, together with related synergies, a net reduction in Adjusting Items in relation to cost of sales, R&D and SG&A as described above (mainly related to the Pfizer Transaction) and other operating income from the sale of brands. Operating profit margin increased by 5.6 percentage points from FY 2019 to FY 2020. This increase was primarily driven by synergies resulting from the Pfizer Transaction, as well as business growth and product pricing and mix, partially offset by the full year impact of the brands acquired as part of the Pfizer Transaction (albeit reduced as a result of cost controls implemented by the CH Group), the impact of divestitures and additional supply chain costs. Operating profit margin was also affected by changes in Adjusting Items.

Adjusting Items within operating profit totalled £476 million in FY 2020, which represented Transaction costs, Restructuring costs associated with the Pfizer Transaction and Separation and Admission costs, as well as Net impairment and amortisation of intangible assets, partially offset by income from divestments of £212 million. Adjusting Items within operating profit totalled £757 million in FY 2019, which mainly reflected costs totalling £696 million in relation to Restructuring costs and Transaction-related costs associated with the Pfizer Transaction.

Adjusted operating profit was £2,074 million and £1,654 million in FY 2020 and FY 2019, respectively. Adjusted operating profit increased by 25.4 per cent. (£420 million). As above, this principally reflected the inclusion of the full year of operating profit of brands acquired as part of the Pfizer Transaction in FY 2020, compared to five months of operating profit in FY 2019, together with related synergies, combined with business growth and tight cost control, partially offset by the impact of divestments. The Adjusting Items in respect of operating profit are described above.

The CH Group's Adjusted operating profit margin was 21.0 per cent. and 19.5 per cent. in FY 2020 and FY 2019, respectively. Adjusted operating profit margin increased by 1.5 percentage points. The factors affecting Adjusted operating profit margin were the same as for operating profit margin, except in respect of changes in Adjusting Items, which are excluded from Adjusted operating profit margin.

Net finance costs

Net finance costs for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

Net finance costs on both an IFRS and Adjusted basis reduced to £2 million in FY 2021 from £7 million in FY 2020, primarily due to a decrease in payable balances with finance entities in the GSK Group and other loans.

There were no Adjusting Items that affected Net finance costs in FY 2021 and FY 2020.

Net finance costs for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

Net finance costs on both an IFRS and Adjusted basis reduced to £7 million in FY 2020 from £11 million in FY 2019, primarily attributable to the revaluation of derivatives and financial instruments.

There were no Adjusting Items that affected Net finance costs in FY 2020 and FY 2019.

Profit before tax

Profit before tax for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

Taking into account net finance costs, profit before tax was £1,636 million in FY 2021, increasing by £45 million from £1,591 million in FY 2020. This reflected increased operating profit during the period, as described above.

Adjusted profit before tax was £2,170 million in FY 2021, increasing by £103 million from £2,067 million in FY 2020. This reflected increased Adjusted operating profit during the period, as described above.

Profit before tax for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

Taking into account net finance costs, profit before tax was £1,591 million in FY 2020, increasing by £705 million from £886 million in FY 2019. This reflected increased operating profit during the period, as described above.

Adjusted profit before tax was £2,067 million in FY 2020, increasing by £424 million from £1,643 million in FY 2019. This reflected increased Adjusted operating profit during the period, as described above.

Income tax and effective tax rate

In FY 2021, the corporate tax charge was £197 million on profit before tax of £1,636 million. The IFRS effective tax rate was 12.0 per cent., which reflected the impacts of the applicable tax treatment on Adjusting Items. Permanent differences on disposals, acquisitions and transfers, including tax credits relating to an uplift in the tax basis of certain brands transferred intragroup, resulted in a reduction of the IFRS effective rate of 10.0 per cent. The Adjusted effective tax rate of 21.6 per cent. was higher than the UK statutory rate of 19.0 per cent. due to profit generated in jurisdictions with higher tax rates (such as the USA and China), tax losses not recognised, and changes in tax rates in certain jurisdictions, partially offset by the benefits of tax rulings in territories such as Switzerland and Puerto Rico, the availability of R&D credit, re-assessments of prior year estimates and other permanent differences.

In FY 2020, the corporate tax charge was £410 million on profit before tax of £1,591 million. The IFRS effective tax rate was 25.8 per cent., which reflected the impacts of the applicable tax treatment on Adjusting Items, and was also adversely impacted by revaluing the rates applicable to various deferred tax balances. The Adjusted effective tax rate of 23.4 per cent. was higher than the UK statutory rate of 19.0 per cent. due to profit generated in jurisdictions with higher tax rates (such as the USA and China), partially offset by the benefits of tax rulings in territories such as Switzerland and Puerto Rico, the availability of R&D credit, re-assessment of prior year estimates and other permanent differences.

In FY 2019, the corporate tax charge was £199 million on profits before tax of £886 million. The IFRS effective tax rate was 22.5 per cent., which reflected the impacts of the applicable tax treatment on Adjusting Items. The Adjusted effective tax rate of 22.2 per cent. was higher than the UK statutory rate of 19.0 per cent. due to profit generated in jurisdictions with higher tax rates (such as the USA, Italy and China), partially offset by the benefits of tax rulings in territories such as Switzerland and Puerto Rico, the availability of R&D credits and other non-taxable items.

Profit after tax

Profit after tax for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

Profit after tax was £1,439 million in FY 2021, increasing by £258 million from £1,181 million in FY 2020. This reflected the reduced effective tax rate and tax charge in FY 2021, as well as increased operating profit during the period, as described above.

Adjusted profit after tax was £1,701 million in FY 2021, increasing by £117 million from £1,584 million in FY 2020. This reflected the reduced effective tax rate and tax charge in FY 2021, as well as increased Adjusted operating profit during the period, as described above.

Profit after tax for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

Profit after tax was £1,181 million in FY 2020, increasing by £494 million from £687 million in FY 2019. This reflected increased operating profit during the period, as described above, partially offset by an increased effective tax rate and tax charge in FY 2020.

Adjusted profit after tax was £1,584 million in FY 2020, increasing by £306 million from £1,278 million in FY 2019. This reflected increased Adjusted operating profit during the period, as described above, partially offset by the increased Adjusted effective tax rate and tax charge in FY 2020.

Profit attributable to non-controlling interests

Profit attributable to non-controlling interests for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

Profit attributable to non-controlling interests in FY 2021 was £49 million, increasing by £13 million from £36 million in FY 2020. Adjusted profit attributable to non-controlling interests in FY 2021 was £49 million, increasing by £11 million from £38 million in FY 2020. These increases reflect reduced Adjusted effective tax rate and tax charge in FY 2021, in addition to higher Adjusted operating profit during the period, as described above.

There were no Adjusting Items that affected non-controlling interests in FY 2021, as compared to £2 million in FY 2020 (as described below).

Profit attributable to non-controlling interests for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

Profit attributable to non-controlling interests in FY 2020 was £36 million, increasing by £4 million from £32 million in FY 2019. Adjusted profit attributable to non-controlling interests in FY 2020 was £38 million, increasing by £6 million from £32 million in FY 2019. These increases reflect higher Adjusted operating profit during the period, as described above, partially offset by the increased Adjusted effective tax rate and tax charge in FY 2020.

Adjusting Items attributable to non-controlling interests totalled £2 million in FY 2020. These principally related to costs incurred in relation to restructuring programmes in respect of certain CH Group subsidiaries with non-controlling interests.

Earnings per share ("EPS")

Earnings per share for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

In FY 2021, basic EPS and diluted EPS were both 139,000p. On an Adjusted basis, these were 165,200p. In FY 2020, basic EPS and diluted EPS were both 114,500. On an Adjusted basis, these were 154,600p. The year-on-year increase reflected increased profit after tax during the period, as described above.

The number of shares in issue used to calculate these amounts may not be representative of the number of shares in issue in the future.

Earnings per share for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

In FY 2020, basic EPS and diluted EPS were both 114,500p. On an Adjusted basis, these were 154,600p. In FY 2019, basic EPS and diluted EPS were both 65,500p. On an Adjusted basis, these were 124,600p. The year-on-year increase reflected increased profit after tax during the period, as described above.

The number of shares in issue used to calculate these amounts may not be representative of the number of shares in issue in the future.

Adjusted EBITDA

Adjusted EBITDA for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

The CH Group's Adjusted EBITDA was £2,413 million and £2,351 million in FY 2021 and FY 2020 respectively.

The CH Group's Adjusted EBITDA increased by 2.6 per cent. (£62 million), primarily driven by the increase in the Adjusted operating profit during the period, as described above, partially offset by a net decrease in depreciation and amortisation.

Adjusted EBITDA for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

The CH Group's Adjusted EBITDA was £2,351 million in FY 2020. The CH Group's Adjusted EBITDA in FY 2019 (including the Adjusted EBITDA of the Pfizer Contributed CH Business from 1 August 2019, when it was consolidated) was £1,884 million.

The CH Group's Adjusted EBITDA increased by 24.8 per cent. (£467 million), primarily driven by the inclusion of the full year of profit of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019. The remaining growth largely resulted from synergies arising from the Pfizer Transaction and an increase in depreciation and amortisation, partially offset by increased supply chain costs arising as a result of the COVID-19 pandemic.

Regional performance

Regional performance for the financial year ended 31 December 2021 compared to 31 December 2020

North America

(a) Revenue

The CH Group's revenue attributable to North America was £3,525 million and £3,779 million in FY 2021 and FY 2020, respectively.

The CH Group's revenue declined 6.7 per cent. at AER, and 1.3 per cent. at CER.

Organic revenue growth in North America was 1.3 per cent. for the period FY 2020 to FY 2021. This principally reflected growth across the Oral Health, Pain Relief and Digestive Health categories, partially offset by a decline in revenue in the VMS and Respiratory Health categories.

The decline in revenue at AER and CER was primarily driven by the full year revenue impact of divestments made in FY 2020, principally the divestment of Breathe Right, ThermaCare, Dimetapp and Anbesol. This was compounded by a further decline in Respiratory Health revenue as compared to FY 2020, driven by an exceptionally low incidence of cold and flu in the first half of FY 2021 (see "*—Impact of COVID-19*" above). Revenue at AER was further impacted by adverse currency exchange movements of £204 million as Pounds Sterling strengthened against the US Dollar. These negative trends were partially offset by continued growth in Sensodyne, Tums, Centrum and Flonase revenues and recovery in Excedrin revenues following supply chain disruption in FY 2020.

The decline in revenue at CER was attributable to several factors across the categories in which the CH Group operates:

- Mid-single digit per cent. revenue growth at CER in the Oral Health category was primarily driven by Sensodyne, which reflected the strength of the brand in the USA, continued innovation and product price increases. Increased demand for parodontax also contributed to growth in Oral Health. Revenue in respect of brands in the Denture Care sub-category declined due to increased competition.
- Mid-single digit per cent. revenue growth at CER in the Pain Relief category was mainly driven by a recovery in Excedrin following supply chain interruption in FY 2020. This was partially offset by revenue decline in Advil due to the impact of temporary disruption in third party supply. Voltaren revenue declined due to increased competition from "private-label" Diclofenac (see "*—Impact of macroeconomic factors and market trends on discretionary consumer spending*").
- There was a low single digit per cent. revenue decline at CER in the VMS category driven by reduced demand for Emergen-C, partially offset by growth in Centrum. Emergen-C revenue decreased relative to a particularly strong comparator in FY 2020, when Emergen-C experienced a surge in demand associated with the COVID-19 pandemic. The continued growth in Centrum revenue reflected the continued consumer trend towards self-management of health and wellbeing, as well as successful innovation and improved supply capacity in the US.

- In the Respiratory Health category, a mid-teens per cent. revenue decline at CER was mainly attributable to a decline in Robitussin and Theraflu revenue, driven by exceptionally low cold and flu incidence, together with the full year revenue impact of the divestment of Breathe Right and other cold and flu brands in FY 2020. This was partially offset by increased demand for Flonase, driven by a stronger allergy season relative to the prior year comparator.
- In Digestive Health and Other, the low single digit per cent. revenue decline at CER was primarily attributable to the full year impact of the divestments of ThermaCare, Dimetapp and Anbesol in FY 2020, as well as a decline in Preparation H revenue, in part due to a temporary supply chain disruption. ChapStick revenue started to recover, after being negatively impacted by fewer consumer visits to stores in FY 2020 during the earlier stages of the COVID-19 pandemic. Revenue attributable to Tums continued to grow, driven by an increase in the size of the antacids market.

(b) Adjusted operating profit

Adjusted operating profit for the North America region in FY 2021 was £828 million, producing an Adjusted operating profit margin of 23.5 per cent. Adjusted operating profit for the North America region in FY 2020 was £897 million, producing an Adjusted operating profit margin of 23.7 per cent. The year-on-year decrease in Adjusted operating profit margin of 0.2 percentage points reflected a number of factors, including investment in brands in the VMS and Pain Relief categories and inflationary pressures (such increased commodity prices, supply chain costs and payroll), partially offset by:

- synergies resulting from the Pfizer Transaction;
- continued lower levels of travel, meeting and other expenses due to the COVID-19 pandemic; and
- net savings in advertising and promotion spend as a percentage of revenue, resulting from the continuation of cost containment measures in respect of the Digestive Health and Other and Respiratory Health categories and divested brands.

EMEA and LatAm

(a) Revenue

The CH Group's revenue attributable to EMEA and LatAm was £3,877 million and £4,059 million in FY 2021 and FY 2020, respectively.

In FY 2021, the CH Group's revenue attributable to EMEA and LatAm decreased by 4.5 per cent. at AER, whilst revenue growth at CER was flat.

Organic revenue growth in EMEA and LatAm was 3.5 per cent. This was principally driven by growth across the Pain Relief and Digestive Health categories, combined with lower revenue growth in the Oral Health, VMS and Respiratory Health categories.

The decline in revenue at AER and flat growth in revenue at CER were largely a result of the full year revenue impact of divestments made during FY 2020, including Physiogel, Breathe Right, ThermaCare, Venoruton and Coldrex, partially offset by growth in a number of brands, including Sensodyne, parodontax**,** Voltaren, Panadol and Centrum. Revenue at AER was negatively impacted by adverse currency exchange movements of £183 million as Pounds Sterling strengthened, primarily against the Brazilian Real, Turkish Lira, Russian Ruble, Argentine Peso and South African Rand.

The EMEA and LatAm region delivered flat revenue at CER, which was attributable to several factors across the categories in which the CH Group operates:

- Single digit per cent. revenue growth at CER in the Oral Health category was driven by an increase in revenue attributable to Sensodyne, parodontax, and, to a lesser extent, the Denture Care sub-category. Sensodyne revenue growth reflected price increases, as well as new product launches. Growth was partially offset by a decline in other brands in the Oral Health category.
- Mid-single digit per cent. revenue growth at CER in the Pain Relief category was primarily driven by growth in Panadol revenue, which reflected the strength of the brand and increased demand for paracetamol during the COVID-19 pandemic. Voltaren also benefited from strong revenue growth, which reflected price rises in key markets and a combination of innovation and promotional activity.

- Revenue growth at CER in the VMS category was flat. There were increases in Centrum and Calsource revenues, which were offset by declines in revenues of smaller brands, and the impact of divestments.
- A mid-single digit per cent. revenue decline at CER in the Respiratory Health category was largely attributable to the full year revenue impact of divestments made in FY 2020, including Breathe Right and Coldrex. In addition, there was an exceptionally weak cold and flu season. However, revenue for the category recovered in the second half of the year (see "*—Impact of COVID-19*" above).
- A high single digit per cent. revenue decline at CER in Digestive Health and Other revenue was primarily as a result of the full year revenue impact of a number of divestments made during FY 2020, (including ThermaCare, Physiogel and Venoruton) and the impact of the divestment of brands in FY 2021 (including Transderm Scop and Baldriparan), in addition to a decrease in third party contract manufacturing sales related to previous divestments. This decline was partially offset by an increase in revenue attributable to smaller brands.

(b) Adjusted operating profit

Adjusted operating profit for EMEA and LatAm in FY 2021 was £960 million, producing an Adjusted operating profit margin of 24.8 per cent. Adjusted operating profit for EMEA and LatAm in FY 2020 was £857 million, with an Adjusted operating profit margin of 21.1 per cent. The increase in Adjusted operating profit margin of 3.7 per cent. reflected the following factors:

- the further benefit of synergies resulting from the Pfizer Transaction and tight cost control; and
- a favourable product mix and net revenue management initiatives, together with manufacturing efficiencies.

The increase in Adjusted operating profit margin was partially offset by increased advertising and promotion spend to drive greater demand in a number of markets in the region.

APAC

(a) Revenue

The CH Group's revenue attributable to APAC in FY 2021 and FY 2020 was £2,143 million and £2,054 million, respectively.

In FY 2021, the CH Group's revenue attributable to APAC increased by 4.3 per cent. at AER, and 7.1 per cent. at CER.

Organic revenue growth in APAC was 9.1 per cent. in the period FY 2020 to FY 2021. This principally reflected growth across the Pain Relief and VMS categories, combined with lower revenue growth in the Oral Health, Digestive Health and Other and Respiratory Health categories.

Growth in revenue at AER and CER was primarily driven by growth in revenue attributable to the VMS, Oral Health and Pain Relief categories. Revenue growth at AER was affected by adverse foreign exchange movements of £56 million as Pound Sterling strengthened against the Japanese Yen, Indian Rupee, Philippine Peso and certain other currencies in the region.

Revenue growth at CER was attributable to several factors across the categories in which the CH Group operates:

- A single digit per cent. revenue growth at CER in the Oral Health category was primarily due to growth in Sensodyne, driven by India, China and Japan, combined with revenue growth of parodontax, as well as growth in Denture Care, where reduced social occasions impacted demand.
- In the Pain Relief category, low teens per cent. revenue growth at CER was principally a result of revenue growth at CER in Panadol, which benefited from increased demand associated with COVID-19 vaccination campaigns in South East Asia and Taiwan and Australia, and revenue growth at CER in Voltaren, driven by distribution expansion in China and Australia and new product launches in India. Fenbid sales in China were flat, due to the continuation of a temporary ban on the sale of fever medicine in parts of the country during the COVID-19 pandemic.
- In the VMS category, low mid-teens per cent. revenue growth at CER was primarily attributable to growth in Caltrate, and low twenties per cent. growth in Centrum, supported by campaigns focused on educating consumers about their immune systems.

- A low single digit per cent. revenue decline at CER in the Respiratory Health category was primarily due to the full year impact of the disposal of Breathe Right and a decline in Theraflu revenue, driven by low cold and flu incidence. Contac revenue was adversely impacted by the continuation of specific bans on the over-the-counter sale of cough and cold medicines in China.
- A low single digit per cent. revenue decline at CER in the Digestive Health and Other category was largely driven by the full year revenue impact of the divestment of Physiogel in FY 2020 and the divestment of Acne Aid in FY 2021. This decline was partially offset by growth in ENO revenue, mainly as a result of growth in India.

(a) Adjusted operating profit

Adjusted operating profit for the APAC region in FY 2021 was £461 million, producing an Adjusted operating profit margin of 21.5 per cent. Adjusted operating profit for the APAC region in FY 2020 was £377 million, producing an Adjusted operating profit margin of 18.4 per cent.

The increase in the Adjusted operating profit margin of 3.1 percentage points principally reflected synergies arising from the Pfizer Transaction, disciplined overhead cost control and other operational efficiencies within manufacturing.

This was partially offset by higher advertising and promotion investment as a percentage of revenue, reflecting the CH Group's launch of targeted public campaigns (for example, to educate consumers about their immune systems), increased digital advertising to drive growth in Sensodyne and Voltaren, and increased freight costs resulting from the COVID-19 pandemic.

Regional performance for the financial year ended 31 December 2020 compared to 31 December 2019

North America

(a) Revenue

The CH Group's revenue attributable to North America in FY 2020 was £3,779 million. The CH Group's revenue attributable to North America in FY 2019 (including the revenue of the Pfizer Contributed CH Business attributable to North America from 1 August 2019, when it was consolidated) was £2,880 million.

The CH Group's revenue grew 31.2 per cent. at AER and 32.6 per cent. at CER.

Organic revenue growth in the North America region was 0.7 per cent. for the period FY 2019 to FY 2020. This principally reflected growth in organic revenue across the VMS, Pain Relief and Oral Health categories. This was partly offset by a decline in revenue in the Respiratory Health category, due to the impact of the exceptionally low cold and flu incidence, and in the Digestive Health and Other category, including in respect of the brand Transderm Scop, which experienced revenue decline as a result of generic competition. Transderm Scop was subsequently disposed of during FY 2021. Furthermore, organic revenue growth for the period FY 2019 to FY 2020 excludes revenue attributable to brands acquired as part of the Pfizer Transaction for the seven months to 31 July 2020, during which these brands experienced a strong positive revenue impact from consumer stockpiling and increased consumption as a result of the COVID-19 pandemic. Accordingly, the overall growth of the North America region in the period FY 2019 to FY 2020 was reduced when measured on an organic basis.

Growth in revenue at AER and CER was primarily driven by the inclusion of the full year revenue of brands acquired as part of the Pfizer Transaction (including Advil, Centrum and Emergen-C) in FY 2020, compared to five months in FY 2019, together with growth in revenue attributable to Sensodyne and Voltaren, partially offset by a decline in Excedrin revenue and a number of divestments, including the divestment of Breathe Right. Revenue growth at AER was further offset by adverse currency exchange movements of £42 million as Pounds Sterling strengthened against the US Dollar.

The North America region delivered revenue growth at CER, which was attributable to a number of factors across the categories in which the CH Group operates:

- Significant triple digit per cent. revenue growth at CER in the VMS category was primarily attributable to the inclusion of the full year revenue of brands acquired as part of the Pfizer Transaction (including Emergen-C and Centrum), together with a growing consumer trend towards self-management of health and wellbeing.

- High single digit per cent. revenue growth at CER in the Oral Health category was primarily driven by Sensodyne and parodontax, while revenue in respect of brands in the Denture Care sub-category of Oral Health and Biotene remained broadly stable. Growth in Sensodyne was reflective of the strength of the brand in the USA, as well as a number of launches, including Sensodyne Sensitivity and Gum and Sensodyne Pronamel Intensive Enamel Repair.
- High double digit per cent. revenue growth at CER in the Pain Relief category was mainly driven by the Rx-to-OTC switch of Voltaren, together with the inclusion of the full year of revenue of Advil, which was acquired as part of the Pfizer Transaction. This was partially offset by temporary disruption to Excedrin supply.
- In the Respiratory Health category, mid-teens per cent. revenue growth at CER was mainly attributable to the inclusion of the full year revenue of brands acquired as part of the Pfizer Transaction (including Robitussin). Revenue in this category was however adversely impacted by the exceptionally low cold and flu incidence (see "*—Impact of COVID-19*" above).
- Similarly, in Digestive Health and Other, mid-teens per cent. revenue growth at CER was primarily attributable to the inclusion of the full year revenue of brands acquired as part of the Pfizer Transaction (including ChapStick and Preparation H). Abreva revenue declined due to the launch of a number of private-label brands in the USA, as well as fewer consumer visits to stores following the implementation of lockdowns during the COVID-19 pandemic. ChapStick revenue was also negatively impacted by fewer consumer visits to stores during the COVID-19 pandemic.

(b) Adjusted operating profit

Adjusted operating profit for the North America region in FY 2020 was £897 million, producing an Adjusted operating profit margin of 23.7 per cent. Adjusted operating profit for the North America region in FY 2019 (including the operating profit of the Pfizer Contributed CH Business attributable to North America from 1 August 2019, when it was consolidated) was £660 million, producing an Adjusted operating profit margin of 22.9 per cent.

The year-on-year change in Adjusted operating profit margin of 0.8 percentage points reflected a number of factors, including:

- synergies resulting from the Pfizer Transaction, principally in relation to reductions in SG&A costs as a result of headcount reductions; and
- net savings in advertising and promotion spend as a percentage of revenue, resulting from cost containment measures taken in respect of the Digestive Health and Other and Respiratory Health categories and divested brands, partially offset by investment in the VMS category and Advil and Voltaren in the Pain Relief category.

EMEA and LatAm

(a) Revenue

The CH Group's revenue attributable to EMEA and LatAm was £4,059 million in FY 2020. The CH Group's revenue attributable to EMEA and LatAm in FY 2019 (including the revenue of the Pfizer Contributed CH Business attributable to EMEA and LatAm from 1 August 2019, when it was consolidated) was £3,898 million.

In FY 2020, the CH Group's revenue attributable to EMEA and LatAm increased by 4.1 per cent. at AER, and 8.4 per cent. at CER. Organic revenue growth in EMEA and LatAm was 3.1 per cent. for the period FY 2019 to FY 2020.

Growth at AER and CER was primarily driven by the inclusion of the full year of revenue in FY 2020 of brands acquired as part of the Pfizer Transaction, compared to five months in FY 2019, together with growth in Sensodyne, parodontax and Panadol revenues, partially offset by declines in Fenistil and Otrivin revenue. Revenue at AER was negatively impacted by adverse currency exchange movements of £166 million primarily due to Pounds Sterling strengthening against the Brazilian Real, Russian Ruble, Argentine Peso and South African Rand.

Organic revenue growth principally reflected double-digit per cent. growth in the VMS category, together with growth across the Pain Relief and Oral Health categories, partially offset by decline in organic revenue in the Respiratory Health and Digestive Health and Other categories.

The EMEA and LatAm region delivered revenue growth at CER, which reflected a number of factors across the categories in which the CH Group operates:

- Low triple digit per cent. revenue growth at CER in the VMS category was primarily attributable to the inclusion of the full year of revenue of brands acquired as part of the Pfizer Transaction (including Centrum), together with an increasing consumer trend towards self-management of health and wellbeing.
- Low-teens per cent. revenue growth at CER in the Pain Relief category was primarily driven by Panadol, reflecting the strength of the brand and increased demand for paracetamol during the COVID-19 pandemic. Voltaren revenue remained broadly flat.
- Mid-single digit per cent. revenue growth at CER in the Oral Health category was driven by an increase in revenue attributable to Sensodyne and parodontax.
- A mid-single digit per cent. revenue decline at CER in the Respiratory Health category was attributable to a reduction in respiratory illnesses such as cold and flu as a result of measures implemented in response to the COVID-19 pandemic. This negatively impacted Otrivin revenue. Theraflu remained broadly stable.
- There was a mid-single digit per cent. revenue decline at CER in the Digestive Health and Other category, with a reduction in Fenistil and brands in the Smokers' Health sub-category of Digestive Health and Other, largely stemming from the COVID-19 pandemic. This was partially offset by growth in ENO, driven by the CH Group's growth strategy in Brazil and increased consumption in the Middle East and Africa.

(b) Adjusted operating profit

Adjusted operating profit for EMEA and LatAm in FY 2020 was £857 million, producing an Adjusted operating profit margin of 21.1 per cent. Adjusted operating profit for EMEA and LatAm in FY 2019 (including the Adjusted operating profit of the Pfizer Contributed CH Business attributable to EMEA and LatAm from 1 August 2019, when it was consolidated) was £746 million, with an Adjusted operating profit margin of 19.1 per cent.

The increase in Adjusted operating profit margin of 2.0 percentage points reflected the following factors:

- synergies resulting from the Pfizer Transaction, principally in relation to reductions in SG&A costs as a result of headcount reductions; and
- disciplined resource allocation in advertising and promotion spend as a percentage of revenue and net revenue management initiatives.

APAC

(a) Revenue

The CH Group's revenue attributable to APAC in FY 2020 was £2,054 million. The CH Group's revenue attributable to APAC in FY 2019 (including the revenue of the Pfizer Contributed CH Business attributable to APAC from 1 August 2019, when it was consolidated) was £1,702 million.

The CH Group's revenue attributable to APAC increased by 20.7 per cent. at AER and 21.8 per cent. at CER. Organic revenue growth in APAC was 5.7 per cent. in the period FY 2019 to FY 2020.

Growth in revenue at AER and CER was primarily driven by the inclusion of the full year of revenue of the Pfizer Contributed CH Business in FY 2020, compared to five months in FY 2019, particularly in the VMS category, together with growth in revenue attributable to Sensodyne and Voltaren. Revenue growth at AER was further affected by adverse foreign exchange movements of £19 million as Pounds Sterling strengthened against Japanese Yen, Taiwan Dollar and Philippine Peso and certain other currencies in the region.

Growth in organic revenue principally reflected strong, mid-thirties per cent. growth in the VMS category, together with low single digit per cent. revenue growth in the Pain Relief category and high single digit per cent. revenue growth in the Oral Health category, partially offset by a single digit per cent. revenue decline in the Digestive Health and Other categories and a double digit per cent. revenue decline in the Respiratory Health category. The latter reflected the historically weak cold and flu season and government restrictions in response to the COVID-19 pandemic.

Revenue growth at CER was attributable to a number of factors across the categories in which the CH Group operates:

- Low triple digit per cent. revenue growth at CER in the VMS category was primarily attributable to the inclusion of the full year of revenue of brands acquired as part of the Pfizer Transaction (including Centrum), together with an increasing consumer trend towards self-management of health and wellbeing. Growth in Centrum was driven by China, the Philippines, Taiwan and Korea, where in FY 2020 the CH Group launched a public awareness campaign with the purpose of educating consumers about their immune systems. Caltrate revenue was also driven by increased penetration in the online and retail channels.
- High single digit per cent. revenue growth at CER in the Oral Health category was primarily driven by Sensodyne, while revenue in respect of brands in the Denture Care sub-category of Oral Health remained broadly stable. Sensodyne growth was principally driven in China, Japan, Australia and India.
- Mid-single digit per cent. revenue growth at CER in the Pain Relief category was driven by strong growth in Voltaren, supported by price increases, together with product launches in India, partially offset by a reduction in Fenbid sales in China as certain local authorities introduced temporary restrictions on the sale of cough and cold medicines during the COVID-19 pandemic.
- A low double digit per cent. revenue decline at CER in the Digestive Health and Other category reflected a decline in Zentel and Physiogel, which was divested part way through FY20, partially offset by growth in Bactroban and ENO.
- A low double digit per cent. revenue decline at CER in the Respiratory Health category was due to lower instances of respiratory illnesses as a result of the implementation of measures in response to the COVID-19 pandemic. Contac and Robitussin were also impacted by COVID-19 related temporary restrictions on the sale of cough and cold medicines in certain parts of China.

(b) Adjusted operating profit

Adjusted operating profit for the APAC region in FY 2020 was £377 million, producing an Adjusted operating profit margin of 18.4 per cent. Adjusted operating profit for the APAC region in FY 2019 (including the Adjusted operating profit of the Pfizer Contributed CH Business attributable to APAC from 1 August 2019, when it was consolidated) was £311 million, producing an Adjusted operating profit margin of 18.3 per cent.

The increase in the Adjusted operating profit margin of 0.1 percentage points reflected synergies resulting from the Pfizer Transaction, principally in relation to reductions in SG&A costs as a result of headcount reductions and higher gross margin due to product mix, supply chain efficiencies and tight cost control. The increase was partially offset by greater advertising and promotion investment as a percent of revenue, reflecting targeted public campaigns launched by the CH Group to educate consumers about their immune systems, increased digital advertising to drive growth in Sensodyne and Voltaren, and increased advertising in relation to the launch of new products.

Adjusting Items

Adjusting Items for the financial year ended 31 December 2021 compared to the financial year ended 31 December 2020

Net amortisation and impairment of intangible assets charges (pre-tax) decreased to £16 million (£24 million, net of tax) in FY 2021 from £97 million (£78 million net of tax) in FY 2020. This reflected decreased impairment charges on indefinite and definite life brands, which reduced to £12 million in FY 2021 from £45 million in FY 2020, in addition to a smaller decrease in amortisation of definite life brands to £40 million in FY 2021 from £50 million in FY 2020, partially offset by an increase in the reversal of impairments of definite life brands to £36 million in FY 2021 from £18 million in FY 2020. In FY 2020, the impairment charge mainly included impairments of Zyrtec, capitalised costs for a discontinued oral care project and a discontinued pain relief device and the reversal of impairments related to Transderm Scop.

Restructuring costs (pre-tax) decreased to £195 million (£159 million net of tax) in FY 2021 from £411 million (£321 million net of tax) in FY 2020. This reflected the reduction in integration costs related to the Pfizer Transaction.

There were no Transaction-related costs FY 2021, compared to £91 million (£71 million net of tax) in FY 2020. This was due to completion of the fair value unwind on inventory acquired as part of the Pfizer Transaction that took place during FY 2019 and FY 2020.

Separation and Admission costs (pre-tax) increased to £278 million (£231 million net of tax) in FY 2021 from £66 million (£53 million net of tax) in FY 2020. These costs in FY 2021 mainly consisted of £257 million of costs in connection with Separation and £19 million of costs in connection with UK Admission and US Listing, which reflected an increase in operational separation activity, compared with £66 million of costs in connection with Separation in FY 2020. The £191 million year-on-year increase in Separation costs reflected an increase in operational separation activity ahead of Separation, UK Admission and US Listing.

Disposals and others (pre-tax) resulted in net expense of £45 million (£152 million net of tax) in FY 2021, compared to net income of £189 million (£120 million net of tax) in FY 2020. In FY 2021, permanent differences on disposals, acquisitions and transfers including tax credits relating to an uplift in the tax basis of certain brands transferred intragroup resulted in a reduction in the corporate tax charge of £164 million in the year. Additionally, this included £60 million of historical adjustments, mainly relating to the write-off of expired tax indemnities, £14 million of loss on the disposal of Transderm Scop and Scopoderm and £16 million relating to a tax indemnity payment to Pfizer. These were partially offset by £42 million of profit on the disposal of a number of brands and other credits of £4 million.

Adjusting Items for the financial year ended 31 December 2020 compared to the financial year ended 31 December 2019

Net amortisation and impairment of intangible assets charges (pre-tax) increased to £97 million (£78 million net of tax) in FY 2020 from £36 million (£31 million net of tax) in FY 2019. This primarily reflected increased impairment charges on indefinite and definite life brands, which grew to £45 million in FY 2020 from £19 million in FY 2019, in addition to an increase in amortisation of definite life brands to £50 million in FY 2020 from £27 million in FY 2019, partially offset by an increase in the reversal of impairments of definite life brands to £18 million in FY 2020 from £10 million in FY 2019. In FY 2020, the impairment charge mainly included impairments of Zyrtec, capitalised costs for a discontinued oral care project and a discontinued pain relief device and the reversal of impairments related to Transderm Scop. In FY 2019, the impairment charge included impairments of Savlon, Eurax and Abreva and the reversal of impairments related to Prevacid.

Restructuring costs (pre-tax) increased to £411 million (£321 million net of tax) in FY 2020 from £330 million (£271 million net of tax) in FY 2019, reflecting increased integration costs following the Pfizer Transaction, in addition to other restructuring and programme costs.

Transaction-related costs (pre-tax) decreased to £91 million (£71 million net of tax) in FY 2020 from £366 million (£285 million net of tax) in FY 2019. This was due to the fact that the majority of the fair value unwind on inventory acquired as part of the Pfizer Transaction took place during FY 2019.

Separation and Admission costs (pre-tax) of £66 million (£53 million net of tax) in FY 2020 relate to preparation for Separation, UK Admission and US Listing, which was commenced in FY 2020.

Disposals and others (pre-tax) resulted in net income of £189 million (£120 million net of tax) in FY 2020, compared to a net expense of £25 million (£4 million net of tax) in FY 2019, arising from the net profit from the disposal of a number of consumer healthcare brands.

Liquidity and capital resources

Overview

The principal source of the CH Group's liquidity is cash generated from operations. The CH Group also has access to the debt capital markets, including pursuant to the EMTN Programme, as well as the Revolving Credit Facilities (as described below) and a number of local borrowing facilities in a variety of currencies and at floating rates in order to meet specific funding needs of certain subsidiaries in the CH Group. The CH Group also expects to establish Euro and US Dollar commercial paper programmes, pursuant to which subsidiaries of the CH Group may issue commercial paper from time to time. It is expected that Haleon will guarantee payment of amounts owing in respect of any commercial paper issued under such programmes.

The CH Group's liquidity requirements primarily relate to servicing its ongoing debt obligations (including under Notes and the Revolving Credit Facilities), its working capital requirements, funding its operating expenses and capital expenditures (including its investments in R&D and advertising and promotion activities), funding dividend payments, and implementing the CH Group's growth strategies.

From completion of the Pfizer Transaction, liquidity management has been governed by certain provisions of the shareholders' agreement in relation to the CH JVCo was entered into on 31 July 2019 among GSKCHH, Pfizer, PFCHH, GSK and CH JVCo (the "Pfizer SHA"), including in relation to borrowings, cash management and shareholder funding and dividend payments. In order to manage any shortfall between cash in hand and an agreed amount of readily available cash of £300 million, the CH Group entered into an uncommitted facility with a relationship bank, which has not been utilised. The CH Group manages liquidity risk through cash management and forecasting processes under which the CH Group reviews its cash balances and measures its actual performance against forecasts in order to manage liquidity risk. The CH Group also monitors its exposure to foreign exchange rates and adopts hedging when it deems appropriate.

The CH Group intends to continue to apply a disciplined approach to capital allocation, investing for growth whilst maintaining an investment grade credit rating. The CH Group's first capital allocation priority will be focused on re-investment to drive sustainable revenue growth and attractive returns. Second, the CH Group will pursue a dividend policy with a 30 to 50 per cent. pay-out ratio (see "*Consumer Healthcare Business—Dividend policy"*). Third, the CH Group intends to pursue selective "bolt-on" acquisitions where the opportunities are commercially compelling and consistent with its strategy.

As of 31 December 2021, cash and cash equivalents were primarily comprised of US Dollar, Chinese Yuan, Euro and Pounds Sterling. Cash and cash equivalents included £67 million not available for general use due to restrictions applying in the subsidiaries where it is held, including exchange controls and taxes on repatriation.

Cash flow

The table below summarises the principal components of the CH Group's consolidated cash flows for the periods under review, which has been extracted from the Financial Statements.

£m	2021	2020	2019
Cash flow from operating activities			
Profit after tax	**1,439**	**1,181**	**687**
Adjustments reconciling profit after tax to cash generated from operations	227	780	408
Cash generated from operations	**1,666**	**1,961**	**1,095**
Taxation paid	(310)	(554)	(309)
Net cash inflow from operating activities	**1,356**	**1,407**	**786**
Net cash inflow from investing activities	**(33)**	**1,030**	**291**
Net cash (outflow) from financing activities	**(1,236)**	**(2,437)**	**(925)**
Increase in cash and bank overdrafts	**87**	**—**	**152**
Cash and bank overdrafts at the beginning of the year	323	329	191
Exchange adjustments	(5)	(6)	(14)
Increase in cash and bank overdrafts	87	—	152
Cash and cash equivalents at end of year	**405**	**323**	**329**

Net cash (outflow)/inflow from operating activities

Net cash inflow from operating activities was £1,356 million and £1,407 million in FY 2021 and FY 2020, respectively. Net cash inflow from operating activities was £786 million in FY 2019.

The year-on-year decrease of £51 million from FY 2020 to FY 2021 was largely due to a decrease in cash generated from operations, which decreased by £295 million to £1,666 million in FY 2021 from £1,961 million in FY 2020, partially offset by a £244 million reduction in tax paid. The decrease in cash generated from operations was primarily attributable to a larger net outflow from working capital, as outlined below, partially offset by higher operating profits.

The year-on-year increase of £621 million from FY 2019 to FY 2020 was largely due to cash generated from operations, which increased by £866 million to £1,961 million in FY 2020 from £1,095 million in FY 2019, primarily attributable to the full year impact in FY 2020 of brands acquired as part of the Pfizer Transaction, as compared to five months in FY 2019. The increase was also due to strong underlying growth in each of EMEA and LatAm, North America and APAC. In addition, reductions in working capital had a positive impact on cash flow, as outlined below.

Working capital

The CH Group's working capital movements comprise movements in trade and other receivables, inventory and trade and other payables.

The following table sets out changes in the CH Group's working capital for the periods indicated:

	Financial Year		
£m	**2021**	**2020**	**2019**
Decrease/(increase) in inventories	(17)	130	232
Decrease/(increase) in trade receivables	14	18	(57)
(Decrease)/increase in trade payables	41	140	(256)
Net change in other receivables and payables	(190)	(273)	(380)
Changes in working capital	**(152)**	**15**	**(461)**

Inventory

Inventory increased by £2 million to £951 million at 31 December 2021 from £949 million at 31 December 2020. This resulted in a negative cash flow of £17 million in FY 2021. This impact on cash flow was principally driven by inventory available in North America following increases in manufacturing output. Inventory was also affected by non-cash movements, including inventory transferred to assets held for sale and foreign exchange movements.

Inventory reduced by £262 million to £949 million at 31 December 2020 from £1,211 million at 31 December 2019. This resulted in a positive cash flow of £130 million in FY 2020. This impact on cash flow was driven by activities designed to optimise inventory levels across the supply chain, as well as the divestment of a number of brands and a reduction in inventories for brands that experienced higher demand driven by the COVID-19 pandemic. Inventory was also affected by non-cash movements, including fair value adjustments related to the Pfizer Transaction and exchange rate movements.

Trade receivables

Trade receivables declined by £30 million to £1,318 million at 31 December 2021 from £1,348 million at 31 December 2020, driven by improvements to cash collection and exchange rate changes. This resulted in a positive cash flow of £14 million in FY 2021. Non-cash movements were related to foreign exchange fluctuations.

Trade receivables declined by £49 million to £1,348 million at 31 December 2020 from £1,397 million at 31 December 2019, driven by exchange rate changes, customers of the Pfizer Contributed CH Business agreed to adopt the shorter payment settlement periods of the GSK Group in the USA and accelerated settlement in APAC. This resulted in a positive cash flow of £18 million in FY 2020. Cash movements included the positive impact of customers of the Pfizer Contributed CH Business adopting the lower payment settlement periods of the GSK Group in the USA, partially offset by higher receivables associated with increased sales in APAC. Trade receivables were also impacted by non-cash movements related to foreign exchange fluctuations.

Trade payables

Trade payables increased by £29 million to £1,369 million at 31 December 2021 from £1,340 million at 31 December 2020. This was driven by higher marketing spend in the fourth quarter of 2021, partially offset by changes in exchange rates. This resulted in a positive cash flow impact of £41 million in FY 2021.

Trade payables increased by £139 million to £1,340 million at 31 December 2020 from £1,201 million at 31 December 2019. This was driven by higher marketing spend and capital expenditure in the second half of the year, together with payables balances acquired by the CH Group as part of the Pfizer Transaction after 31 July 2019. This resulted in a positive cash flow impact of £140 million in FY 2020.

Other receivables and payables

Other receivables declined by £121 million to £889 million at 31 December 2021 from £1,010 million at 31 December 2020. Other receivables primarily consist of prepayments and receivables with Pfizer, GSK and other third parties. Other payables decreased by £295 million to £1,633 million at 31 December 2021 from £1,928 million at 31 December 2020. Other payables primarily consist of customer return and rebate accruals, wage, salary and social security accruals, VAT and deferred income. The net change in other receivables and payables resulted in a negative cash outflow of £190 million. This was primarily driven by an increase in balances receivable from GSK in relation to the CH Group's right to receive profits of certain brands and businesses still legally owned by GSK and a decrease in operating balances payable to GSK in relation to certain payments made by GSK on behalf of the CH Group. Non-cash movements related to foreign exchange fluctuations.

Other receivables declined by £72 million to £1,010 million at 31 December 2020 from £1,082 million at 31 December 2019. Other receivables were the same as set out above. Other payables decreased by £291 million to £1,928 million at 31 December 2020 from £2,219 million at 31 December 2019. Other payables were the same as set out above. The net change in other receivables and payables resulted in a negative cash outflow of £273 million, primarily driven by a decline in third party receivables related to the Pfizer Transaction. Non-cash movements related to foreign exchange fluctuations.

Net cash (outflow)/inflow from investing activities

Net cash (used in)/generated from investing activities was a £33 million outflow and a £1,030 million inflow in FY 2021 and FY 2020, respectively. Net cash generated from investing activities was £291 million in FY 2019.

The year-on-year decrease of £1,063 million from FY 2020 to FY 2021 principally reflected a decrease in the proceeds from the sale of intangible assets and proceeds from the divestment programme. The net cash of £33 million used in investing activities in FY 2021 was primarily related to investment in property, plant and equipment and software.

The year-on-year increase of £739 million from FY 2019 to FY 2020 was principally driven by proceeds from the sale of intangible assets, which increased by £804 million to £924 million in FY 2020 from £120 million in FY 2019, reflecting the divestment of a number of smaller brands in the CH Group's portfolio, including Breathe Right and Physiogel. Disposal of businesses increased to £221 million in FY 2020 due to the disposal of ThermaCare. (see "*—Divestments*" above).

Net cash (outflow)/inflow from financing activities

Net cash used in from financing activities decreased by £1,201 million to £1,236 million in FY 2021 from £2,437 million in FY 2020, reflecting decreased dividend payments. Dividends paid to shareholders decreased by £1,223 million to £1,148 million in FY 2021 from £2,371 million in FY 2020, which, to a large degree, reflects the decrease in proceeds from the sale of intangible assets and proceeds from the divestment programme. The quantum of dividend payments made during the period also reflected arrangements entered into as part of the Pfizer Transaction, which will terminate with effect from UK Admission.

Net cash used in from financing activities increased by £1,512 million to £2,437 million in FY 2020 from £925 million in FY 2019 due to increased dividend payments. Dividends paid to shareholders increased by £1,219 million to £2,371 million in FY 2020 from £1,152 million in FY 2019, which reflected the increased cash generation of the business following completion of the Pfizer Transaction. The quantum of dividend payments made during the period also reflected arrangements entered into as part of the Pfizer Transaction, which will terminate with effect from UK Admission. Whilst no capital contributions were made in FY 2020, in FY 2019 a capital contribution of £335 million was made into the CH Group relating to the completion of the Pfizer Transaction.

Free cash flow and free cash flow conversion

During the periods under review the CH Group delivered a total of £3.8 billion free cash flow, driven by proceeds from divestments, a sharp focus on working capital discipline and stable capital investment of approximately 3 per cent. of revenue per annum, partially offset by spend in relation to Restructuring costs and Separation and Admission costs.

	Financial Year		
	2021	2020	2019
Net cash inflows from operating activities (£m)[1]	1,356	1,407	786
Free cash flow (£m)	1,173	1,988	681
Free cash flow conversion (%)	82	168	99

Note

1. Included as the nearest IFRS measure to the non-IFRS measures presented in the table above.

Free cash flow in FY 2021 was £1,173 million, with a free cash flow conversion rate of 82 per cent. Free cash flow in FY 2020 was £1,988 million, with a free cash flow conversion of 168 per cent. Free cash flow in FY 2019 was £681 million, with a free cash flow conversion of 99 per cent.

Free cash flow decreased by 41.0 per cent. (£815 million) from FY 2020 to FY 2021. The decrease in free cash flow was primarily attributable to a decline in the proceeds from sale of intangible assets, proceeds from the divestment programme and the decrease in net cash inflow from operating activities. These factors were partially offset by a decrease in the purchase of intangible assets.

Free cash flow increased by 191.9 per cent. (£1,307 million) from FY 2019 to FY 2020. The increase in free cash flow was primarily attributable to the impact of proceeds received from the disposal of a number of brands (see *"Net cash (outflow)/inflow from investing activities"* above) of £924 million (FY 2019: £120 million). The increase in free cash flow was also attributable to the inclusion of the full year of operating cash flows in FY 2020 of brands acquired as part of the Pfizer Transaction and strong performance in the CH Group's VMS, Pain Relief and Oral Health categories, together with synergy savings and cost control. These factors were partially offset by increased capital expenditure (see " —*Capital expenditure*" below).

Net debt

During the periods under review, the CH Group's principal source of liquidity was cash generated from operations. The CH Group did not have any long-term debt in its capital structure. In the period following completion of the Pfizer Transaction, excess cash was distributed to GSKCHH and PFCHH by way of dividends in accordance with the terms of the Pfizer SHA, which will terminate with effect from UK Admission. Cash and cash equivalents retained on the balance sheet following the payment of these dividends was primarily used by the CH Group for working capital purposes, funding operating expenses and capital expenditures, and implementing the CH Group's growth strategies. As at 31 December 2021, the CH Group's net debt consisted of lease liabilities, short-term bank borrowings and derivative financial liabilities, more than offset by cash and cash equivalents and liquid investments and derivative financial assets.

As at 31 December 2021, the CH Group had £991 million of outstanding gross indebtedness[3], comprising £79 million of short-term borrowings, £87 million of long-term borrowings and £825 million of loan amounts owing to related parties.

Capital resources and indebtedness

See "*Capitalisation and Indebtedness*" for details relating to the CH Group's capitalisation and indebtedness as at the dates indicated therein. Further details of the capital resources of the CH Group, in addition to the Notes offered hereby and any Pre-Separation Programme Notes, are set out in the summaries below.

Note Proceeds Loans

As described below in "*History and Development of the CH Group—The Demerger and Further Preparatory Steps—Pre-Separation borrowings and Pre-Demerger Dividend*", the net proceeds of the Notes and any

[3] Indebtedness excludes loan amounts receivable from related parties of £1,508 million as at 31 December 2021 where there is no right to offset.

Pre-Separation Programme Notes will be made available to GlaxoSmithKline Consumer Healthcare Finance Limited in order to fund the making of certain upstream loans to wholly-owned subsidiaries of GSK and Pfizer in order to fund the Pre-Demerger Dividend.

Bridge Loan Facility

On 18 February 2022, CH JVCo, GSK and GSK Consumer Healthcare Holdings (US) Inc. entered into a bridge loan facility with various relationship banks of the CH Group and the GSK Group, with a total commitment of £10 billion (the "Bridge Loan Facility").

The payment of amounts owing in respect of the Bridge Loan Facility are, as at the date of this offering memorandum, not guaranteed. Following completion of the GSK Share Exchange, Haleon will accede to the Bridge Loan Facility as a guarantor of the Bridge Facility B (as defined below) in accordance with the terms of the Bridge Loan Facility.

The Bridge Loan Facility provides:

- GSK with a multicurrency facility denominated in US Dollars, with a commitment of $3.5 billion, which is available for use to repay existing financial indebtedness of GSK ("Bridge Facility A"); and
- CH JVCo and GSK Consumer Healthcare Holdings (US) Inc. with a multicurrency facility denominated in Pounds Sterling, with a commitment of £10 billion, which is available for use to fund the Pre-Demerger Dividend or to refinance loans drawn under Bridge Facility A on a cashless basis ("Bridge Facility B" and, together with Bridge Facility A, the "Bridge Facilities").

The available commitment under Bridge Facility B will be reduced by the amount of any outstanding loan drawn under Bridge Facility A from time to time. Bridge Facility B is made available on customary 'certain funds' terms.

As at the date of this offering memorandum no amount has been borrowed under either of the Bridge Facilities.

It is envisaged that any outstanding loans drawn under Bridge Facility A will be repaid in full and any outstanding commitments under Bridge Facility A will be cancelled prior to the Demerger, either in cash by GSK or as a result of a drawing of Bridge Facility B to refinance any loans drawn under Bridge Facility A on a cashless basis. In any event, Bridge Facility B is only available for drawing where any loans drawn under Bridge Facility A are prepaid in cash on or before the utilisation date, or will be refinanced on a cashless basis by such drawing or any other drawing on the same utilisation date.

Bridge Facility A permits no more than two loans to be borrowed. Bridge Facility B permits no more than two loans to be borrowed (excluding any loan under Bridge Facility B which is drawn for the purpose of refinancing on a cashless basis a loan under Bridge Facility A).

Any loan drawn under the Bridge Facilities will bear interest at a rate equal to the aggregate of: (i) the applicable risk free rate (being SONIA in respect of loans denominated in Pounds Sterling and SOFR in respect of loans denominated in US Dollars); and (ii) a margin determined in accordance with the terms of the Bridge Loan Facility, and which steps up over time.

Each of the Bridge Facilities has a maturity date falling 12 months after the date on which it was entered into (which for each of the Bridge Facilities can be extended for two periods of six months).

The aggregate commitment under Bridge Facility B will be permanently reduced by an amount equal to the proceeds of:

(i) any bond, note or other similar debt security raised by a member of the CH Group (which will include, without limitation, the Notes, but will not include any commercial paper issuances with a term of 12 months or less or any refinancing of such issuances); or

(ii) term loans raised by a member of the CH Group prior to the Demerger (which will not include amounts drawn under the Term Loan Facility).

Bridge Facility B requires CH JVCo, GSK Consumer Healthcare Holdings (US) Inc. and, from the point at which it accedes to Bridge Facility B, Haleon to make certain customary representations and warranties at various times throughout the term of Bridge Facility B.

In addition, Bridge Facility B contains customary restrictions on the operations of CH JVCo, GSK Consumer Healthcare Holdings (US) Inc., the CH Group and, from the point at which it accedes to Bridge Facility B, Haleon. These include customary positive and negative covenants, including a negative pledge and, with effect from the GSK Share Exchange, restrictions on disposals.

Bridge Facility B does not contain any financial covenants, but CH JVCo and, from the point at which it accedes to Bridge Facility B, Haleon are required to comply with certain information covenants, including the delivery of financial information.

Bridge Facility B contains customary events of default, including cross-acceleration provisions. The occurrence of any event of default under the Bridge Facility B at a time when any amount is outstanding under the Bridge Facility B would permit, amongst other things, the acceleration of such amounts.

Bridge Facility A also includes customary representations, covenants and events of default, which apply to GSK and the operations of its corporate group (including, until the Demerger, CH JVCo and GSK Consumer Healthcare Holdings (US) Inc.) until Bridge Facility A is cancelled in full. An event of default under Bridge Facility A does not, however, constitute a drawstop or an event of default under Bridge Facility B, and vice versa.

Revolving Credit Facility

On 18 February 2022, CH JVCo entered into syndicated revolving credit facilities (the "Revolving Credit Facilities" and loans extended thereunder the "RCF Loans"). The commitments under the Revolving Credit Facilities are provided by various relationship banks of the CH Group.

The initial borrower under each of the Revolving Credit Facilities is CH JVCo but, following completion of the GSK Share Exchange and in accordance with the terms of the Revolving Credit Facilities, Haleon will accede to the Revolving Credit Facilities and replace CH JVCo as borrower under the Revolving Credit Facilities (the borrower under the Revolving Credit Facilities from time-to-time, the "RCF Borrower"). Following its accession as borrower under the Revolving Credit Facilities, Haleon will guarantee the obligations of any other member of the CH Group that accedes to the Revolving Credit Facilities as an additional borrower.

The Revolving Credit Facilities provide the RCF Borrower with access to:

- a multicurrency facility denominated in pounds sterling, with a commitment of £1 billion and an initial maturity date of 24 September 2025 (the "GBP Facility"); and
- a US Dollar facility, incorporating a swingline facility (the "Swingline Facility"), with an aggregate commitment of $1.4 billion and an initial maturity date of 24 September 2023 (the "USD Facility").

The RCF Loans (other than under the Swingline Facility) bear interest at a rate equal to the aggregate of: (i) the applicable risk free rate (which for loans drawn in Pounds Sterling is the Bank of England's Sterling Overnight Interbank Average Rate ('SONIA') and for loans drawn in US dollars is the New York Federal Reserves Secured Overnight Financing Rate ('SOFR')) and (ii) a margin determined in accordance with the terms of the Revolving Credit Facilities, which is dependent on the corporate rating assigned to Haleon (or, prior to the date on which a corporate rating is assigned to Haleon, is fixed by reference to the corporate rating which is expected to be assigned to Haleon). RCF Loans under the Swingline Facility bear interest at the rate that is the higher of (i) the prime commercial lending rate in US dollars and (ii) the aggregate of the federal funds rate (as published by the Federal Reserve Bank of New York or, if not so published, determined on the basis of reference bank quotations) plus 0.50 per cent. per annum.

As at the date of this offering memorandum, each of the GBP Facilities and the USD Facility is undrawn.

The proceeds of each RCF Loan are available for the general purposes of the CH Group and such specific purposes as may be determined by the RCF Borrower. The Swingline Facility is available for financing or refinancing the payment of (or in respect of) any indebtedness or other obligations of the CH Group (including commercial paper, but excluding any other drawing from the Swingline Facility).

The Revolving Credit Facilities require the RCF Borrower to make certain customary representations and warranties at various times throughout the term of the Revolving Credit Facilities. In addition, the terms of the Revolving Credit Facilities contain customary restrictions on the operations of the RCF Borrower and the CH

Group. These include customary positive and negative covenants, including a negative pledge and, with effect from the GSK Share Exchange, restrictions on disposals. The Revolving Credit Facilities do not contain any financial covenants, but the RCF Borrower is required to comply with certain information covenants, including the delivery of financial information.

The Revolving Credit Facilities contain customary events of default, including cross-acceleration provisions. The occurrence of any event of default under the Revolving Credit Facilities at a time when any RCF Loans are outstanding would permit, amongst other things, the acceleration of all RCF Loans.

Term Loan Facility

On 18 February 2022, CH JVCo entered into a term loan facility with various relationship banks of the CH Group, with a total commitment of £1.5 billion (the "Term Loan Facility"). The payment of amounts owing in respect of the Term Loan Facility are, as at the date of this offering memorandum, not guaranteed. Following completion of the GSK Share Exchange, Haleon will accede to the Term Loan Facility as a guarantor of the Term Loan Facility in accordance with the terms of the Term Loan Facility.

The Term Loan Facility is denominated in Pounds Sterling and permits a single term loan to be borrowed. As at the date of this offering memorandum no amount has been borrowed under the Term Loan Facility.

Any loan drawn under the Term Loan Facility will bear interest at a rate equal to the aggregate of: (i) the applicable risk free rate (being the Bank of England's Sterling Overnight Interbank Average Rate (SONIA); and (ii) a margin determined in accordance with the terms of the Term Loan Facility, which is dependent on the corporate rating assigned to Haleon (or, prior to the date on which a corporate rating is assigned to Haleon, is fixed by reference to the corporate rating which is expected to be assigned to Haleon).

The Term Loan Facility is made available on customary "certain funds" terms and the proceeds of any utilisation under the Term Loan Facility are available for use, directly or indirectly, towards the payment of the Pre-Demerger Dividend. The Term Loan Facility has a maturity date falling 36 months after the date on which it was entered into.

The Term Loan Facility requires CH JVCo and, from the point at which it accedes to the Term Loan Facility, Haleon to make certain customary representations and warranties at various times throughout the term of the Term Loan Facility. In addition, the Term Loan Facility contains customary restrictions on the operations of CH JVCo, the CH Group and, from the point at which it accedes to the Term Loan Facility, Haleon. These include customary positive and negative covenants, including a negative pledge and, with effect from the GSK Share Exchange, restrictions on disposals. The Term Loan Facility does not contain any financial covenants, but CH JVCo and, from the point at which it accedes to the Term Loan Facility, Haleon are required to comply with certain information covenants, including the delivery of financial information.

The Term Loan Facility contains customary events of default, including cross-acceleration provisions. The occurrence of any event of default under the Term Loan Facility at a time when any amount is outstanding under the Term Loan Facility would permit, amongst other things, the acceleration of such amounts.

Capital expenditure

During the periods under review, the CH Group's capital expenditure primarily related to property, plant and equipment, including a number of projects as part of restructuring the CH Group's business, and the purchase of intangible assets, largely related to computer software. The table below summarises the CH Group's capital expenditure for the periods under review.

	Financial Year		
£m	**2021**	**2020**	**2019**
Purchase of property, plant and equipment	228	222	190
Purchase of intangible assets	70	96	53
Total capital expenditure	**298**	**318**	**243**

Total capital expenditure

The CH Group's capital expenditure was £298 million and £318 million in FY 2021 and FY 2020, respectively. The CH Group's capital expenditure was £243 million in FY 2019.

The year-on-year decrease in capital expenditure from FY 2020 to FY 2021 reflected a reduction in the purchase of intangible assets, partially offset by a small increase in the purchase of property, plant and equipment.

The year-on-year increase in capital expenditure from FY 2019 to FY 2020 was largely driven by investments in supply chain and technology as part of restructuring the business, as well as the full year impact of the Pfizer Contributed CH Business in FY 2020.

Property, plant and equipment

Purchase of property, plant and equipment was £228 million, £222 million and £190 million in FY 2021, FY 2020 and FY 2019, respectively. Spend in FY 2019 and FY 2020 was predominantly driven by large scale integration projects following the completion of the Pfizer transaction. In FY 2021 the investment profile switched to focus on business as usual projects and investment (including continuous improvement to property, plant and equipment and the renewal of site infrastructure).

The year-on-year increase of £6 million from FY 2020 to FY 2021 reflected expenditure on a large number of small projects across various sites, including in relation to site closures, technology systems integation and optimisation of supply chain.

The year-on-year increase of £32 million from FY 2019 to FY 2020 was primarily driven by the increase in large projects across various sites as part of the restructuring of the CH Group's business in FY 2020, including in relation to site closures, technology systems integration and optimisation of supply chain. In FY 2019, the purchase of property, plant and equipment was primarily attributable to a number of large projects, including in relation to site closures and rationalisation and optimisation of supply chain.

Intangible assets

The CH Group's purchase of intangible assets (which largely related to computer software) was £70 million, £96 million and £53 million in FY 2021, FY 2020 and FY 2019, respectively.

The year-on-year decrease of £26 million from FY 2020 to FY 2021 was driven by decreased expenditure on the integration of the Pfizer Contributed CH Business into the CH Group. The increase of £43 million from FY 2019 to FY 2020 was driven by increased expenses following the integration of the Pfizer Contributed CH Business into the CH Group. Across all three years, spend included integrating production sites and commercial entities, upgrading the system infrastructure in production sites and general software for the CH Group.

Risk disclosures

For a description of the CH Group's management of liquidity, market, foreign exchange, wholesale and retail credit, credit and treasury-related risk, see Note 33 of the Financial Statements.

Accounting policies

The accounting policies of the CH Group are set out in Notes 1 and 2 of the Financial Statements. The judgements made in applying accounting policies are set out in Note 3 of the Financial Statements.

THE ISSUERS

The US Issuer

The US Issuer, GSK Consumer Healthcare Capital US LLC, is a limited liability company incorporated on 17 June 2021 under the laws of Delaware under file number 6007812. The US Issuer operates under the Limited Liability Company Act of the State of Delaware, Title 6, Chapter 18 of the Delaware Code 1953 and the US Issuer's Limited Liability Company Agreement dated 17 June 2021. It is a 100 per cent. owned subsidiary of CH JVCo, and it exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, prior to Separation, subsidiaries or affiliates of GSK and Pfizer, and following Separation, Haleon (in each case, directly or indirectly). On the same day as the US Issuer will issue the debt securities, the US Issuer will on-lend all proceeds to GSK Consumer Healthcare Holding (US) LLC, a limited liability company incorporated under the laws of Delaware that is the top-tier US operating company of the CH Group and sole direct owner of the US Issuer, on terms that are near identical to those of the debt securities issued by the US Issuer. As a result, it is anticipated that all payments of interest and principal on the debt securities issued by the US Issuer will be funded indirectly by the assets and operations of GSK Consumer Healthcare Holding (US) LLC. The principal executive office of the US Issuer is located at 184 Liberty Corner Road, Suite 200,Warren NJ 07059, United States.

Management of the US Issuer

Management of the US Issuer, none of whom have activities outside the CH Group, which are significant with respect to the CH Group is as follows:

Name	*Function in the US Issuer*
Lisa Darlene Paley	President
Justin T. Huang	Manager, Vice President and Secretary
Charles David Simpson	Manager, Vice President and Treasurer
Gregory Tole	Vice President
Rui Almeida	Vice President and Assistant Treasurer
Hatixhe Hoxha	Assistant Secretary

The business address of Lisa Darlene Paley, Charles David Simpson, Gregory Tole and Rui Almeida is GSK, 184 Liberty Corner Road, Suite 200, Warren NJ 07059, United States.

The business address of Justin T. Huang is GSK, 1250 South Collegeville Rd., Mail Code UP4110, Collegeville PA 19426, United States.

The business address of Hatixhe Hoxha is GSK, FMC Tower at Cira Centre South, 2929 Walnut Street, Suite 1700, Philadelphia, PA 19104, United States.

Some of the current directors of the US Issuer hold positions within the wider GSK Group. There are no potential conflicts of interest between any duties of any of the US Issuer's management to the US Issuer and their private interests and/or other duties.

The UK Issuer

The UK Issuer, GSK Consumer Healthcare Capital UK plc, is a public limited company incorporated on 28 June 2021 under the laws of England and Wales under registered number 13481162. The UK Issuer operates under the laws of England and Wales, including the Companies Act 2006. It is a 100 per cent. owned subsidiary of CH JVCo, and it exists for the purpose of issuing debt securities, the proceeds of which will be invested by it in marketable securities or advanced to, or otherwise invested in, subsidiaries or affiliates of GSK and Pfizer, and following Separation, Haleon (in each case, directly or indirectly). The principal executive office of the UK Issuer is located at 980 Great West Road, Brentford Middlesex, TW8 9GS, United Kingdom.

The Board of Directors of the UK Issuer

The members of the board of directors and Secretary of the UK Issuer are as follows:

Name	*Function in the UK Issuer*
Michael John Rowe	Director
The Wellcome Foundation Limited	Director
Edinburgh Pharmaceutical Industries Limited	Director
Victoria Anne Whyte	Company Secretary

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shwalton Road, Irvine, Ayrshire, Scotland KA11 5AP, United Kingdom.

The registered office address of The Wellcome Foundation Limited is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

The business address of Michael John Rowe and the Company Secretary is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

Some of the current directors of the UK Issuer hold positions within the wider GSK Group. There are no potential conflicts of interest between any duties of any of the UK Issuer's directors to the UK Issuer and their private interests and/or other duties.

Board of Directors of Edinburgh Pharmaceutical Industries Limited (Corporate Director of the UK Issuer and The Wellcome Foundation)

The members of the board of directors and Secretary of Edinburgh Pharmaceutical Industries Limited are as follows:

Name of Director	*Function in Edinburgh Pharmaceutical Industries Limited*
Ciara Martha Lynch	Director
Glaxo Group Limited	Director
The Wellcome Foundation Limited	Director
Victoria Anne Whyte	Company Secretary

The registered office address of Glaxo Group Limited is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

The registered office address of The Wellcome Foundation Limited is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

The business address of Ciara Martha Lynch and the Company Secretary is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

There are no potential conflicts of interest between any duties of any of Edinburgh Pharmaceutical Industries Limited's directors to the UK Issuer and their private interests and/or other duties.

Board of Directors of Glaxo Group Limited (Corporate Director of Edinburgh Pharmaceutical Industries Limited and The Wellcome Foundation)

The members of the board of directors and Secretary of Glaxo Group Limited are as follows:

Name of Director	*Function in Glaxo Group Limited*
Adam Walker	Director
Edinburgh Pharmaceutical Industries Limited	Director
Iain James Mackay	Director
The Wellcome Foundation Limited	Director
Victoria Anne Whyte	Company Secretary

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shwalton Road, Irvine, Ayrshire, Scotland KA11 5AP, United Kingdom.

The registered office address of The Wellcome Foundation Limited is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

The business address of Iain James Mackay, Adam Walker and the Company Secretary is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

There are no potential conflicts of interest between any duties of any of Glaxo Group Limited's directors to the UK Issuer and their private interests and/or other duties.

Board of Directors of The Wellcome Foundation Limited (Corporate Director of the UK Issuer, Edinburgh Pharmaceutical Industries Limited and Glaxo Group Limited)

The members of the board of directors and Secretary of Glaxo Group Limited are as follows:

Name of Director	*Function in The Wellcome Foundation Limited*
Laura Guittard	Director
Edinburgh Pharmaceutical Industries Limited	Director
Glaxo Group Limited	Director
Victoria Anne Whyte	Company Secretary

The registered office address of Edinburgh Pharmaceutical Industries Limited is Shwalton Road, Irvine, Ayrshire, Scotland KA11 5AP, United Kingdom.

The registered office address of Glaxo Group Limited is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

The business address of Laura Guittard and the Company Secretary is GSK House, 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

There are no potential conflicts of interest between any duties of any of The Wellcome Foundation Limited's directors to the UK Issuer and their private interests and/or other duties.

THE GUARANTORS

Haleon

With effect from (and including) the Guarantee Assumption Date, the Notes will be fully and unconditionally guaranteed by Haleon under the terms of the Indenture, and the GSK Guarantee will be automatically and unconditionally terminated and released.

Haleon was incorporated with limited liability in England and Wales on 20 October 2021 as DRVW 2022 Limited with company number 13691224. Haleon was re-registered as a public limited company (DRVW 2022 plc) on 23 February 2022 and changed its name to Haleon on 28 February 2022. Haleon operates under the laws of England and Wales, including the Companies Act 2006. On the date of this offering memorandum, the share capital of Haleon is held by persons connected with the GSK Group but Haleon is not a member of the GSK Group and the GSK Group does not have any interest in Haleon. Please see "*History and Development of the CH Group—The Demerger and Further Preparatory Steps*" for a description of the steps to be taken as part of Separation which will result in Haleon holding the entire interest in the entities which, as at the date of this offering memorandum, form the CH Group.

The registered office address of Haleon is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

For a description of the CH Group's business, including the board of directors and management of Haleon expected to be in place following Separation, please see "*Consumer Healthcare Business*" below.

Board of Directors of Haleon

Haleon is in the process of identifying the individuals who will be its directors and senior management following the Demerger and Separation. It is intended that the new Haleon Board of Directors will include an appropriate mix of skills, experience, diversity and continuity relevant for Haleon. It is expected that two directors will be appointed by Pfizer. See "*Consumer Healthcare Business—Directors and Senior Management*".

As at the date of this offering memorandum, the members of the Board of Directors and Secretary of Haleon are as follows:

Name of Director	*Function in Haleon*
David Redfern	Director
Victoria Anne Whyte	Director and Company Secretary

The business address of David Redfern is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom, United Kingdom.

The business address of Victoria Anne Whyte is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom, United Kingdom.

The current directors of Haleon hold positions within the wider GSK Group. There are no potential conflicts of interest between any duties of any of Haleon's directors to Haleon and their private interests and/or other duties.

GSK

GSK is a public limited company incorporated on 6 December 1999 under the laws of England and Wales. GSK's ordinary shares are listed on the London Stock Exchange and its American Depositary Shares are listed on the New York Stock Exchange. On 27 December 2000, GSK acquired Glaxo Wellcome plc and SmithKline Beecham plc (now known as SmithKline Beecham Limited), both English public limited companies, through a merger of the two companies. GSK operates under the laws of England and Wales, including the Companies Act 2006.

GSK is one of the world's major research-based pharmaceutical and healthcare companies. The company researches and develops a broad range of innovative products in three primary areas of Pharmaceuticals, Vaccines and Consumer Healthcare. GSK's corporate head office is at 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom. GSK has commercial operations in over 150 countries, with a significant presence in the United States.

Board of Directors of GSK

For information on the members of the board of directors of GSK, see Item 6.A of the GSK 2021 Form 20-F, incorporated by reference herein.

The business address of the members of the board of directors of GSK is 980 Great West Road, Brentford, Middlesex TW8 9GS, United Kingdom.

There are no potential conflicts of interest between any duties of any of GSK's directors to GSK and their private interests and/or other duties.

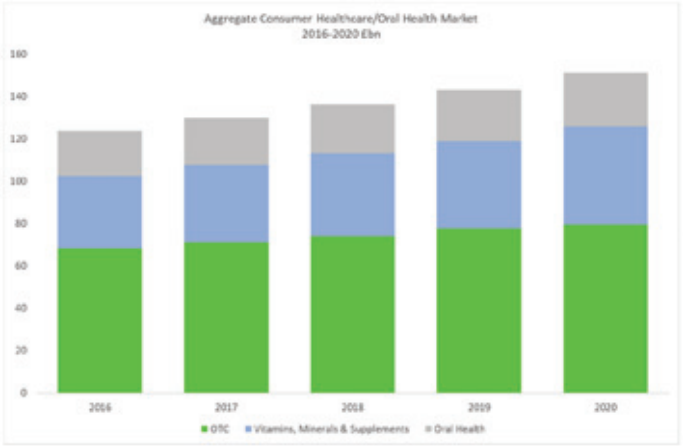
Pfizer Indemnity

In consideration of GSK's full guarantee of the Notes prior to the Guarantee Assumption Date, Pfizer has agreed to indemnify GSK for 32 per cent. (representing Pfizer's ultimate equity interest in the CH JVCo) of the amount payable by GSK pursuant to the GSK Guarantee, in the event GSK were required to make payment under the GSK Guarantee (the "Pfizer Indemnity"). The Pfizer Indemnity is provided solely for the benefit of GSK, will terminate as of the Guarantee Assumption Date and is subject to the terms of an indemnity letter between GSK and Pfizer. For the avoidance of doubt, the noteholders will not have any recourse against Pfizer under the Pfizer Indemnity.

Consumer Healthcare: a £150+ Billion Market[4]

The global consumer healthcare market is one of the largest, most resilient and fastest-growing across the FMCG sectors. However, unlike other standard FMCG markets, its definition varies across competitors and common industry data sources. OTC/VMS is a major part of the market, a primary focus of the CH Group's key competitors and is currently valued at over £125 billion. In addition to OTC/VMS, many peer companies compete in adjacent consumer healthcare markets. For example, the CH Group and two of its largest consumer healthcare peers compete in Oral Health, currently valued at £25 billion globally.

Therefore, the CH Group's definition of the consumer healthcare market comprises: OTC/VMS and Oral Health, which have an aggregate global market size of over £150 billion. Further information on the CH Group's categories is set out in "*—The Key Market Categories for the CH Group*" below.



The CH Group's largest single market is the USA, which is the number one consumer healthcare market globally with £37 billion in revenue in FY 2020, representing approximately a quarter of the global market. The CH Group also has strong presence across Europe and China, as well as in many other higher-growth markets. Higher-growth markets, in particular China, present an attractive opportunity to increase household penetration of the consumer healthcare category.

Key Market Drivers

The market fundamentals shaping future growth in the consumer healthcare market, which current expectations suggest could grow at a rate of 3-4 per cent. per annum over the medium-term, include the five key drivers below.

Increased consumer focus on health and wellness

In the period prior to the COVID-19 pandemic, global consumers were increasingly taking a more active role in self-management of their health and wellbeing. Since the outbreak of the pandemic, personal healthcare has become even more relevant and this trend has accelerated. 2021 customer research found that 42 per cent. of consumers try to make wellness a priority in their day-to-day life, and 79 per cent. think wellness is important. 71 per cent. of those consumers place a higher priority on their health than they did two to three years ago, and 70 per cent. anticipate health growing in their list of priorities looking forward.[5] This represents an important driver in the growth of self-care and underpins favourable trends for the sector as a whole.

Ageing populations

The proportion of people aged 65 years and over is expected to increase from 9.3 per cent. of the global population in 2020 to 16.0 per cent., or approximately one in six people globally, in 2050.[6] This change in demographics brings with it increased need for self-care and preventative care.

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4 See "*Presentation of Financial and Other Information—Market and Industry Data*" for further information on the use of market and industry data in this offering memorandum.

5 Source: McKinsey & Company, The Future of Wellness H1 2021 Report. Based on consumer research in Brazil, China, Germany, Japan, the US and the UK.

6 Source: UN Population Facts, October 2020.

Emerging middle class

The emerging middle class in higher-growth economies has been a long term growth driver for the consumer healthcare market as greater buying power has led to greater per capita usage. Despite the increase in usage, emerging and higher-growth economies continue to represent a sizeable growth opportunity for the industry: per capita usage for combined OTC/VMS products in the USA was £98 per capita in 2020; and Western European OTC/VMS usage per capita was £54 in the same period.[7] By comparison, per capita usage in higher-growth markets, including China (current OTC/VMS of £18 per capita), Central and Eastern Europe (current OTC/VMS of £32 per capita), India (current OTC/VMS of £2 per capita) and Latin America (current OTC/VMS of £11 per capita),[8] is still relatively low, which presents an attractive opportunity to increase household penetration of the consumer healthcare category.

Growing self-care in the face of increasing pressure on public health systems

Prior to the COVID-19 pandemic, pressure on public health had been rising over the long term. In 2018, global spending on health reached $8.3 trillion, or 10 per cent. of global GDP, growing slightly below GDP for the first time in five years. The COVID-19 pandemic has had, and is continuing to have, a significant adverse impact on health systems globally, and the aftermath of the pandemic may be accompanied by a potentially deep global economic crisis which could have a long-lasting impact on future health financing.[9] As such, the consumer healthcare market, and more specifically the ability to help consumers to self-care in general, represents a major opportunity to reduce the current significant burden on public health.

Sizeable unmet consumer needs

Competition in the consumer healthcare market is partly driven by innovation designed to meet unmet consumer needs. Through various emerging trends—such as the growing demand for natural ingredients, as well as premiumisation (where consumers switch their purchases to premium alternatives), increased consumer interest in personalised products, and emerging technologies that allow consumers to more directly manage their own health—the CH Group believes there is a sizeable opportunity for further growth.

The Key Market Categories for the CH Group

OTC/VMS

Within the consumer healthcare market, OTC is distinct in that it is defined primarily by its regulatory status. OTC medicines are readily available to consumers in retail distribution channels (including pharmacies) without the need for a doctor's prescription. OTC comprises several categories defined by specific consumer needs and competition is at the category level. The CH Group's OTC business is focused on three of the largest categories: Respiratory Health (£22 billion market), Pain Relief (£15 billion market) and Digestive Health and Other (£42 billion market). In Digestive Health and Other, the CH Group has a significant presence in Digestive Health (£14 billion market), Skin Health (OTC Dermatologicals only, £17 billion market) and Smokers' Health (£1.3 billion market of the broader £12 billion Lifestyle OTC market). Current expectations suggest that the OTC sector could grow by approximately 2–3 per cent. per annum over the medium term.

In contrast to the broader FMCG marketplace, OTC is highly regulated, with a regulatory environment that differs by country and respective regulator. Most innovations and consumer benefit claims must pass a rigorous approval process including pharmaceutical-like clinical testing. Distribution is also heavily regulated: in many countries, OTC medicines are typically available only via the pharmacy channel, although the USA, Australia and UK, where mass market distribution is permitted, are notable exceptions. While the associated regulatory environment tends to lead to a slower innovation cycle versus typical FMCG, it provides a significant competitive advantage to businesses such as the CH Group with strong scientific capabilities and strong pharmacy and retail channel execution infrastructure and capabilities.

Competition in OTC is characterised by scientific innovation designed to fulfil an unmet consumer need and is supported by the more typical FMCG consumer branding and marketing. Innovations can include improved efficacy, new product formats, innovative packaging, and new consumer benefit claims. Historically, the Rx-to-OTC switch, through which a medicine or class of medicines previously only available via prescription is made readily available to retail consumers, has been a significant growth driver. Switches take a relatively long time and require specific capabilities and expertise, including scientific and regulatory resources, the ability to manage clinical trials, and the ability to actively engage with key opinion leaders and regulators.

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7 Source: Nicholas Hall's DB6 Consumer Healthcare Database at manufacturer's selling prices.

8 Source: Nicholas Hall's DB6 Consumer Healthcare Database at manufacturer's selling prices.

9 Source: WHO, 2020.

Respiratory Health comprises several sub-categories. The CH Group is the market leader in global Respiratory Health with a global number two position in Seasonal Cold and Flu (the largest sub-category), the number one position in Topical Decongestants and the number four position in Allergy Care.

Pain Relief can be further segmented into Systemic Pain Relief (where the medicine is ingested) and Topical Pain Relief (where the medicine is applied to the skin). The CH Group is the global market leader in Pain Relief overall as well as in both of these sub-categories.

Digestive Health comprises a range of treatments to support healthy functioning of the gastrointestinal tract including, amongst others: antacids, laxatives, and fibre products. The CH Group is the market leader in Digestive Health globally, due to strong leadership in immediate relief antacids in both developed and emerging markets.

Skin Health is highly fragmented, with multiple subcategories. The largest of these are Antiseptics and Disinfectants, Wound Healers (the CH Group is number three globally), Anti-itch (number four globally), Acne Remedies, General Antifungals (number three globally), Feminine Intimate Care and Lip Care (number two globally). Additionally, the CH Group holds a global leadership position in OTC Cold Sore Treatments.

Smokers' Health, in which the CH Group holds the global number two position[10], is one of several sub-categories comprising the Lifestyle OTC category.

VMS is broad-based and highly fragmented, aligned to specific consumer benefits. VMS is a £46 billion market. While it forms part of the broader OTC/VMS market, it is also adjacent to the broader Nutrition market and, as a result, different competitors may take different views of the market (Nutrition, Dietary Supplements, etc.). The current expectation is that the VMS sector could grow by 4 – 5 per cent. per annum in the medium term. The CH Group competes in VMS products usually intended to supplement a consumer's diet, containing one or more dietary ingredients (including vitamins, minerals, herbs or other botanicals, amino acids, and other supplements). Formats can include pills, powders, food-like forms (e.g. gummies), capsules, tablets, or liquids. The CH Group holds global number one positions in three of the five largest VMS sub-categories: Multivitamins, Vitamin C and Calcium. Unlike OTC medicines, VMS products are generally regulated in the same way as foods by relevant government authorities, and products within this category are distributed across a wide range of consumer channels, including pharmacy, mass and specialty retail, and e-commerce. The less complex VMS regulatory environment allows for a more rapid innovation cycle. However, the comparatively limited constraints and barriers to entry enable smaller or local players to enter and compete within this growing category.

Oral Health

The £25 billion oral health market is the most representative of a "true" FMCG category within the CH Group's consumer healthcare portfolio, albeit one that often requires differentiating scientific capabilities to successfully compete for market share. The CH Group holds the global number three market share position overall and the number one position in the Therapeutic Oral Health sub-category, which is the fastest growing sub-category in the USA.[11] The CH Group also has leading positions in Toothpaste (number two in a £13 billion market) and Denture Care (number one in a £962 million market). Other major sub-categories include Toothbrush, Mouthwash, and Whitening. The current expectation is that the oral health sector could grow by approximately 3–4 per cent. per annum in the medium term.

Regulation in relation to innovation, consumer benefit claims, and distribution is generally less complex in the oral health market than in the OTC market, although some products in the CH Group's portfolio are classified as medicines and medical devices, particularly in Therapeutic Oral Health and Denture Care. Therefore, innovation cycles are typically shorter and outperforming the market requires differentiation and strong consumer marketing capabilities combined with a high degree of agility. Distribution is relatively widespread, with most oral health brands readily available to consumers across all major distribution channels (including e-commerce).

Other Key Themes Impacting the Consumer Healthcare Market

Competitive environment

Competitive dynamics: The consumer healthcare market is highly competitive, with brands differentiating themselves through scientific claims, consumer-driven innovation (including new product development and

[10] Note the CH Group's US Nicorette trademark, under which the CH Group's US Smokers' Health business is commercialised, is licensed from Johnson & Johnson.

[11] Source: CH Group analysis based on sales to consumers as reported in Nielsen and IRI retail sales data for 2020-2021.

claims), premiumisation and distinguished branding. Competition also leverages traditional FMCG capabilities including consumer and channel marketing.

Market consolidation: The OTC/VMS market is highly fragmented, with the top five players holding a combined global share of 18 per cent. Smaller competitors are also highly regionalised, slowing the pace of consolidation. In contrast, Oral Health is highly consolidated with the five largest competitors holding 62 per cent. of the market.

Major competitors: The CH Group's competition falls into four major groups: consumer healthcare businesses within large pharmaceutical companies; FMCG companies with businesses in overlapping or adjacent categories; local competitors in specific markets (particularly in China); and retailer private label companies in the USA, UK, and Australia.

Regional dynamics: The CH Group's two most significant markets are the USA and China. These markets had aggregate market revenue of £37 billion and £30 billion[12] respectively in 2020. In the USA, the CH Group holds the number one position in OTC/VMS and the number four position in Oral Health, with a number three position in Toothpaste and the leading position in Denture Care. In China, the CH Group holds the number two position in OTC/ VMS (the number one multi-national) and is among the top ten in Oral Health.

Retail and distribution

OTC distribution is heavily weighted to the pharmacy channel globally (69 per cent. of global revenue), with approximately 25 per cent. in other retail (primarily mass market in the USA and UK and hospitals in China) and 6 per cent. of revenue in e-commerce. By contrast, VMS has a greater weighting in e-commerce, with 25 per cent. in e-commerce, 27 per cent. in other retail and 48 per cent. in pharmacy. Oral Health distribution closely mirrors the broader FMCG space, with 55 per cent. of 2020 revenue in mass/grocery, 22 per cent. in pharmacy, and 11 per cent. in e-commerce. A further 12 per cent. of Oral Health distribution comes from other much smaller channels, such as convenience.

Pharmacy channel: Pharmacy is the primary distribution channel for both OTC and VMS, comprising 69 per cent. and 48 per cent. respectively of distribution globally. The Western European pharmacy channel is both fragmented and highly regulated: Germany, France and Spain do not permit corporate ownership of pharmacies and, as a result, market participants must have the capabilities and infrastructure required to partner effectively with a large number of individual store owners. While Italy is similarly regulated, corporate ownership of pharmacies is permitted. The UK is unique in that it operates a parallel model, with mass market sales for some OTC/VMS products permitted, while other OTC products are confined to the traditional pharmacy. Similar to Western Europe, the bulk of Central and Eastern Europe operate on a pharmacy-regulated model, with some corporate ownership permitted. This is also the predominant model in Latin America and Asia. China follows a primarily pharmacy model with a large portion of OTC medicines distributed through in-hospital pharmacies. In North America, by contrast, there are a limited number of independent pharmacies, and the pharmacy channel primarily consists of large drug store chains (for example, CVS, Walgreens). These chains share many similarities with the mass/grocery channel (see below).

Mass / grocery channel: Mass sales of OTC medicines are widely permitted in the USA and permitted for most OTC/VMS products in the UK and Australia. As a result, competition in these markets requires strong FMCG-based customer marketing capabilities, including category management and collaborative planning with major retailers; and the scale necessary to partner with the world's largest retailers. Notably, mass market retailers are both a distribution channel and direct competition in the form of private label, making the ability to compete with private label via differentiating innovation critical to success in the mass market.

*E-commerce***:** Whilst a considerably smaller channel in the consumer healthcare market than for Home and Personal Care, online consumer healthcare sales were increasing prior to the COVID-19 pandemic. The pandemic has accelerated this channel shift dramatically in 2020 and 2021 across all regions, though penetration for the CH Group's categories is most significant in the USA and China, with the UK and Germany leading penetration in Europe. While this trend could be viewed as disruptive to the traditional status quo and distribution, the resulting increased consumer availability also represents an opportunity to drive a longer-term increase in both penetration and category growth. Increasing market share in this evolving segment is dependent on having the right capabilities to capitalise on this trend, as well as having invested sufficiently to equip the business to adapt to fulfilling consumer needs in this channel.

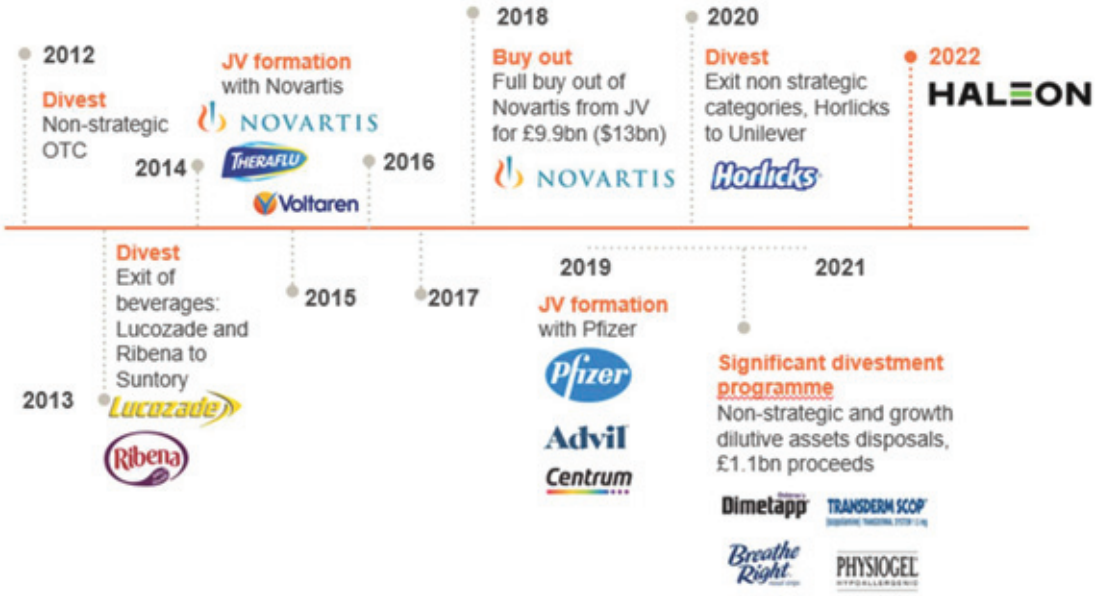
[12] Sales of traditional medicines are included where they are packaged and positioned alongside registered OTCs.

Transformation of the CH Group since 2012

The CH Group has been transformed since 2012 through progressive strategic M&A and divestments to create a world leader in consumer health.

The CH Group's scale has greatly expanded through the successful combination of the legacy GSK consumer healthcare business with the Novartis consumer healthcare business in 2015, and the subsequent combination of this business with the Pfizer consumer healthcare business in 2019, reaching revenue of £9.5 billion in FY 2021. Prior to that, the legacy GSK Group consumer healthcare business had been sharpened through the progressive divestment since 2012 of its Nutritionals businesses (including Lucozade, Ribena and Horlicks) and non-strategic OTC brands including its recent programme of divestments of non-strategic and growth dilutive brands (with aggregate net proceeds from divested brands of £1.1 billion and examples of divested brands including Breathe Right, Physiogel and Venoruton) during the period from FY 2019 to FY 2021. The brands divested had revenue of £500 million in FY 2019, £300 million in FY 2020 and £50 million in FY 2021. This deliberate strategy has resulted in a portfolio more focused on higher-growth categories, markets and channels. These transactions also provided a catalyst for a broader transformation of the CH Group as set out below.

The key M&A milestones since 2012 in the CH Group's business are summarised below:



Legacy GSK consumer healthcare business

Prior to its combination with the Novartis consumer healthcare business in 2015, GSK's consumer healthcare business was already one of the world's leading OTC and Oral Health companies with a long heritage in consumer healthcare products dating back to the 18th century, when its founding companies in Britain, the USA and Germany sold herbal products, laxatives, vitamins and soaps.

The CH Group sold a range of leading OTC brands (including Panadol, Fenbid, Tums and ENO) across Respiratory Health, Pain Relief, Digestive Health, Skin Health and Smokers' Health, together with a strong portfolio of Oral Health brands (including Sensodyne, Polident and parodontax). Geographically, GSK's consumer healthcare business had a strong presence in higher-growth emerging markets in the Middle East, Africa and Asia, which complemented its businesses in Europe and North America.

Joint venture with Novartis

On 2 March 2015, GSK and Novartis formed a consumer healthcare joint venture to combine the majority of GSK's consumer healthcare business and all of Novartis' OTC business (the "GSK/Novartis JV"). Novartis' business provided the GSK Group with a meaningful incremental presence in OTC, including several major brands, notably Voltaren[13], Theraflu, Excedrin and Otrivin. The combination added a leading portfolio of globally recognised consumer-preferred and expert-recommended brands in the Pain Relief, Respiratory Health,

[13] Voltaren is a Novartis brand licensed to the CH Group exclusively for OTC products.

Smokers' Health and Skin Health categories to the CH Group's business. Geographically, Novartis' presence in Central and Eastern Europe combined with GSK's strength in these and other emerging markets presented multiple new growth opportunities across the combined portfolio.

In June 2018, GSK acquired Novartis' shareholding in the GSK/Novartis JV for $13 billion, enabling GSK to take full operational and strategic control of the business.

Joint venture with Pfizer

On 31 July 2019, the GSK Group completed a transaction with Pfizer to combine substantially all of the GSK Group's and Pfizer Group's respective consumer healthcare businesses into a new world-leading consumer healthcare joint venture.

The transaction, which was transformational to the scale of the CH Group's business, brought together two businesses with highly complementary geographic footprints and brand portfolios. While the CH Group retained its strong European footprint, completion of the transaction also provided the CH Group with incremental geographical scale in the USA, where it became the leader in OTC/VMS, and in China, where it became the leading OTC/VMS multinational. From a portfolio perspective, the transaction provided the CH Group with global leadership in the higher-growth VMS market (key brands: Centrum, Caltrate and Emergen-C), as well as a leading presence in the US pain relief market through the acquisition of Advil, complementing the CH Group's existing Pain Relief portfolio under the Panadol, Voltaren, Fenbid and Excedrin brands. Since completion, GSK has owned 68 per cent. of the ordinary shares in CH JVCo, being the entity through which both GSK and Pfizer hold their equity interests in the joint venture and the current holding company of the CH Group's business, with Pfizer holding the remaining 32 per cent. of the ordinary shares in CH JVCo. The legacy Pfizer business has now been fully integrated into the CH Group.

Divestment of non-core brands

Alongside integration of the Pfizer consumer healthcare business, the CH Group exited approximately 50 non-strategic and growth-dilutive OTC and skincare assets from 2019 to 2021 to raise £1.1 billion of net proceeds. These disposals have further increased the focus of the business in higher-growth categories, markets and channels and thereby enhanced the growth profile of the CH Group.

Transformation of the CH Group

The transactions summarised above have acted as a catalyst for a much broader transformation of the CH Group, which is summarised below.

Portfolio reshaped, well positioned for growth

The portfolio changes since 2015 have resulted in a group that has been repositioned towards higher, above-market growth. The share of sales driven from the CH Group's nine large-scale multinational power brands: Panadol, Voltaren, Advil, Otrivin, Theraflu, Sensodyne, Polident, parodontax and Centrum (collectively, "Power Brands"), which together have higher revenue growth rates than the overall CH Group (and generally have higher gross margins), has increased from 44 per cent. in 2015 to 58 per cent. in FY 2021 and the 2019-2021 divestment programme has eliminated a significant drag on overall growth[14]. The Pfizer Transaction provided the CH Group with a significantly greater presence in higher-growth categories, notably building a leadership position in VMS which has a higher growth rate than other categories[15] and represented 16 per cent. of CH Group revenues in FY 2021 compared to 1 per cent. in 2015. Similarly, investments made in digital commerce have meaningfully increased the CH Group's presence in the high growth e-commerce / digital channel, which grew from less than 1 per cent. of revenue in 2015 to 8 per cent. of revenue in 2021. The CH Group is also well-positioned in key geographies following the Novartis and Pfizer transactions. The CH Group has leading positions in the world's top two OTC / VMS markets with OTC /VMS market leadership in the US (1st in 2021 compared to 4th in 2015) and the leading OTC / VMS multinational position in China (2nd overall in 2021 compared to 14th in 2015). These two markets accounted for over 40 per cent. of CH Group revenue in FY 2021 and its leading presence in these two markets provides the CH Group with a strong platform for future growth.

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[14] Over 90% of the sales of OTC and skincare brands divested had negative growth based on compound revenue growth on a CER basis over two years prior to divestment for brands divested in 2019 and three years for brands divested in 2020 or 2021.

[15] Source: Nicholas Hall Consumer Healthcare 2017-20 sales growth at manufacturer's selling prices.

Optimised operating model, lean cost base and capabilities improved

Since 2015, the CH Group has made significant improvements to its footprint and operating model, thereby delivering a sustainable increase in operating profit margin to support reinvestment in brands, capabilities and tools to support growth.

The CH Group has significantly reduced its site footprint. The 41 sites inherited from the legacy Novartis, Pfizer and GSK consumer healthcare businesses since 2015 have been reduced to 24 in 2021. Similarly warehousing and distribution centres have been reduced from over 200 inherited to approximately 90 in 2021 and R&D sites consolidated from 9 inherited to 4 in 2021.

In parallel, the CH Group has significantly improved the efficiency and effectiveness of its advertising and promotion spend. In particular, the CH Group doubled its digital media spend between FY 2019 and FY 2021, with enhanced targeting and a focus on return on investment. Digital media spend represented approximately 50 per cent. of total media expenditure in FY 2021 and in the US and China in particular, most of the CH Group's advertising and promotion spend is now digital with more to come in other markets. The CH Group has also rebalanced spend behind its Power Brands to drive future growth from its biggest opportunities, and increased consumer facing advertising and promotion.

Finally, the CH Group has evolved its operating model and upscaled its capabilities to support stronger execution. Local markets have been increasingly empowered to innovate, increasing the CH Group's agility to adapt to changing consumer healthcare needs. Significant investments have been made in data and tools to drive improved data-led decision-making and stronger returns on the CH Group's investments. In addition, specialised tools have been built that enable better execution, for example the CH Group's Shopper Science Labs which enable commercial teams to experiment with retail experiences and provide category management analysis in partnership with retailers.

Delivering momentum while investing for growth

The CH Group's strategy since 2019 has delivered strong financial results with good momentum for the future, despite a net negative effect from the COVID-19 pandemic and the focus on integration of the Pfizer assets and separation activities.

Since FY 2019 the CH Group's revenues have increased by 12.6 per cent. to £9.5 billion in FY 2021. This reflects the incorporation of the Pfizer business (only 5 months was included in FY 2019 as the transaction closed on 31 July 2019) and underlying business growth, partially offset by divestments and adverse foreign exchange movements. The CH Group's organic revenue growth exceeded 2019-2021 market growth, with 2.8[16] per cent. organic revenue growth in FY 2020 and 3.8 per cent. organic revenue growth in FY 2021. The CH Group's FY 2020 organic revenue growth does not, however, fully reflect the FY 2019 to FY 2020 growth of the current brand portfolio as it excludes the January to July revenues for the legacy Pfizer brands in FY 2019 and FY 2020 and the figures also include growth dilutive brands which no longer form part of the CH Group's portfolio.

In terms of profitability, the CH Group delivered a strong gross profit margin of 62 per cent. and Adjusted gross profit margin at 63 per cent. in 2021, demonstrating the strength of its brands, its optimised manufacturing footprint, and constant focus on price, cost of goods sold and efficiencies to offset inflation. The CH Group believes this margin is sustainable. In addition, the CH Group has almost fully delivered on the £500 million synergies projected at the time of the Pfizer Transaction in 2019 and expects to realise around a further £120 million of synergies to 2022, taking the total to around £600 million. Overall, the CH Group delivered an operating profit margin of 17.2 per cent. and Adjusted operating profit margin of 22.8 per cent. in FY 2021, an increase of 6.6 percentage points and 3.3 percentage points, respectively, since FY 2019 despite adverse currency impacts. Over the same period, the CH Group reinvested a share of operating cost savings into advertising and promotion spend on brands to support future growth. Finally, in terms of cash flow, the CH Group delivered £1.4 billion net cash inflow from operating activities in both FY 2020 and FY 2021 driven by the underlying profitability of the business, a disciplined approach to working capital (including a reduction in inventory and debtor days) and stable capital expenditure.

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16 The FY 2020 growth rate calculated on an organic basis was negatively impacted by uneven consumer buying patterns in FY 2020 during the COVID-19 pandemic which overlapped with the first twelve months following the Pfizer Transaction. Specifically, the calculation of organic revenue in FY 2020 excludes revenue attributable to the brands acquired as part of the Pfizer Transaction in the period 1 January 2020 to 31 July 2020 (see "*Presentation of Financial and Other Information—Adjusted Results and other non-IFRS financial measures*") and includes revenue attributable to these brands for the period 1 August 2020 to 31 December 2020. Revenue during the former period was high driven by accelerated consumer purchases at the beginning of the COVID-19 pandemic. Revenue during the latter period was negatively impacted by a reduction in consumer inventories (see "*Operating and Financial Review*"). The calculation also includes revenue up to the point of sale for low growth divested brands, which no longer form part of the CH Group's portfolio.

Preparing for a standalone CH Group with distinctive purpose and culture

On 19 December 2018, the GSK Group announced its intention to separate the CH Group into a standalone business within three years of the acquisition of the Pfizer consumer health business (which ultimately closed on 31 July 2019). Since then, the CH Group has commenced a broad range of initiatives to ensure that the CH Group is able to operate independently of its two corporate owners. As part of this separation process, the CH Group has also implemented a number of further initiatives to create a distinct business which are already driving increased organisational agility and a more focused culture premised on performance and purpose.

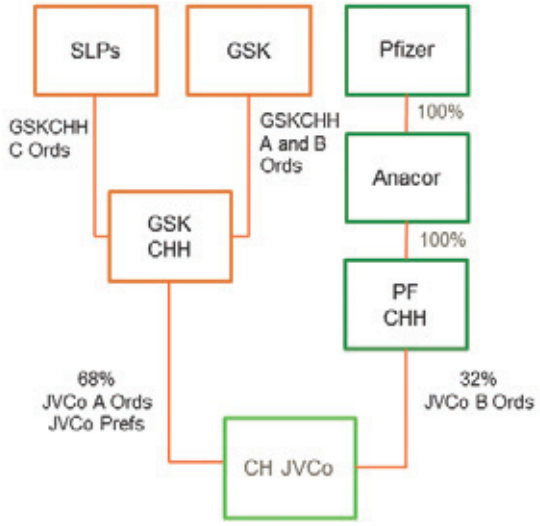
The Demerger and Further Preparatory Steps

On 23 June 2021, the GSK Group announced its intention to effect the separation of the Consumer Healthcare Business by way of a demerger of at least 80 per cent. of GSK's 68 per cent. holding in the CH Group. The Demerger is conditional on, amongst other things, the approval of the GSK shareholders.

Pursuant to the proposed Demerger and other steps to implement the Demerger, Haleon will come to own the entire issued share capital and other equity interests of each of GSKCHH and PFCHH which, together, own the entire issued share capital of CH JVCo, the current parent company of the CH Group.

Ownership of the CH Group immediately prior to Separation

Immediately prior to Separation, the ownership of the CH Group is expected to be as follows:



Immediately prior to Separation, the share capital of CH JVCo is expected to consist of: (i) JVCo A Ordinary Shares of £1 each; (ii) non-voting JVCo Preference Shares of £1 each; and (iii) JVCo B Ordinary Shares of £1 each. The JVCo A Ordinary Shares and JVCo B Ordinary Shares each carry one vote per share. Holders of the JVCo Preference Shares will be entitled to 0.01 per cent. of the aggregate amount of any dividends declared by CH JVCo, and will not be entitled to any proportion of the assets of CH JVCo available for distribution to shareholders on a return of capital on a winding-up of CH JVCo (excluding any intra-group re-organisation on a solvent basis). Immediately prior to Separation, all JVCo A Ordinary Shares and JVCo Preference Shares are expected to be held by GSKCHH and all JVCo B Ordinary Shares are expected to be held by PFCHH. PFCHH is a wholly owned subsidiary of Anacor, and both PFCHH and Anacor are wholly owned by Pfizer.

Accordingly, immediately prior to Separation, GSKCHH and PFCHH are expected to hold 68 per cent. and 32 per cent. of the voting rights in CH JVCo, respectively.

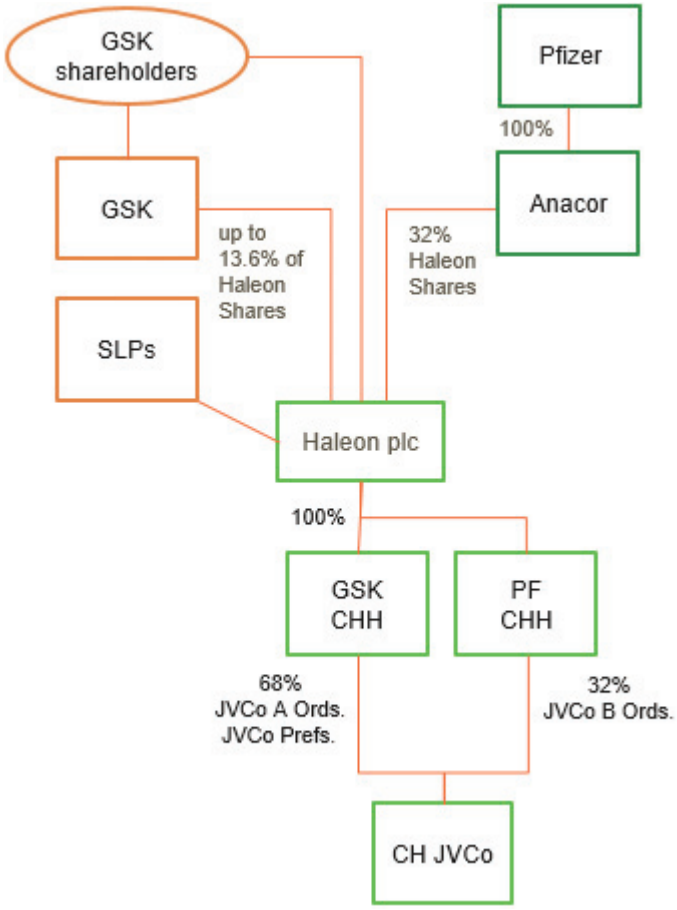
It is expected that, following publication of this offering memorandum, the share capital of GSKCHH will be re-classified to comprise of three classes of shares: (i) A ordinary shares (the "GSKCHH A Ordinary Shares"); (ii) B ordinary shares (the "GSKCHH B Ordinary Shares"); and (iii) C ordinary shares (the "GSKCHH C Ordinary Shares"). Following this re-classification, GSK intends to transfer its entire holding of GSKCHH C Ordinary Shares to GSK (No. 1) Scottish Limited Partnership, GSK (No. 2) Scottish Limited Partnership and GSK (No. 3) Scottish Limited Partnership (being Scottish Limited Partnerships controlled by GSK, together the "SLPs") as part of certain arrangements to fund GSK's UK pension benefit obligations.

Ownership of the CH Group after Separation

Shortly following completion of the Demerger, a series of share-for-share exchanges will occur, under which Haleon will come to own the entire issued share capital and other equity interests of GSKCHH and PFCHH, which together own the entire issued share capital of CH JVCo. The purpose of the share-for-share exchanges is to rationalise Haleon's shareholder structure such that all persons with an interest in the CH Group do so through holding shares in Haleon, as listed parent company, and not further down the CH Group structure. Accordingly:

- GSK will transfer its entire shareholding of GSKCHH B Ordinary Shares, to Haleon in consideration for new Haleon Shares (the "GSK Share Exchange");
- each of the SLPs will transfer their respective holdings of GSKCHH C Ordinary Shares, to Haleon in consideration for new Haleon Shares (the "SLP Share Exchange"); and
- Anacor will transfer its entire holding in PFCHH to Haleon in consideration for (i) new Haleon Shares and (ii) non-voting preference shares in the capital of the Haleon ("Non-Voting Preference Shares" and the "Anacor Share Exchange," respectively).

As a result of the Demerger, the Share Exchanges and the other steps to implement the Demerger, the share capital of Haleon will be held as follows:



Pre-Separation borrowings and Pre-Demerger Dividend

As part of the preparation for the Demerger, CH JVCo has entered into the Term Loan Facility and the Bridge Loan Facility (see "*Operating and Financial Review—Liquidity and Capital Resources*") and the CH Group is seeking to raise external debt by the issuance of the Notes and/or the Pre-Separation Programme Notes. The net proceeds of the Notes and the Pre-Separation Programme Notes, amounts drawn under the Term Loan Facility and/or amounts drawn under the Bridge Loan Facility, to the extent not cancelled in accordance with its terms as a consequence of the issuance of the Notes and any Pre-Separation Programme Notes (any combination of which, the "Pre-Demerger Dividend Borrowings"), will be made available to GlaxoSmithKline Consumer Healthcare Finance Limited, a wholly owned subsidiary of CH JVCo, in order to fund the making of certain upstream loans

to wholly-owned subsidiaries of GSK and Pfizer (together, the "Note Proceeds Loans") pursuant to Note Proceeds Loan agreements. It is expected that the terms of the Note Proceeds Loan agreements will require, among other things, that the Note Proceeds Loans will be repaid in full to GlaxoSmithKline Consumer Healthcare Finance Limited upon notice that the Demerger has been approved by the GSK shareholders. Following repayment of the Note Proceeds Loans, the amounts received by GlaxoSmithKline Consumer Healthcare Finance Limited will be made available to CH JVCo in order to fund the Pre-Demerger Dividend. As at the date of this offering memorandum, the intention of the CH Group is that, after giving effect to the Pre-Demerger Dividend Borrowings, the CH Group's ratio of net debt to Adjusted EBITDA will not be greater than 4.0:1.0.

Prior to Separation, CH JVCo will pay an additional dividend to a subsidiary of each of GSK and Pfizer (the "Sweep-Up Dividend"). The payment of the Sweep-up Dividend is required to satisfy the terms of the Pfizer SHA, which requires all readily available cash in excess of £300 million to be paid to the shareholders.

Separation Agreements

In connection with Separation, the CH Group intends to enter into certain agreements, including the following:

- an asset transfer framework agreement among GSK, GSKCHH and CH JVCo setting out the framework for transferring certain businesses, assets, liabilities and employees that were excluded from the original perimeter of CH JVCo as contemplated in the Pfizer SAPA and others that were included in the original perimeter of CH JVCo but will not prior to Separation have legally transferred, in each case from the GSK Group to the CH Group (the "Asset Transfer Framework Agreement");
- a demerger agreement between Haleon and GSK in order to effect the Demerger and to govern aspects of the relationship between Haleon and GSK following completion of the Demerger (the "Demerger Agreement");
- a separation co-operation and implementation agreement among GSK, Pfizer, GSKCHH, PFCHH, CH JVCo and Haleon setting out certain actions to be taken and arrangements to be implemented to effect completion of, or which otherwise relate to, Separation;
- a series of agreements in order to implement the Share Exchanges;
- a relationship agreement between Haleon and the Pfizer Group in order to regulate the continuing relationship between the CH Group and the Pfizer Group after UK Admission, including ensuring that Haleon is capable at all times of carrying on its business independently from Anacor and any of Anacor's associates;
- the Transitional Services Agreement; and
- a registration rights agreement among Haleon, GSK, Pfizer, Anacor and the SLPs relating to the Haleon Shares.

Key highlights[17]

The management of the CH Group believes that it is an exceptional business: a business with significant global scale and reach with leading market share positions, differentiated by its 100 per cent. focus on consumer healthcare and driven by its purpose of delivering better everyday health with humanity. Its leading brands are built on science, innovation and human understanding and are trusted by millions of consumer globally.

The CH Group is a world leader in consumer healthcare and is the leading business by sales in OTC, VMS and Therapeutic Oral Health[18]. The CH Group's portfolio of category-leading brands includes the world's number one toothpaste for sensitivity[19], the world's leading multivitamin, the world's leading topical pain relief brand, the world's leading denture care brand and a broad range of other large-scale, well-known consumer healthcare brands with a leading global or regional presence.

The CH Group operates in a market that was worth over £150 billion in 2020 and is more relevant than ever following the COVID-19 pandemic. Consumers are increasingly conscious of their health and, supported by greater digital resources, are willing to take greater ownership of treatment and prevention. This trend is further accelerated in emerging markets by a growing middle-class population with a greater willingness to pay for OTC and wellness products. In addition, an ageing population across many countries, drives greater demand for many of the products in the CH Group's categories; for example, the requirement for arthritis pain relief is linked with age. Similarly, governments, facing pressure on healthcare spending driven by an ageing population, have adopted policy measures designed to increase the use of OTC drugs (which are not generally reimbursed by governments) relative to prescription drugs (typically reimbursed). The CH Group expects these trends to continue. Underpinned by these and other favourable market factors, the CH Group anticipates typical annual market growth of between 3 and 4 per cent. over the medium term.

The CH Group has a strong footprint in the world's consumer healthcare markets, including a commercial presence in over 170 markets and a number one or two OTC/VMS market position in countries which represented over 70 per cent. of the world's OTC/VMS markets by value in 2020. This includes OTC/VMS market leadership in the USA and the leading OTC/VMS multinational position in the higher-growth markets of China and India.

The CH Group's scale and brand portfolio is complemented by its well-developed capabilities in trusted science and human understanding. The CH Group has a longstanding in-house scientific capability deriving from its pharmaceutical heritage, which allows it to both innovate and build trust through constructive engagement with the scientific community. The CH Group's scientific capabilities are combined with a deep understanding of the health needs of its consumers, supported by consumer insights and broad engagement with healthcare professionals. Significantly, the CH Group engages directly with approximately one third of the approximately 10 million healthcare professionals relevant to its categories. The power of this combination is illustrated by the decade-long double-digit growth of Sensodyne, which has been driven by a combination of driving public awareness of tooth sensitivity as a treatable condition, consumer-centric scientific innovation and the generation of evidence-based claims to support expert recommendations.

The CH Group has been transformed through the synergistic combination of three leading consumer healthcare businesses since 2015, alongside a targeted programme to optimise its operating model, cost base and capabilities for the future. An extensive programme of divestments has sharpened the focus of the business through the divestment of growth-dilutive brands and those outside of its core categories. In addition, the extensive scientific and consumer products experience of its legacy businesses has been significantly enhanced by targeted investment in commercial and scientific capabilities, technologies and facilities, most notably in the digital sphere. The separation of the CH Group from the GSK Group now offers a number of further intangible benefits, including increased management focus, an infrastructure and organisational design more closely aligned to consumer healthcare requirements, capital allocation priorities tailored to the needs of the business and management incentives which can be focused on the specific priorities of the CH Group.

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17 See "*Presentation of Financial and Other Information—Market and Industry Data*" for further information on the use of market and industry data in this offering memorandum.

18 Source: Therapeutic Oral Health ranking is based on the CH Group analysis of Nielsen and IRI data (2020). Therapeutic Oral Health includes therapeutic toothpaste and denture care.

19 CH Group analysis of 2020 third party market data.

Despite a net negative impact of the COVID-19 pandemic, the business delivered above market organic revenue growth in both FY 2020 and FY 2021 whilst successfully integrating the Pfizer consumer healthcare business which became part of the CH Group on 31 July 2019. Over the period FY 2019 to FY 2021, the CH Group also achieved a meaningful improvement in Adjusted operating profit margin driven by the delivery of integration synergies and operational efficiencies, while still increasing investment in its brands and capabilities. This was achieved in spite of adverse currency movements and the dilutive impact of divestments. Building on this base, the CH Group has a clear and focused strategy which it believes will drive sustainable above-market growth and attractive shareholder returns based on four key pillars:

- ***Driving portfolio growth by increasing household penetration***. While the CH Group's category-leading brands touch millions of consumers around the world, there remains significant headroom for further penetration[20] across the portfolio. The CH Group has a clear strategy for driving penetration-led growth with the consumer as its focus and which it plans to accelerate and apply across its broader portfolio.
- ***Capitalising on new and emerging growth opportunities***. The CH Group plans to build on its significant recent growth in e-commerce, leveraging its rapidly developing capabilities in this area. Additionally, the CH Group's brand portfolio, extensive scale and powerful route to market provide the opportunity to expand brands into new markets where it has the reach and scale to succeed. Similarly, the greater size of the combined legacy GSK and Pfizer consumer healthcare businesses in certain markets (relative to the legacy GSK and Pfizer businesses alone) continues to offer the opportunity to scale up key brands which previously lacked local distribution scale. Further opportunities exist in Rx-to-OTC switches in the USA, an area where the CH Group has led the market over the last decade, and in accelerating consumer trends such as the growth of the Naturals segment (as defined below), where multiple launches are already underway with more planned.
- ***Performance underpinned by strong execution and financial discipline.*** The CH Group is focused on first-class commercial execution, increasingly supported by digital tools. In addition, it has a strong culture of financial discipline and continuous improvement. This combination has allowed it to deliver meaningful margin improvements since FY 2019, whilst increasing investment in its brands. The CH Group's strategy is to build on this track record, maintaining its focus on commercial execution, business optimisation and cost control, thereby enabling it to deliver sustainable moderate margin expansion while continuing to invest for future growth.
- ***Running a responsible business***. Running a responsible business is integral to the CH Group's purpose of delivering better everyday health with humanity and it believes it is well placed to have a positive impact. Its environmental, social and governance ("ESG") goals focus on tackling the environmental and social barriers to everyday health and driving health inclusivity through the promotion and delivery of sustainable solutions.

The listing of Haleon Shares on the LSE following the Demerger would represent a major milestone for the CH Group and would be the culmination of a seven year journey since the merger of the legacy consumer healthcare businesses of GSK and Novartis International A.G. ("Novartis") to create a global leader in consumer healthcare with strong capabilities that is well positioned to benefit from favourable underlying sector growth fundamentals.

Strengths[21]

The CH Group is one of the world's leading consumer healthcare businesses with an exceptional portfolio of brands across its key categories and a strong footprint across the world's largest and fastest growing OTC/VMS and Oral Health markets.

The CH Group is further distinguished by leading consumer healthcare-focused scientific capabilities, a well-developed organisational understanding of human health behaviours, strong capabilities in brand building, innovation and digital commerce and a powerful route to market.

The CH Group believes these represent important competitive strengths, which will support sustainable above-market medium-term growth and attractive shareholder returns.

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20 Penetration is the proportion of a population (in a defined geographic market or product category) that has purchased the relevant category, brand or product at least once in the stated period.

21 See "*Presentation of Financial and Other Information—Market and Industry Data*" for further information on the use of market and industry data in this offering memorandum.

Exceptional portfolio of category-leading brands

The CH Group's business is built on an exceptional and focused portfolio of trusted consumer healthcare brands in attractive categories which provide meaningful opportunities for growth.

The CH Group is a global leader in the consumer healthcare market with number one global category positions in Therapeutic Oral Health, VMS, Pain Relief, Respiratory Health and Digestive Health. Across these key categories, the CH Group has an exceptional portfolio of trusted brands with category-leading positions at a global or local level, including four out of the world's top ten OTC/VMS brands by revenue.

The CH Group's leading brands

The CH Group's portfolio includes nine large-scale multinational Power Brands: Panadol, Voltaren, Advil, Otrivin, Theraflu, Sensodyne, Polident, parodontax and Centrum, which represented 58 per cent. of revenue in FY 2021. Of these nine brands, Voltaren, Advil, Otrivin, Sensodyne, Polident and Centrum are the number one or number two brand in their respective sub-categories globally.[22] In addition, Panadol is the leading Systemic Pain Relief brand outside of the USA, Theraflu has a strong regional European and North American presence in Systemic Cold and Flu and parodontax is amongst the fastest growing global toothpaste brands[23].

The Power Brands are complemented by local strategic brands, which have scale and leadership positions in key markets. These include, among others, Fenbid (the number one systemic pain relief brand in China), Emergen-C (the number one immunity VMS brand in the USA), Grand-Pa (the number one pain relief brand in South Africa), Dr. BEST (the leading manual toothbrush brand in Germany), ENO (the number one digestive health brand in Brazil and India) and Tums (the number one digestive health brand in the USA)[24].

The combination of the Power Brands and local strategic brands provides the CH Group with a focused, complementary and trusted portfolio which offers scale advantages, meaningful opportunities for growth and positions the CH Group well to maximise the return on innovation, advertising and promotion.

Attractive geographic footprint with strong presence in large and higher-growth markets

The CH Group has an extensive footprint across the global consumer healthcare market and a leading position in the large US and Chinese markets. The CH Group's revenue is well-balanced between developed and emerging markets.

The CH Group has market-leading scale in the world's consumer healthcare markets, including a commercial presence in over 170 markets and a number one or two OTC/VMS position in countries representing over 70 per cent. of the global OTC/VMS market by value in 2020.

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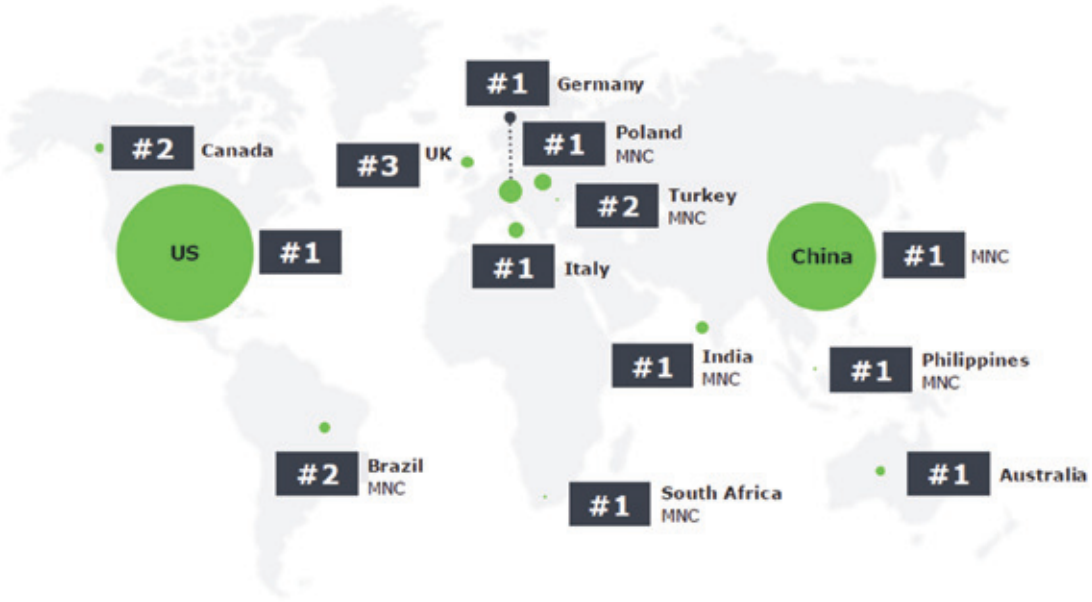
22 Global rankings: Sensodyne #1 Therapeutic Oral Health (CH Group analysis based on Nielsen and IRI data (2020); Therapeutic Oral Health includes therapeutic toothpaste and denture care), Polident #1 Denture Care (Euromonitor 2020) , Centrum #1 VMS, Voltaren #1 Topical Pain Relief, Otrivin #1 Topical Decongestant, Advil #2 Systemic Pain Relief (Nicholas Hall 2020).

23 Parodontax is amongst the fastest growing global toothpaste brands based on CH Group analysis of Nielsen and IRI data (2020).

24 Source: Nicholas Hall's DB6 Consumer Healthcare (OTC/VMS) Database (other than with respect to Dr. BEST); Euromonitor Passport Database with respect to Dr. BEST.

The CH Group holds a leadership position in key scale and growth markets. This includes leadership in the approximately £33 billion US OTC/VMS market (the largest market, representing over 25 per cent. of the total OTC/VMS market) and regional leadership in the approximately £32 billion European OTC/VMS market (approximately 25 per cent. of the total OTC/VMS market). The CH Group also holds the leading multinational (MNC) position in the key OTC/VMS growth markets of China and India (in both cases the CH Group is number two overall), together with market leadership in the Asia Pacific region and in the Middle East and Africa ("MEA"), (together, representing 43 per cent. of the total OTC/VMS market). In China, the CH Group is currently the number one multi-national consumer healthcare business.

The following map shows the CH Group's combined market ranking in OTC and VMS[25]



The CH Group's scale in OTC/VMS is reinforced through its leadership position in Therapeutic Oral Health[26] and overall number three position in Oral Health.

The CH Group benefits from a balance of revenue between developed and emerging markets with approximately one third of the CH Group's revenue delivered from emerging markets in FY 2021.

Human understanding and trusted science, exclusively focused on consumer health

The CH Group has leading scientific capabilities focused exclusively on consumer healthcare, combined with well-developed human understanding generated through dedicated in-house expertise and a range of proprietary consumer insight tools. The CH Group believes that the combination of human understanding and trusted science drives better innovation, meaningful engagement with consumers and positive engagement with experts.

Given the CH Group's pharmaceutical heritage, trusted science is firmly embedded in the CH Group's culture and approach, and the CH Group believes it possesses scientific capabilities that differentiate it from other FMCG companies. The CH Group has a dedicated consumer healthcare R&D organisation with a multidisciplinary talent pool of approximately 1,400 highly skilled scientists and a strong network of external partnerships. This is further supported by high quality R&D facilities which provide a range of capabilities, including fast prototyping, imaging, product chemistry, microbiology, stability analysis and scale-up and technical transfer.

Since 2017, the CH Group has conducted nearly 70 clinical studies involving approximately 6,000 participants and has a strong track record of peer-reviewed journal publications and patent applications. In addition, through its regulatory organisation which has a direct presence across approximately 60 markets, it has completed approximately 13,000 regulatory applications and approvals since 2019 in support of both new launches and the continuation of existing products.

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25 Source: Nicholas Hall's DB6 Consumer Healthcare (OTC/VMS) Database, 2020 Store and E-commerce sales.

26 CH Group analysis based on Nielsen and IRI data (2020); Therapeutic Oral Health includes therapeutic toothpaste and denture care.

The CH Group's focus on trusted science and the generation of evidence-based claims based on scientific research is also critical to the CH Group's ability to engage with experts and healthcare professionals with whom it is widely recognised as a partner of choice. Trust is fundamental to these relationships and is embedded in the CH Group's culture.

Alongside its scientific strengths, the CH Group has developed a range of capabilities focused on understanding the health needs of its consumers and the barriers to treatment, and has invested heavily in consumer insights, data analytics and a range of digital tools. These include in-house shopper research facilities which enable sophisticated testing of consumer responses to different retail scenarios, future trend spotting capabilities, and highly developed sensory labs to source consumer feedback on the taste, texture and smell of the CH Group's products. Its social listening capability draws insights from over 70 million posts a year and its proprietary 'Observatory' library holds 53,000 findings on concepts, conditions or culture, as they relate to health. The CH Group's extensive expert engagement generates further insights, including early visibility of unmet consumer needs.

The CH Group believes the synthesis of trusted science and human understanding provides the CH Group with competitive advantages in product development and commercialisation. The CH Group's consumer understanding supports the identification and development of products addressing real consumer needs. Through its scientific capabilities, the CH Group is able to develop innovative products which address these needs with claims backed by science and supporting expert recommendation. Expert recommendation is a key driver of consumer healthcare performance. In parallel, the CH Group's consumer understanding supports product messaging which appeals to consumers on an emotional level, as well as allowing the CH Group to target products and product messaging to the relevant consumer audiences.

Strong brand building, innovation and digital capabilities combined with a leading route to market

The CH Group has well-proven capabilities in building brands and campaigns that resonate with consumers, delivering innovation to meet consumer health needs and the ability to reach across all key channels for consumer healthcare products, including e-commerce.

The CH Group has a track record of building trusted and enduring brands across different geographies and consumer populations and seeks to build real and personal connections in its communications with consumers, underpinned by its trusted science. This means making a link to the broader context of consumers' needs, not merely focusing on functional benefits. One example is the successful 2020 launch of Voltaren Arthritis Pain in the USA, following its successful switch from prescription status. The promotional campaign focused on the brand's ability to restore the joy of movement to sufferers of arthritis pain, building upon the strong functional claims of the product but focusing on the human impact of pain relief. The launch was supported by an innovative website, tailored to the needs of arthritis sufferers with voice search functionality, large tap targets, scalable font sizes, and the ability to view hands-free content via videos and head-gesture-scrolling. In its first year of sales the launch outperformed any competitive OTC launch in the US Pain Relief market since 2011[27] and drove more than 80 per cent. of Topical Pain Relief category growth in the category in the US market in the year of launch.[28]

The CH Group's commercial organisation is supported by innovative facilities and tools including its shopper science labs, the CH Group's own in-house content production studio, "Cast," and proprietary artificial intelligence tools which support dynamic content and media optimisation.

The foundations of the CH Group's business lie in addressing real everyday health needs and thereby delivering penetration and growth. The CH Group has demonstrable capabilities in the delivery of innovation based on human insights to address consumer needs. For example, in North America, the CH Group launched Tums Chewy Bites in 2017 having identified that millennials, whilst having high rates of heartburn, were reluctant to treat the condition due to negative perceptions of the product taste and lack of relevance to them. The colourful and fruit-flavoured chewy bites format addressed this perception whilst providing convenience, a characteristic highly valued by this group. Building on the launch in 2017, the CH Group has continued to innovate though products with new flavours and sensory properties (for example, Chewy Bites Cooling Sensation), as well as products treating both heartburn and bloating. Continued innovation brought 3.8 million new consumers into the

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27 Source: IRI Consumption Data from Market Advantage and Xlerate, FY2011-FY2021.

28 Source: CH Group analysis based on external data (IRI Market Advantage, Consumption Data).

category in the USA[29] and drove compound 3 year US Tums Chewy consumer sales growth of 31 per cent. to November 2021[30].

In addition to its marketing and innovation capabilities, the CH Group has a strong and established presence in all key channels relevant for consumer health and a scale which allows it to effectively engage with retail partners of all sizes, buying groups, distributors, pharmacy chains and individual pharmacies. In Europe, where the CH Group's products are primarily sold through small scale pharmacies, this supports the CH Group's number one ranking in the pharmacy channel and, in key European markets, country average weighted distribution[31] levels in pharmacy for the CH Group's Power Brands of between 70 and 98 per cent. In mass market retail, the CH Group is ranked second and has weighted distribution in key European markets for its Power Brands of between 76 and 94 per cent[32]. In the mass channel in the USA and elsewhere, the CH Group benefits from strategic partnerships with large retailers, supported by its state-of-the-art shopper science labs which facilitate joint business planning.

The CH Group has also invested significantly in building local e-commerce capabilities and strengthening strategic partnerships with global and local leaders. Alongside its digital marketing capabilities, this has enabled the CH Group to more than double its e-commerce sales between FY 2019 and FY 2021.

A key part of the CH Group's global reach is also its ability to engage with experts and healthcare professionals who play a significant part in product recommendation. For example, in OTC/VMS, 85 per cent. of pharmacist recommendations lead to a purchase, and in Oral Health, studies have shown that dentist recommendations have a significant influence over oral health behaviours. As a result of its reach and focus on trusted science, many of the CH Group's leading brands across the portfolio are the number one recommended in their categories by experts in the CH Group's major markets.[33]

Strategy

The CH Group has a clear and focused strategy to drive sustainable above-market growth and attractive returns, guided by its purpose of delivering better everyday health with humanity. This strategy is built on four pillars: growing the portfolio by driving household penetration, capitalising on new and emerging growth opportunities, strong execution and financial discipline and running a responsible business.

Drive portfolio growth by increasing household penetration

The CH Group believes there is significant opportunity for further penetration of its brands across its categories. The CH Group has a clear and proven approach to driving penetration growth.

Penetration in the CH Group's key categories is still relatively low, and the CH Group expects to deliver significant continued growth from its current portfolio. In Oral Health, nearly 1 in 3 adults have experienced sensitive teeth, but only 1 in 3 of those experiencing sensitivity use a sensitivity toothpaste like Sensodyne[34]. In Pain Relief, 9 out of 10 people suffer from pain, but only 1 in 3 of them immediately treat their pain[35]. In China, where calcium intake is less than 50 per cent. of the daily recommended level[36] only approximately 17 per cent. of people take a calcium supplement like Caltrate.[37]

The CH Group has a clear and proven approach to driving penetration growth which utilises its key capabilities in human understanding, trusted science, innovation and marketing, supported by strong commercial execution. This can be illustrated by the successful growth of Sensodyne, which delivered over 10 per cent. compound revenue growth between 2011 and 2021.

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29 Source: IRI National Consumer Panel Data, FY2016-FY2021.

30 Source: IRI point of sale data, multi-outlet (MULO) + convenience + ecommerce Nov 2021.

31 Weighted distribution is the percentage of points of sale where a product is available, assigning to each point of sale, a weight proportional to its sales.

32 Based on the CH Group analysis of distribution data for the CH Group's Power Brands (excluding Advil which is primarily a North American brand) in a cross section of European markets, including Poland, Germany, Great Britain, Italy and Spain.

33 Based on surveys of healthcare professionals carried out in 2020 by Ipsos across 30 markets in the OTC and/or Oral Health categories. In the majority of cases, the CH Group's brands covered emerged as the brand recommended most often to patients by the healthcare professionals surveyed.

34 Source: Oral Health Population Data—IPSOS Incidence Study Calculations 2015; figures are averages.

35 Source: Edelman Intelligence, GPI4, 2020, 19 markets, 19,000 respondents.

36 Source: Chinese Center for Disease Control and Prevention (2021).

37 Source: Penetration data from Kantar (2020).

The CH Group's strategy for Sensodyne incorporates the building of condition awareness and relevance. Many sufferers of tooth sensitivity do not recognise it as a health condition and one which can be treated. The CH Group's communications address all sensitivity sufferers, using a data-driven approach to tailor relevant messages for different target audiences across channels.

Product innovation based on consumer insights has been a key driver of Sensodyne's growth. The Sensodyne product range has expanded well beyond the original formulation to offer a range of benefits in response to different consumer needs. The range now includes, amongst others, Sensodyne Rapid Relief offering pain relief within 60 seconds; Sensodyne Pronamel which addresses acid erosion; Sensodyne Repair and Protect which repairs, strengthens and protects sensitive teeth; and, more recently, Sensodyne Sensitivity and Gum, which has a clinically-proven dual action treatment for sensitive teeth and gum problems.

In addition, expert advocacy has been a core strength of Sensodyne which is the number one dentist-recommended brand for sensitive teeth in 20 of 23 markets tracked,.[38] Dental recommendation has been built on the foundation of the CH Group's trusted science with science -backed claims developed by the CH Group and a large expert field force combined with Healthpartner, the CH Group's website for healthcare professionals ensuring awareness of the benefits of Sensodyne products.

Finally, the CH Group's commercial execution, both online and in-store, ensures that Sensodyne has high levels of visibility and the right assortment of packs to support commercial opportunities.

The CH Group is applying the same approach as on Sensodyne across other brands and markets. For example, the CH Group's parodontax messaging focuses on raising consumer awareness of gum disease as many sufferers of bleeding gums are unaware that this is a sign of gum disease with the long-term risk of tooth loss. This has been supported by science-based product claims ("parodontax is a toothpaste that is clinically proven to help reduce bleeding gums") and innovation of a range of different products focusing on different consumer needs including gum health, whitening, gum repair and complete protection.

Capitalise on new and emerging growth opportunities

The CH Group plans to leverage its growing capabilities in e-commerce and expand its key brands across leading markets. It will continue to pursue Rx-to-OTC switches in the USA and capitalise on accelerating consumer trends.

Channel expansion: e-commerce

Over recent years, partly driven by the COVID-19 pandemic, there has been a significant consumer shift to e-commerce with market compound e-commerce growth of approximately 24 per cent. per annum between 2018 and 2020.[39] The CH Group expects this momentum to continue.

As a result of the investments made in digital capabilities and strategic partnerships with leading e-commerce companies, the CH Group considers it to be well positioned to capitalise on e-commerce growth. This is grounded in the CH Group's strong recent performance. Since 2019, the CH Group has delivered above-market growth in e-commerce sales, which have grown from 4 per cent. of revenue in FY 2019 to 8 per cent. in FY 2021 (constituting growth of over £0.4 billion in digital revenue). Significantly, the CH Group holds strong positions in more developed e-commerce markets, such as China and the USA. In China, e-commerce revenue represented 20 per cent. of FY 2021 revenue with FY 2020 to FY 2021 growth of over 40 per cent. In the USA, e-commerce revenue represented 12 per cent. of FY 2021 revenue and with FY 2020 to FY 2021 growth of over 35 per cent. E-commerce growth is a clear priority and an area where the CH Group aims to build on the investments it has already made.

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38 Source: CH Group analysis based on Ipsos data from expert performance tracking study 2019-2020.

39 Source: Halen Group analysis based on market data sourced from Nicholas Hall and Euromonitor.

Geographic expansion

The CH Group believes that its brand portfolio and powerful route-to-market capabilities offer multiple opportunities to expand its brands beyond their existing geographies.

For example, in India and in many MEA markets, the business has a consistent performance track record and strong route to market with 4 million distribution points in India and 80 per cent. weighted distribution across MEA. The CH Group has experienced double digit growth in MEA over the last two years and strong double digit growth in India over the last five years. In each case, however, the majority of the business currently comes from a small number of brands. In FY 2021, over 75 per cent. of revenue in India was accounted for by ENO and Sensodyne and over 49 per cent. of revenue in MEA was derived from Panadol and Sensodyne. The CH Group believes there is significant opportunity to leverage local capabilities to expand other brands in the portfolio into these and other markets.

The CH Group believes that its leading portfolio includes a number of brands which are well-positioned for geographic expansion. For example, poor gum health, a common condition worldwide, offers opportunity for the expansion of parodontax into additional markets through application of the same growth model as Sensodyne. The brand was launched in India in the second quarter of 2021 and has delivered strong initial performance.

Additionally, Centrum, although present in over 70 markets, is highly concentrated geographically with approximately two thirds of revenue in FY 2021 coming from five markets. The CH Group sees an opportunity to grow the brand within its existing footprint by leveraging the CH Group's scale and route to market. This is supported by recent experience in the EMEA and LatAm region with approximately 14 per cent. Centrum revenue growth in this region in FY 2021 compared to FY 2020.

Portfolio expansion: Rx to OTC switches

The CH Group continues to pursue Rx-to-OTC switches which have historically been a key source of innovation and growth in OTC, especially in the USA. The CH Group has a strong track record of switching both GSK and non-GSK products driven by a long-standing dedicated in-house team and has implemented four Rx-to-OTC switches in the USA since 2014. This includes the most recent switch of Voltaren Arthritis Pain in 2020, which drove 80 per cent. of market revenue growth in the topical pain relief category in the USA in 2020. The CH Group currently has two active switch projects in its pipeline with expected launches (if successful and approved) in 2025 and 2026 and is exploring further opportunities both within and outside of its key categories.

Portfolio expansion: emerging consumer trends including Naturals

The CH Group intends to continue to capitalise on accelerating consumer trends, for example, the growing consumer trend for natural products. Consumer healthcare products containing non-medicated products, or products with claimed consumer benefits solely or predominantly derived from plant-based, herbal or other naturally occurring ingredients or products ("Naturals") are increasingly popular, especially amongst younger consumers, with growth exceeding the market average. Consumers are increasingly looking for natural products across disease prevention, treatment and recovery and the CH Group believes this trend will continue.

The CH Group sees an opportunity to expand its Naturals offering across relevant portfolios and has launched 10 Naturals innovations since the beginning of FY 2021 including launches such as Voltanatura, Centrum Wholefoods, Sensodyne Nourish and Tums Naturals. 30 further Naturals project are in the pipeline.

Underpin performance with strong execution and financial discipline

The CH Group will continue to focus on driving efficiency, effectiveness and agility to make every investment count.

The CH Group has made significant progress in recent years in driving efficiency and effectiveness across its operations. Over the last seven years, the CH Group has optimised the manufacturing footprint inherited from the legacy GSK, Novartis and Pfizer consumer health businesses from 41 sites to 24, whilst restructuring its supply chain such that manufacturing is increasingly co-located in the same region as the end consumer (80 per cent. of product supply sourced within the same region). This allows the CH Group to manufacture at scale, whilst retaining the cost and responsiveness benefits of local sourcing. In the same period, the CH Group has more than halved its number of distribution centres and has reduced its contract manufacturers from approximately 250 inherited from the legacy GSK, Novartis and Pfizer businesses to approximately 180 in 2022, thereby gaining scale benefits and reducing management costs.

Similarly, between 2019 and 2021, the CH Group's marketing organisation reduced its creative media and production agencies from 200 to 56 and the organisation has continued to optimise how advertising and promotion spend is deployed with an increased focus on digital (doubling between FY 2019 and FY 2021 to almost half of advertising and promotion spend in FY 2021). Investments in AI tools such as People-Cloud and consumer data have significantly increased the efficiency of this expenditure. In 2021, the CH Group was able to deliver a 185 per cent. return on data-driven media spend.[40]

In terms of in-market commercial execution, the CH Group's management has empowered the CH Group's local markets to innovate, increasing the CH Group's agility in adapting to changing consumer healthcare needs. 800 R&D and category roles have been moved or re-aligned to local markets for FY 2022 and in the US, for example, approximately 68 per cent. of FY 2022 innovation projects are expected to be locally managed. The CH Group has also built specialised tools that enable better local commercial execution. For example, the CH Group's sales teams across EMEA and LatAm are supported by a customer relationship management system which ensures sales representative calls are efficient and effective. Through this system, representatives are able to complete their commercial activities, capture instore excellence key performance indicators, and deliver category and product training and education. The CH Group is also now utilising image recognition and machine learning across many retail stores in order to ascertain distribution and visibility metrics that can then drive improvements with the objective of optimising sales. Similarly, the CH Group's Shopper Science Labs inform its commercial practices to improve the experience of retailers and consumers.

A sharp focus on net revenue management has been a further lever through which the CH Group has sought to optimise its margins, including strategic initiatives such as increased penetration of Power Brands in key markets such as India (typically Power Brands have higher margins than the CH Group as a whole) and increased focus on improving returns on trade investment spend. These initiatives have positively impacted margins and supported approximately 2.2 per cent. price growth in 2021 (excluding divested brands and at CER), complementing an approximately 1.8 per cent. growth in volumes (excluding divested brands).

The CH Group's strategy of efficient commercial execution and cost discipline allows it to deliver moderate operating profit margin expansion whilst reinvesting a share of cost savings delivered in future growth through targeted investment in advertising and promotion and innovation. This in turn supports delivery of increased growth and growth in free cash flow creating further operating leverage and efficiencies. Between FY 2019 and FY 2021, the CH Group successfully increased operating profit margin and Adjusted operating profit margin by 6.6 percentage points and 3.3 percentage points, respectively, despite an adverse foreign exchange movement and an adverse impact from divestment of growth-dilutive brands. Over the same period, the CH Group reinvested a share of operating cost savings into advertising and promotion spend on brands to support future growth.

The CH Group has additionally delivered net cash inflow from operating activities of £3.5 billion and free cash flow of £3.8 billion, in each case, across the period FY 2019-2021. Healthy cash flows from operations have been strongly supported by a sharp focus on working capital discipline and stable capital investment.

The CH Group is a business with strong operating profit margin (FY 2021: operating profit margin of 17.2 per cent. and Adjusted operating profit margin of 22.8 per cent.) with above-market growth supported by robust investment in its brands (FY 2021: advertising and promotion expenditure as a percentage of revenue of 20.3 per cent., R&D costs as a percentage of revenue of 2.7 per cent. and Adjusted R&D costs as a percentage of revenue of 2.6 per cent.). The CH Group's strategy is to maintain its sharp focus on business optimisation and cost control whilst reinvesting a share of savings for future growth. This includes the delivery of the remaining synergies from the integration of the Pfizer consumer healthcare business and other ongoing projects in net revenue management and manufacturing and further operational costs savings.

Run a responsible business

The CH Group's responsible business agenda is intrinsically linked to its sector focus and its purpose of delivering better everyday health with humanity. The CH Group has a structurally advantaged environmental footprint in its sector and is strongly positioned to advance health inclusivity. The CH Group is committed to building strong corporate governance across the business.

Running a responsible business is intrinsically linked to the CH Group's purpose and integral to how the organisation operates. The CH Group recognises that the health of the world's environment affects the health of

[40] Data-driven media spend is digital media spend targeting new consumers identified by data driven consumer segmentation. These consumers are served with media and messaging relevant to their specific profiles. The 185% return refers to incremental revenue generated relative to digital media expenditure.

people and is committed to tackling the environmental and social barriers to everyday health. The CH Group's brands have clear and positive roles to play in protecting and improving everyday health and doing so in inclusive and responsible ways.

The CH Group has a relatively small environmental footprint in terms of carbon intensity (2020 Carbon intensity scope 1-3 0.2kg CO2e / £ of revenue) and plastic packaging (2020 plastic packaging footprint 50,000 tonnes). This is driven by the nature of its product portfolio, a significant part of which is made up of precisely-dosed, small-sized premium products which are bought and typically used over an extended period of time and which therefore utilise less energy for manufacturing and plastic for packaging per £ of revenue. A further structural advantage is that the CH Group's products are less exposed to agricultural ingredients which require high resource intensity in manufacturing. Such structural advantages provide the CH Group with a strong foundation in terms of risk exposure and the required capital expenditure to further advance its environmental and social agenda. In addition, the CH Group has a lower financial exposure to carbon taxation, plastic regulations or taxation, and rising energy costs.

The CH Group's environmental focus is to tackle the barriers to everyday health, focusing on carbon footprint and climate change, sustainable healthcare packaging, and using trusted ingredients that are sustainably sourced. The CH Group's targets include: 100 per cent. reduction in scope 1 & 2 (internal operational) carbon emissions by 2030 (versus its 2020 baseline); 42 per cent. reduction in scope 3 (from source to sale) by 2030; and 100 per cent. recyclable or reusable packaging by 2030 versus its 2020 baseline (where quality, safety and regulations permit, given the strict regulation of packaging requirements for certain healthcare products). As a standalone business, the CH Group will set a longer-term carbon net zero goal informed by the latest Science Based Targets initiative ("SBTi")[41] guidance.

The CH Group has a track record of delivering against these targets: 100 per cent. of electricity used by the CH Group comes from renewable sources; renewable electricity generation has been implemented at 12 out of its 24 manufacturing sites; and new solutions are being developed to support delivery of a significant reduction in the use of virgin petroleum-based plastic.

The CH Group sees health inclusivity or a lack of it as a critical factor for everyday health and believes its leading global position in the consumer healthcare market offers it the opportunity to make a meaningful positive impact in this area. The CH Group has set a target to help 50 million people per annum by 2025 to gain access to opportunities for better everyday health irrespective of their age, physical and mental capabilities, gender, ethnicity or sexual orientation.

The CH Group has identified a range of different programmes to achieve this. Across its brand portfolio, the CH Group will seek to provide inclusive products, services and resources that help more people to access the care and support they need. The CH Group will continue to focus on educating consumers and empowering self-care, supporting health literacy and educational programmes for individuals and healthcare professionals. Finally, the CH Group will utilise its reach, resources and expertise to cooperate with other experienced partners in the field of healthcare and inclusivity. One such example is its partnership with the Economist Intelligence Unit and leading academics to create the Health Inclusivity Index which is expected to launch in July 2022 to facilitate dialogue with and among key stakeholder groups and to identify opportunities and actions.

Within its own organisation, the CH Group has set ambitious targets for inclusion, equality and diversity. By 2025, the CH Group's target is for at least 45 per cent. of persons in senior roles[42] to be female and at least 30 per cent. and 18 per cent. (in the US and UK respectively) of persons in senior roles to be from ethnic minority backgrounds.

The CH Group has a robust operational governance and is committed to building strong corporate governance practice across the business.

Categories and Brands

The CH Group operates across five categories. These are (i) Oral Health; (ii) VMS; (iii) Pain Relief; (iv) Respiratory Health; and (v) Digestive Health and Other.

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41 SBTi is a collaboration between the United Nations, the World Resources Institute, the World Wide Fund for Nature and CDP, an environmental reporting charity. SBTi provides companies with accreditation of science-based climate targets, however, does not accept separate targets for business divisions within a wider company.

42 Vice-President and above.

The CH Group is the global market leader in OTC/VMS (which includes Pain Relief, Respiratory Health, Digestive Health and VMS), as well as the third ranked player in Oral Health.

The CH Group has a portfolio of established consumer brands with strong brand equities at a national, regional and global level. Following a progressive rationalisation and focusing of the CH Group's portfolio, 58 per cent. of the CH Group's 2021 revenue are accounted for by nine Power Brands: Panadol, Voltaren, Advil, Otrivin, Theraflu, Sensodyne, Polident, parodontax and Centrum. These are large-scale brands that drive the greatest growth for the CH Group with market-leading positions, an attractive geographic footprint and long-term growth potential.

SENSODYNE	The world's leading sensitivity toothpaste (and no.2 overall toothpaste)
POLIDENT	The world's leading denture care brand.
parodontax	Among the world's fastest growing global toothpaste brands.
Voltaren	The world's leading topical pain relief brand.
Advil	The world's no. 2 systemic pain relief brand.
Panadol	The leading systemic pain relief brand outside the US.
THERAFLU	Europe's no. 2 systemic cold and flu brand. North America's no. 3 systemic cold and flu brand.
Otrivin	The world's leading nasal decongestant brand.
Centrum	The world's leading multivitamin.

Additionally, the CH Group has a range of local strategic brands which have scale and leadership positions in key markets and contribute significantly to the CH Group's business, in particular in the USA and China.

The CH Group's leading brands are detailed by category below.

Oral Health

The CH Group has one of the world's leading oral health businesses, with operations in over 120 markets and a nearly 100-year track record in successful innovation and manufacture of quality oral health products. The CH Group specialises in therapeutic oral health, where it leads the market[43], providing therapeutic solutions to consumers for the prevention and treatment of specific oral health conditions including sensitivity, acid erosion, gum disease, denture care and dry mouth.[44] This leverages the CH Group's leading capabilities in scientific research, expert engagement and human understanding, as well as increasing focus on some of the fastest growing, premium markets. This approach has enabled the CH Group to command a price premium over the market and grow ahead of the global toothpaste market every year since 2015.

43 Source: CH Group analysis based on sales to consumers as reported in Nielsen and IRI retail sales data for 2020-2021.

44 Source: Euromonitor Passport at manufacturer's selling prices.

The CH Group operates in a highly competitive oral health market, estimated to be worth £25 billion worldwide. The CH Group focuses primarily on Toothpaste and Denture Care, although it also has a significant presence in the mouthwash and manual toothbrush markets (including its manual toothbrush brand in Germany, Dr. BEST). In Toothpaste, the CH Group is one of a small number of global players and it is ranked second in the market worldwide. In Denture Care it is the market leader.

The CH Group continues to invest in its leading Oral Health brands, focusing on consumer insight and innovation to deliver novel products with claims backed by trusted science. In doing so, the CH Group places significant emphasis on engagement with dental professionals in product design, evidencing claims and education about its products.

In FY 2021, the CH Group generated revenue of £ 2.724 billion across its Oral Health portfolio.

Sensodyne

Sensodyne is the number two toothpaste brand globally and the number one dentist-recommended toothpaste worldwide for sensitivity. Its purpose is to "help humanity reclaim life's small pleasures without the restrictions of sensitive teeth" and, since its launch in 1961, it has become the brand most associated by consumers with the care of sensitive teeth across virtually all of its key markets.

Nearly one third of the global population experience symptoms of sensitivity, yet only one third of them purchase a sensitivity toothpaste.[45] The combination of growing consumer awareness, recommendations of sensitivity toothpastes by dental experts, favourable demographics and rising incomes in higher-growth economies, provides an opportunity for the CH Group to leverage Sensodyne's brand recognition and innovation capability to deliver further growth.

With a long history of innovation and pioneering science, Sensodyne has moved beyond a primary focus on sensitivity-related conditions to encompass other oral health conditions. These include innovative products developed in response to a range of identified consumer needs, such as speed of relief and whitening. For the former, the CH Group first launched Sensodyne Rapid Relief in 2009 then developed and launched a formulation with an extensive clinical study, which provides clinically-proven fast relief and long-lasting protection. For the latter, the CH Group has launched tailored whitening variants of Sensodyne Repair and Protect—a product that can repair sensitive areas of teeth to relieve dentine hypersensitivity—which have increased penetration with sensitivity sufferers who also want the benefit of whitening.

The CH Group continues to enhance Sensodyne's product mix, including mouthwashes and toothbrushes, and increase value through premiumisation. Most recently, Sensodyne Sensitivity & Gum was launched—a dual-action toothpaste which combines sensitivity protection with a formulation which also targets gum problems (a further source of sensitivity).

The brand has continued to outperform the global toothpaste market, reflecting underlying brand strength, successful innovation and strong consumer uptake in traditional retail and e-commerce channels in the USA.

Polident

The CH Group is the global market leader in Denture Care (fixatives and cleansers) with leadership positions in seven of the top ten denture care markets. Denture care products are sold under three major brands—Polident, Corega and Poligrip ("Poli / Corega")—across approximately 80 countries. Poli / Corega is the leading denture care brand family, operating in both cleansers and fixatives at a global scale, and is highly recommended by dentists.

The CH Group has a deep human understanding of the profound impact and burden that wearing a denture can have on people's lives. Poli / Corega's purpose is to lighten the load for all dental appliance wearers, providing solutions that give people the confidence to live life without worrying about their dentures or appliance, granting them the security to eat, speak, kiss and smile freely. Poli / Corega's low-abrasive cleanser formulations help to keep dentures clean and fresh, killing 99.99 per cent. of odour-causing bacteria in lab tests, and Poli / Corega's denture fixatives contain key polymers which hold dentures securely in place. The Poli / Corega range includes products for denture wearers who wear either full or partial dentures, as well as for people with appliances including mouthguards and retainers.

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[45] Source: Oral Health Population Data—IPSOS Incidence Study Calculations 2015.

The CH Group continues to innovate and develop new product offerings under the Poli / Corega brand family. In 2017, Max Seal was developed as a fixative with an improved nozzle to help block out food particles. Cushion and Comfort was launched as a denture fixative utilising novel technology to create a protective gel layer to help prevent gum discomfort. Polident ProGuard and Retainer has been launched in the US as a fast and easy-to-use cleanser in both tablet and foam form, and is compatible with the materials most often used for removable dental appliances.

parodontax family

parodontax is among the fastest growing global toothpaste brands[46] and the largest gum health brand (outside of China)[47]. parodontax is dedicated to winning the fight against the devastating progression of gum disease and, alongside its sister brands, Corsodyl and Chlorhexamed (together, the "parodontax family"), it offers a range of specialist gum care products, which are designed for people looking to keep their gums healthy. While the CH Group has successfully built a sizeable presence in certain markets, including the USA, the parodontax family is yet to be introduced in many others, reflecting its potential for geographic expansion.

There are 2.5 billion people globally who suffer from gum disease, with an incidence of one in three people spitting blood when they brush their teeth (a sign of gum disease).[48] parodontax has a distinctive brand equity which seeks to de-normalise bleeding gums and thereby help address the world's sixth largest disease. Developed in 1937, parodontax has a long heritage in Europe in the prevention of gum disease, with its roots as a pharmacy-focused brand. parodontax Original, in most markets outside of the US, is formulated with sodium bicarbonate to help break down plaque, making it easier to remove, and it is clinically proven to be four times more effective at targeting the cause of bleeding gums compared to regular toothpaste. In the USA, stannous fluoride is used as the active ingredient, making parodontax Original three times more effective than a sodium monofluorophosphate toothpaste at removing plaque bacteria.

The parodontax family product range also includes mouthwash, toothbrushes, gel and spray. Corsodyl Intensive Treatment is used to treat the one third of gum sufferers who have persistent bleeding gums. Corsodyl Treatment mouthwash contains 0.2 per cent. chlorhexidine, which starts to kill the bacteria that cause plaque within 30 seconds; it also forms a protective antibacterial layer over the teeth and gums to prevent plaque build-up for up to 12 hours. The CH Group continues to expand its product range under parodontax. A new Active Gum Repair toothpaste launched in the USA in Q1 2021 and, in response to growing consumer demand for natural ingredient-based products, parodontax Herbal toothpaste was launched in 2019-2020 and continues to be rolled out across key markets.

Other Oral Health brands

The CH Group also has a number of locally important brands, which complement the Power Brands above. For example, Dr. BEST is the leading manual toothbrush brand in Germany. Reflective of its ambition to become the most sustainable toothbrush manufacturer globally, in 2021 the CH Group launched its first externally certified climate neutral toothbrush, Dr. BEST GreenClean, which features a handle made from renewable cellulose and wood-based bioplastic, bristles made of 100 per cent. renewable castor oil, and 100 per cent. plastic-free packaging.

VMS

The CH Group is the global market leader in the VMS category, owning three of the top 15 global brands: Centrum, Caltrate and Emergen-C, which together delivered revenue of £1.3 billion in FY 2021. Importantly, approximately 54 per cent. of the CH Group's VMS portfolio revenue in FY 2021 was in the key markets of the USA and China, which are expected to account for approximately 70 per cent. of total VMS market growth between 2020 and 2025.

Consumers around the world are taking an increasingly proactive approach to managing their own health. The CH Group's vision is to empower consumers to do this by providing solutions to help them achieve their holistic wellness goals. With its market leadership, recognised brands, innovation capabilities and scientifically supported claims, the CH Group is well positioned to support consumers on this journey.

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46 CH Group analysis of Nielsen and IRI data (2020).

47 CH Group analysis of 2020 third party market data.

48 Source: Oral Health Population Data—IPSOS Incidence Study Calculations 2015.

In addition to the favourable market dynamics and geographic reach of its business, the CH Group has identified a number of key opportunities to grow its VMS portfolio, including increasing the penetration of the CH Group's VMS brands across digital channels. Since the formation of the GSK/Pfizer JV, which incorporated the CH Group's leading VMS brands, the CH Group has made meaningful investments in its digital capabilities, which are now beginning to favourably impact performance. In FY 2021, the CH Group generated revenue of £ 1.501 billion across its VMS portfolio.

Centrum

Centrum is the world's number one selling multivitamin brand, offering a wide variety of formulations that support energy, immunity and metabolism, as well as eye, heart, bone and brain health. Launched in the USA in 1978, Centrum has built on decades of research and innovation and its purpose is to "build every body from the inside out." Centrum is now available in over 50 markets and is the best-selling multivitamin brand in over 15 markets. It is the most clinically studied multivitamin in the world.

Designed to help adults and children meet their diverse nutritional needs, Centrum multivitamin products contain up to 26 essential nutrients. They are devised with formulas which are developed based on review of latest dietary guidelines, scientific research, and recommended dietary allowances from the National Academy of Sciences and other regional/country specific nutrition recommendations. Exemplary of its long history of innovation, Centrum was the first major brand to add key nutrients to its products, such as beta-carotene in 1988, lutein in 1999 and lycopene in 2003.

Centrum has continued to innovate by introducing products which target the distinct nutritional needs of consumers. For example, the Centrum Benefit Blends range was launched in six variants in the USA and eight variants in Australia in 2021. Available in the USA in the form of capsules, mini-tablets or gummies and in Australia in the form of tablets or capsules to meet differing consumer preferences, Centrum Benefit Blends supplements are tailored to deliver distinct health benefits. In 2020, Centrum Minis were launched in the USA in order to address the consumer need for smaller pills which are easier to swallow.

As part of its growth strategy, the CH Group aims to maximise the reach of the Centrum brand by targeting wellness-focused consumers. In the USA, such consumers constitute 25 per cent. of consumers in the VMS market. The CH Group continues to develop its innovation and communication eco-system to support these consumers on their healthcare journey, including through engagement with social and healthcare influencers. The sustainable eco-system combines new product and content innovation with proactive data insights to deliver a more frictionless, personalised experience for consumers.

Other VMS brands

In addition to Centrum, a number of other locally important brands also provide the CH Group with leading positions in key markets. Two of these brands, Emergen-C and Caltrate, are highlighted below.

In the USA, Emergen-C leads the vitamin C market. Its purpose is to "fortify immune health to help consumers emerge their best." Starting as a niche vitamin dietary supplement drink (sold as an effervescent powder), Emergen-C has since demonstrated strong, consistent growth by expanding its penetration with more diverse consumer segments, increasing year-round usage and delivering innovation such as the gummy format and the botanicals line made from natural, plant-based ingredients.

Caltrate is a leading brand for bone and joint supplements and the CH Group's largest brand in China. In China, Caltrate, with its efficient high-volume calcium formula, is the second ranked calcium supplement brand and the third largest VMS brand. Caltrate is focused on providing support for strong bones and healthy and active movement. It has a wide range of products containing bone-essential nutrients such as calcium and vitamin D3 in the form of tablets, gummies and soft chews, with dedicated offerings for pregnant women, children and the elderly. The brand has a longstanding equity in bone health and a core consumer base of females over 45. However, since 2018, Caltrate has successfully expanded into joint health with its Caltrate Gluco range offering products that contain nutrients such as glucosamine and UC type II collagen. Caltrate has also successfully expanded its consumer base beyond females and into younger age groups. In late 2020, the brand successfully launched a calcium supplement based on gender-differentiated positioning.

Pain Relief

The CH Group is the global market leader in OTC pain relief, leading in both topical (creams and gels) and oral (ingested products) pain relief with a portfolio of well-known and trusted products to relieve pain and reduce

inflammation. Its global Power Brands, Panadol, Voltaren and Advil, as well as its other market-leading brands, including, among others, Fenbid, Excedrin and Grand-Pa, bring comfort and ease to millions through clinically proven therapeutic benefits, helping people manage their symptoms so that they can enjoy life to the full. Pain Relief is a focused category, with the CH Group's top five brands accounting for 95 per cent. of the CH Group's total Pain Relief category revenue in FY 2021. In FY 2021, the CH Group generated revenue of £ 2.237 billion across its Pain Relief portfolio.

Voltaren[49]

Voltaren is focused on restoring the "joy of movement" for body pain sufferers worldwide and is the number one OTC topical pain relief brand and the third largest OTC brand globally. The brand has a global footprint with sales in over 87 countries, including the USA where there was a successful Rx-to-OTC switch of Voltaren products in 2020.

Voltaren is primarily sold as a topical gel and it offers a range of other products across different markets, including patches, pills and liquid capsules. Most products contain diclofenac, a powerful nonsteroidal anti-inflammatory drug ("NSAID") recommended for the treatment of osteoarthritis, musculoskeletal disorders, soft-tissue injuries and acute or chronic pain. The CH Group has demonstrated continuous innovation, expanding its Voltaren Emulgel range through the introduction of novel formulations, notably Voltaren 12 Hour Emulgel. Voltaren 12 Hour Emulgel has been formulated for optimal absorption from skin to the site of pain and is also the only clinically proven formulation to achieve deep penetration. It provides up to 12 hours of pain relief and the active ingredient diclofenac reduces inflammation directly at the source. Voltaren and its active ingredient enjoy high levels of recommendation by health care professionals and medical associations worldwide, such as the American College of Rheumatology and the European League against Rheumatism.

The CH Group continues to respond to consumer needs under the Voltaren brand based on insights generated from both consumers themselves and from the feedback of healthcare professionals. The US launch of Voltaren Arthritis Pain was the first switch of a prescription-strength OTC NSAID topical gel for arthritis pain, helping the nearly 30 million people in the USA with osteoarthritis. This product followed the global launch of a new easy-open cap for Voltaren products to cater for the ageing consumer—an inclusive innovation that won the prestigious Drum Award for Packaging. In 2021, the CH Group introduced Voltanatura, an organic plant-based gel for soothing sore muscles.

Advil

Advil is the number two pain relief brand in North America and the fifth largest OTC brand globally. The brand is dedicated to "helping people reclaim life's possibilities" and for over 35 years, consumers and doctors have trusted Advil to deliver powerful relief from various kinds of acute pain, including headache, muscle ache, backache, minor arthritis, other joint pain and menstrual cramps, as well as the aches and pains of the common cold. Advil, which is ibuprofen-based and effective at relieving pain and fever, is the number one doctor-recommended NSAID among OTC adult pain relief brands in the USA.

The Advil product range includes tablets, caplets, gel caplets, liquid-filled capsules, suspensions and children's drops to address a broad range of pain relief needs. Advil PM combines the number one selling ibuprofen brand with the number one selling sleep medicine (diphenhydramine) to help relieve night time pain and sleeplessness. Advil Liqui-Gels, the first liquid-filled capsule in the USA, provides fast absorption for rapid pain relief. In 2017, the CH Group introduced Advil Liqui-Gels Minis for consumers who find capsules difficult to swallow, providing the concentrated power of Advil in a capsule that is 33 per cent. smaller than the standard Liqui-Gels. The CH Group also sells Advil Migraine, which is clinically proven to relieve migraine pain and related symptoms, and Children's Advil, for effective fever reduction, providing up to 8 hours of relief in one dose.

In 2020, the CH Group launched the first ingredient innovation in the US OTC systemic pain relief category in 25 years. Advil Dual Action is the first and only FDA-approved pain relief medication to combine the top two doctor-recommended and most widely used OTC pain relievers, acetaminophen and ibuprofen, into a single pill. The CH Group's research shows that consumers want to take as few medicines as possible, yet many use both ibuprofen and acetaminophen—which work in different ways—when treating their pain. Advil Dual Action allows consumers to take a lower daily dose of each medication in a single product that is scientifically backed to provide greater efficacy than the individual components, providing powerful, 8-hour relief.

[49] Voltaren operates under multiple different brand names around the world, including Iodex (India), Voltadol (Italy, Spain), Voltarol (United Kingdom, Ireland, Norway) and Cataflam (Brazil).

The CH Group is also committed to sustainability, and in 2021 Advil announced it was using a first-of-its-kind technology for OTC medicines which decreases the amount of plastic resin required to mould and craft 80 million Advil bottles by 20 per cent. This innovation is expected to reduce the amount of plastic in the environment by nearly 500,000 pounds by 2022 alone.

Panadol

Panadol has a global footprint covering over 90 countries and it is the number one systemic pain reliever outside of the USA and the seventh largest OTC brand globally. Panadol offers leading paracetamol-based products that provide fast and effective pain relief from headache, joint pain, fever and cold symptoms.

Panadol's purpose is to "bring freedom from pain so the human spirit can shine" and, with a track record of over 65 years in delivering innovative, high-quality and efficacious products, and a reputation for being effective but gentle, it has established itself as the most trusted pain relief brand in many of the CH Group's markets.

Panadol's expanding product range is designed to satisfy diverse and evolving consumer needs, with products also dedicated to night pain and period pain. During the COVID-19 pandemic, the CH Group built additional capacity to respond to the growing demand for Panadol to help treat the symptoms of pain and fever associated with COVID-19, including a highly successful post-vaccine programme, which won gold in Nicholas Hall's APAC Marketing Awards. Unlike standard paracetamol tablets, Panadol Advance ranges contain innovative Optizorb technology. This allows the tablets to disperse up to five times faster compared to ordinary paracetamol tablets, enabling rapid relief and helping consumers enjoy life to the full again.

Other Pain Relief brands

The CH Group's global Power Brands are augmented by a number of locally important brands which provide market-leading positions in key markets. Three of these are highlighted below.

Excedrin is a leading systemic pain relief brand in the USA (ranked fifth overall) focused on the relief of headaches and migraines, and has been providing trusted, fast headache and migraine relief to US consumers for over 60 years. Excedrin's purpose is to deliver fast relief for different types of headaches, with consumers having the choice between Excedrin Extra Strength, Excedrin Migraine, Excedrin Tension Headache and Excedrin PM Headache. The research-backed effectiveness of Excedrin's products makes the brand a trusted leader in head pain relief, with Excedrin Migraine being the number one neurologist-recommended OTC migraine treatment approved by the FDA.

Fenbid is the leading ibuprofen-based OTC pain reliever in China and the market-leading pain relief brand outside of traditional Chinese medicine. Its purpose is to "enable consumers to move forward and leave their pain behind." Fenbid provides solutions and formulations that are backed by science, including its popular 12-hour sustained release formula.

Grand-Pa is the largest pain relief brand in Sub-Saharan Africa and the number one Pain Relief (and overall OTC) brand in South Africa. Used by families for over 100 years, Grand-Pa's purpose is to "liberate people to keep moving their communities forward," by providing fast and effective relief for different types of pain, driven by formats that absorb fast. Grand-Pa's headache powder provides symptomatic relief from mild to moderate pain and fever. In 2021, supported by consumer-tested concepts, the CH Group modernised the Grand-Pa brand with the introduction of stick packs, which use sleek design packaging for ease of consumption on the go.

Respiratory Health

The CH Group is the global market leader in Respiratory Health. Respiratory Health is a more fragmented category, with local needs and consumer preferences in treating respiratory ailments far more diversified compared to other consumer healthcare categories. The CH Group's portfolio is accordingly positioned, with a larger number of brands catering to local needs. Key areas of the category where the CH Group competes include the £5.6 billion seasonal cold and flu market, the £1.9 billion topical nasal decongestants market and the £3.6 billion allergy care market.

The CH Group's focused approach to the Respiratory Health category is highlighted below through its Power Brands, Otrivin and Theraflu, as well as through examples of its other locally important brands, such as Flonase, Robitussin and Contac. In FY 2021, the CH Group generated revenue of £ 1.132 billion across its Respiratory

Health portfolio. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting the CH Group's Results of Operations and Financial Position—Seasonality*" for a discussion of seasonality in relation to the CH Group's Respiratory Health portfolio.

Otrivin[50]

Otrivin is the number one topical nasal decongestant brand worldwide, with a presence in over 40 markets and exists to "release the wonders of breathing well." Otrivin provides consumers with a complete suite of nasal care products, including both medicated and non-medicated nasal sprays for adults and children. The medicated sprays, such as the Medicated Complete Nasal Care Triple Action Nasal Spray, are designed to rapidly relieve the symptoms of nasal congestion and provide long-lasting benefits. This is achieved using the active ingredients xylometazoline and ipratropium, which unblock the nose within minutes, and last up to 10 hours, for better breathing. For consumers who prefer a non-medicated solution, Otrivin Naturals uses sterile seawater and sea salt solutions to draw away excess mucus, gently restoring nasal function.

In 2021, the CH Group launched the Otrivin BreatheClean range in response to growing consumer concerns about the impact of environmental pollution on breathing. Otrivin BreatheClean is a natural ingredient-based saline spray that helps to remove the trapped particulate pollution by washing it away. The range was successfully launched in India and Poland in 2021 and is contributing to strong growth for the brand across both markets.

Theraflu[51]

Theraflu is one of the world's leading brands in the seasonal cold and flu market, operating in over 50 markets with over 50 years of history and innovation. Its purpose is rooted in "fighting for a flu-safe world," with products that deliver effective relief from symptoms. The Theraflu range, consisting of syrups, hot liquid powders, caplets and capsules, provides products in multiple forms to meet consumer as well as market preferences.

The leading format in the Theraflu product range is its Hot Liquid Powders. Available in a range of flavours and drawing on extensive flu expertise, Theraflu has the power to provide symptomatic relief from cold and flu. Theraflu ProNatural Cough addresses consumers' desire to calm their coughs naturally and contains natural ingredients to help soothe coughs.

Other Respiratory Health brands

The CH Group's global Respiratory Health Power Brands are augmented by a number of locally important brands, which provide the CH Group with leading positions in key markets. Three of these, Flonase, Robitussin and Contac, are highlighted below.

Flonase is a leading allergy remedy in the USA with a presence across multiple other markets. Its purpose is to deliver allergy relief that lasts. Flonase nasal sprays provide 24-hour all-in-one non-drowsy allergy relief, targeting sneezing, runny nose, itchy and watery eyes plus nasal congestion, which most allergy pills are unable to treat. The Flonase range consists of the Flonase Allergy Relief Nasal Spray, the number one prescribed allergy medicine available OTC, and the Flonase Sensimist Allergy Relief, made with MistPro Technology that creates a fine, gentle mist that is scent free.

Robitussin is a leading US cough remedy with a history of over 70 years and a purpose to "deliver cough and other cold symptom relief solutions consumers can count on." It has a portfolio of products that provides effective relief for multiple needs. The product range includes both medicated and 100 per cent. natural, drug-free remedies for both adults and children, available in a variety of formats. Robitussin is also available across multiple markets outside the USA.

Contac is a well-known cold and flu brand in China. It has a range of respiratory health products known for their strong efficacy, including multi-symptom cold and flu medicines, nasal decongestion sprays and topical decongestion products.

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50 Otrivin operates under multiple different brand names around the world, including Rinazina (Italy), Rhinomer (Spain), ProRhinel (France) and Vibrocil (Portugal).

51 Theraflu operates under multiple different brand names around the world, including NeoCitran (Canada and Switzerland).

Digestive Health and Other

Digestive Health

The CH Group is the market leader in the global digestive health market with a portfolio of trusted, leading brands focused on key markets, in particular the USA (ranked first), India (ranked first) and Brazil (ranked second), each of which are in the top ten markets for digestive health products globally. The CH Group's key brands are described below. In FY 2021, the CH Group generated revenue of £ 1.951 billion across its Digestive Health and Other portfolio.

Tums

Tums is the leading OTC heartburn treatment in the USA with a range of products for the fast and effective treatment of heartburn and acid indigestion. Its purpose is to enable consumers to "fight back against heartburn fast." To maintain its position as the market share leader, the 90-year-old brand continues to reinvent itself through innovation and creative communications. Tums offers a varied portfolio of products in order to attract different consumer groups and broaden its utility. For example, Tums Chewy Bites, an antacid with a tasty outer shell and soft centre, aims to provide an enjoyable taste experience, attracting young category entrants, whereas Tums Naturals is an antacid containing no artificial flavours or dyes, appealing to health-conscious consumers seeking a more natural solution to their medicinal needs.

ENO

ENO is the number one OTC heartburn treatment in India and Brazil, with a range of antacid products (powders, liquids and tablets) that provide temporary relief from the symptoms of heartburn and gastric discomfort. ENO's purpose is to "free appetite for life" for people suffering from acid reflux or heartburn, through delivery of smart solutions to aid healthier digestion. ENO powder is notable for its speed of relief as it begins to work in six seconds post-consumption. In India, it is the CH Group's single most distributed consumer healthcare brand, with presence in over four million outlets. In Brazil, despite the challenges faced during the COVID-19 pandemic, the brand continued to increase its market share in 2020. This growth was partly driven by the launch of new products with innovative flavours and formats, such as the tutti frutti flavour.

The CH Group also sells a broad range of other digestive health products, particularly in the USA, where in addition to Tums its portfolio includes Nexium, Gas-X and Benefiber, among other brands.

Nexium is the number two heartburn treatment in the USA (behind Tums) and the number one choice for doctors for their own heartburn.[52] Nexium 24HR is an effective treatment for frequent heartburn. It works by blocking acid directly at the source to provide consumers with 24-hour protection, and potentially preventing heartburn before it even starts. As a long-acting treatment, the brand complements the CH Group's Tums portfolio, which is an effective treatment for occasional heartburn, and its antacid formulation provides consumers with fast-acting relief. The CH Group holds worldwide OTC rights to Nexium (excluding Brazil) under an agreement with AstraZeneca, which also involved an Rx-to-OTC switch for the brand in 2014.

Gas-X and Benefiber broaden the CH Group's Digestive Health portfolio beyond heartburn relief. Gas-X is the number one antiflatulent brand in the USA and Benefiber is a leading laxative in the USA (ranked sixth).

Other

The CH Group focuses on certain sub-categories in Skin Health, including Lip Care, Haemorrhoid Treatments and Wound Healers. In each of these sub-categories, the CH Group has leading positions in key markets as illustrated by some of its locally important brands including: ChapStick, the leading Lip Care brand in the USA; Bactroban, the leading wound healers brand in China; Preparation H, the market-leading haemorrhoid treatment in the USA; and Zovirax and Abreva, the world's two leading cold sore treatments, Further important Skin Health brands include the Lamisil antifungal brand and Fenistil, a treatment for skin irritations.

The CH Group also has leading positions in Smokers' Health through brands such as Nicorette, the leading brand in the USA, and Nicotinell, the number two brand globally.

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[52] Among primary care physicians who use a branded OTC proton pump inhibitor (Report by FRC, A Lieberman Company, September 2020).

Global reach

Overview

As one of the world's leading consumer healthcare businesses, the CH Group has a broad global reach with a number 1 or number 2 OTC/VMS presence in countries which represented over 70 per cent. of the world's OTC/VMS markets by value in 2020.

The CH Group's commercial organisation leverages the benefits of its global scale whilst maintaining accountability and agility at a local level. A global commercial organisation provides global brand management and marketing, insights and analytics, and digital commerce capabilities, where centralised expertise, scale and consistency provide value. Commercial execution is driven by business units at a local level structured into three regions: (i) North America; (ii) EMEA and LatAm; and (iii) APAC. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for a discussion of revenue for each region in FY 2021, FY 2020 and FY 2019.

The CH Group is the leading OTC/VMS business across all three regions, as well as one of the leading businesses in Oral Health, on the basis of sales to consumers in FY 2020.

CH Group ranking by region

Region	OTC/VMS	Oral Health
North America	1st	4th
EMEA and LatAm	1st	3rd
APAC	1st	5th
Overall	**1st**	**3rd**

North America

The North America region includes the USA, Canada and Puerto Rico, and is home to 5 per cent. of the world's population and 27 per cent. of global GDP.[53] The region is distinguished by a well-developed consumer healthcare market with a significant presence of mass retail and large drug store chains. Key market trends include a growing consumer interest in wellness products and alleviating healthcare issues, increased product personalisation to meet specific needs, and a growing e-commerce market, partially driven by the impact of the COVID-19 pandemic.

The North America region delivered £3.5 billion in revenue in FY 2021, representing 37 per cent. of the CH Group's total revenue.

The CH Group is the market leader in North America in OTC/VMS benefitting from a 7.9 per cent. market share, with leadership in Digestive Health and leading positions across Pain Relief (ranked second), Respiratory Health (ranked third), Skin Health (ranked second) and VMS (ranked third). It is ranked fourth in Oral Health with a top three ranking in Toothpaste and leadership in Denture Care.

The CH Group has a broad portfolio of brands in the region, including five of the top 20 OTC/VMS brands in the USA and a number of category-leading positions in the region, some of which are highlighted below.

SENSODYNE	No. 1 Therapeutic toothpaste[54] No. 3 Toothpaste overall	Emergen-C	No. 1 Vitamin C supplement
Advil	No. 2 OTC systemic analgesic	TUMS	No. 1 OTC heartburn treatment
Voltaren	No. 1 OTC topical analgesic	Nexium 24HR	No. 1 PPI[55] heartburn treatment
Centrum	No. 1 Multivitamin	NICORETTE	No. 1 smoking cessation treatment

53 Source: World Bank (2020).

54 Source: CH Group analysis based on sales to consumers as reported in Nielsen and IRI retail sales data for 2020-2021.

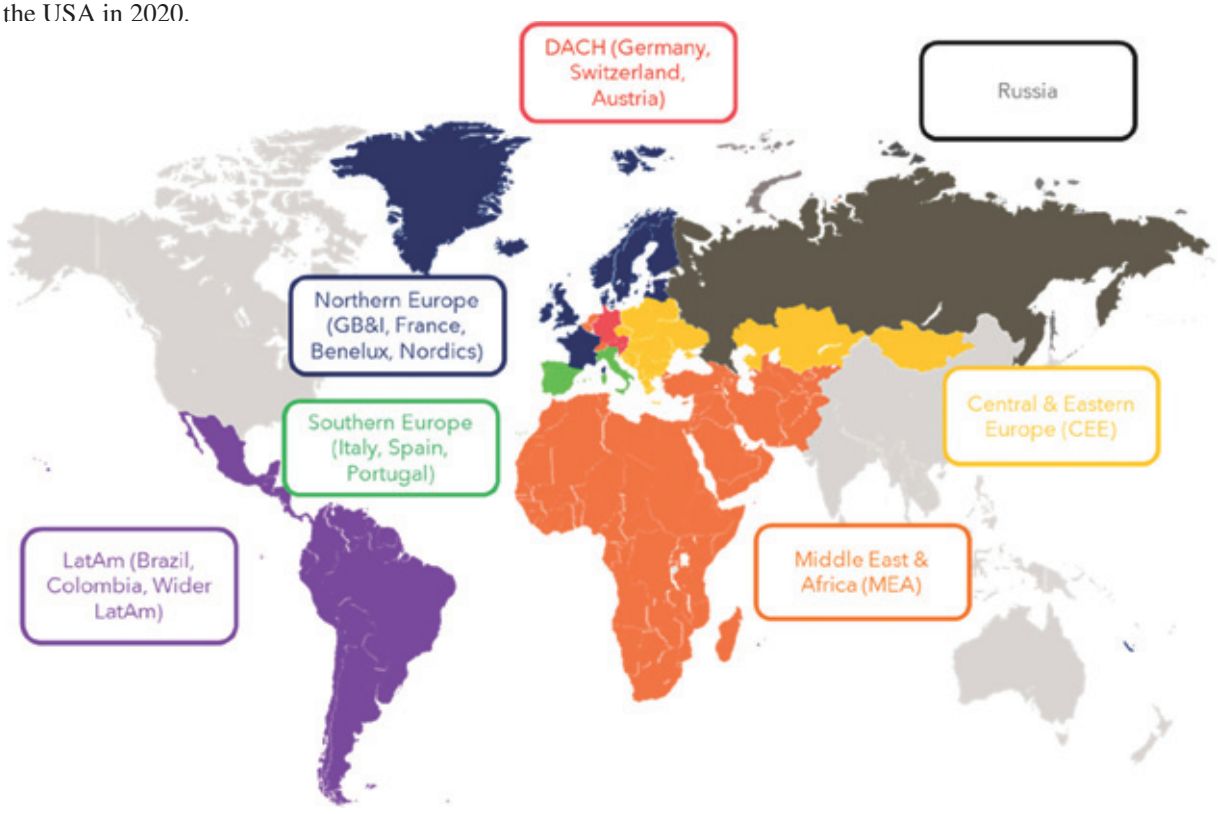
55 Proton pump inhibitor, a class of drug which reduces acid production by the stomach and has a longer duration of action than traditional antacids.

Consistent with its scale, the CH Group has broad distribution capability with over 245,000 points of distribution in the USA across all channels, including mass retailers, pharmacies, clubs, food and convenience stores and digital commerce. Similar to its competitors, while the CH Group maintains relationships with a variety of significant retailers across its key markets, sales attributable to its top five largest retailers accounted for 60 per cent. of the CH Group's revenue in the North American market in 2021. However, the CH Group's revenue is relatively balanced across key customers, with no customer accounting for more than 25 per cent. of the CH Group's revenue in the region in 2021.

The CH Group is a partner of choice among its top ten customers in North America. The CH Group has dedicated multifunctional top customer and channels teams in the region that cover sales, category development, consumer engagement, supply and finance.

Close partnerships are supported by the CH Group's two shopper science labs in New Jersey and Arkansas and consumer insights platforms, which enable the CH Group to conduct joint-business planning with key retailers. The CH Group's strategic partnership with Walgreens in the Pain Relief category supported the training of 75,000 in-store retail team members in the delivery of empathetic fit-for-purpose treatment for pain sufferers based on insights derived from the CH Group's shopper science lab. A similar partnership seeks to upskill the store sales teams in the VMS category based on the CH Group's science and insights generated in the shopper science lab. The CH Group has been recognised by several leading retailers since 2019, including Walmart, Walgreens and CVS with awards including "Supplier of the Year."

In the USA, the CH Group has invested heavily in digital commerce capabilities and marketing support and has significantly grown e-commerce sales since FY 2019, for example, having achieved market-leading positions in Toothpaste on Amazon and Topical Pain with Voltaren. Increased first-party data in the USA is facilitating the generation of insights that are leveraged back into the business. The CH Group has also made progress towards improving its customer experiences, including launching its first direct-to-consumer online store for ChapStick in the USA in 2020.



EMEA and LatAm

The EMEA and LatAm region is managed as a segment within the CH Group's structure. This is a large and diverse region, which is home to 44 per cent. of the world's population and 37 per cent. of global GDP.[56] Covering approximately 150 countries, the region is managed under seven business units: Northern Europe, Southern Europe, Central and Eastern Europe (including the Commonwealth of Independent States), Russia,

[56] Source: World Bank (2020).

DACH (Germany, Austria and Switzerland), Middle East and Africa and LatAm (Brazil, Colombia, Wider LatAm).

The EMEA and LatAm regions delivered £3.9 billion of revenue in FY 2021, representing 41 per cent. of the CH Group's revenue. In FY 2021, 44% of the region sales were in emerging markets and 56% in developed markets. Approximately 10,600 employees work in the EMEA and LatAm regions and the business is supported by 13 regional manufacturing sites located across the region, enabling local innovation and closer response to consumer demands.

The CH Group is the largest consumer healthcare business across EMEA and LatAm with leading positions across multiple categories, including Pain Relief (ranked first), Respiratory Health (ranked first), VMS (ranked third) and Oral Health (ranked third).

Overall	Voltaren No.1 pain relief	Centrum No.1 VMS	Otrivin No. 1 nasal decongestant	SENSODYNE No. 2 toothpaste
Germany	Voltaren No.1 pain relief	Aquafresh / SENSODYNE No.1 & No2. toothpaste	Centrum No.2 multivitamin	Dr. BEST No.1 manual toothbrush
UK	SENSODYNE No.2 toothpaste	Voltaren No.1 topical pain relief		
Italy	Voltaren No.1 pain relief	Centrum No.2 multivitamins		
Brazil	Centrum No.1 VMS	ENO No. 1 antacid	POLIDENT No.1 denture care	
South Africa	GRAND-PA No.1 OTC and pain relief	Centrum No.1 VMS	Aquafresh No.2 toothpaste	

In many EMEA and LatAm markets, OTC products are exclusively sold through the pharmacy channel. Nevertheless, mass market retail is significant for Oral Health and VMS products and, in certain markets, for OTC products, notably in the UK, Netherlands and Mexico. Overall the pharmacy channel represented approximately 60 per cent. of revenue in the region in FY 2021, mass market retail represented approximately 35 per cent. in FY 2021 and e-commerce made up the remaining approximately 5 per cent.[57]

Given the importance of independent pharmacies and pharmacy chains in EMEA and LatAm, the CH Group maintains a large dedicated sales force. The sales force provides account management, and drives excellence in store execution and expert advocacy on the CH Group's brands. In mass market retail, the CH Group has a weighted distribution level of over 80 per cent. and is ranked second. E-commerce is a relatively smaller proportion of the region's sales, but is growing at around 30 per cent. per year and its contribution to the overall sales mix in the region varies from 1 per cent. to 14 per cent. given the variety of regulatory environments and digital maturity across the countries.

As in North America, the CH Group supports its customers to improve their category performance, leveraging its shopper science and advanced technologies to support ranging, merchandising and space planning. For example, it uses Dragonfly AI to replicate the human eye and understand what grabs shoppers attention, as well as augmented and virtual reality to present new concepts for point of sale both instore and on line. The CH Group is also using image recognition technology to track distribution and the visibility of key products, across the points of sale. This enables the CH Group to collect insights to deliver efficient in-store execution of its brands.

APAC

APAC is a large, diverse and higher-growth region, home to 51 per cent. of the world's population and 36 per cent. of global GDP.[58] The region is split across five business units serving 22 markets incorporating both well-

[57] Source: CH Group analysis based on external data (Nielsen, IQVIA) YTD 2021).
[58] Source: World Bank (2020).

established markets such as Japan, South Korea and Australia, as well as rapidly growing markets including China, India and South East Asia. The region is distinguished by a rapidly emerging middle class fuelling a demand for increased self-care and product premiumisation, together with high levels of e-commerce in key markets, most notably China.

Asia Pacific region

APAC markets delivered £2.1 billion of revenue in FY 2021, representing 22 per cent. of the CH Group's revenue. Approximately 5,500 employees work in the APAC region and the CH Group's R&D centre in Suzhou, China develops new products for the region based on local needs and insights and collaborates with the six regional manufacturing sites to facilitate their introduction.

The CH Group is the market leader in the APAC region in OTC/VMS, with leadership positions in Pain Relief and VMS. In Oral Health, the CH Group holds the leadership position in Denture Care and Sensitivity Toothpaste (among the top five in Toothpaste). This has been achieved through a portfolio which includes eight brands[59] with leading market positions.

Overall	Sensodyne: No.1 sensitivity toothpaste[60]	Polident: No.1 denture care	Centrum: No.1 multivitamin	Caltrate: No.1 calcium supplement
China	Centrum: No.1 multivitamin	Polident: No.1 denture care	Caltrate: No.2 calcium supplement	
Australia	Sensodyne: No.1 sensitivity toothpaste[60]	Polident: No.2 denture care	Panadol: No. 1 systemic analgesic	Voltaren: No. 1 topical pain relief
Japan	Sensodyne: No.1 toothpaste[60]	Polident: No.1 denture care		
India	Sensodyne: No.1 sensitivity toothpaste[60]	ENO: No. 1 antacid		
Taiwan	Sensodyne: No.1 sensitivity toothpaste[60]	Centrum: No.1 multivitamin	Caltrate: No.1 calcium supplement	Panadol: No. 1 systemic analgesic

The CH Group's business in APAC is supported by broad local capabilities and expertise which provide it with the agility to respond to evolving consumer needs across the dynamic markets of the region. In addition to local

[59] Sensodyne, Caltrate, Centrum, Panadol, Polident, ENO, Fenbid, Bactroban.

[60] CH Group analysis based on IRI (2020) data.

commercial execution, the region's 5,500 employees also support R&D, marketing strategy and manufacturing. The CH Group's R&D centre in Suzhou, China develops new products for the region based on local needs and insights and collaborates with the five regional manufacturing sites to facilitate their introduction. With a strong regional network supply ecosystem, 82 per cent. of the CH Group's business in APAC is supplied within the APAC region.

In recognition of the diverse retailer and regulatory market landscape within APAC, the CH Group takes a varied approach to its distribution strategy across the region, which variously consists of direct sales to retailers, indirect sales made through distributors, or a combination of both methods depending on the channel dynamic of the given market and the scale of the CH Group's operations. In India, the CH Group's products are distributed by Hindustan Unilever Ltd.

The sales force within APAC is also deployed according to the structure of the relevant market. Centralised buying functions are managed by centralised account management in more developed markets, whereas smaller, independent customers are managed by territory managers and sales representatives. The CH Group's sales force in APAC consists of approximately 2,500 employees who are further supported by distributor sales representatives in certain markets. These teams are supported by the CH Group's shopper science lab in Singapore, which enables category management partnerships with key retail partners.

The APAC region leads the world in digital commerce with 61 per cent. of global retail e-commerce sales in 2020 (according to eMarketer, May 2021). The CH Group has invested heavily in this area. Through the prioritisation of digital programmes in APAC, e-commerce sales have grown by 36.3 per cent. in FY 2021.

One such programme in China is based on the latest developments in the online-to-offline ("O2O") services market. O2O services enable a seamless digital purchase experience for the consumer by combining physical retail pharmacy locations for sourcing and platform courier teams for collection and delivery. These services enable consumers to find product information and order medicines through O2O platforms and receive at home or to office delivery, typically within 30 minutes. The CH Group identified the potential for O2O services and established a dedicated O2O team to establish strategic collaborations with leading O2O platforms such as Meituan and Eleme (part of the Alibaba group).

The CH Group has established flagship e-commerce brand-specific stores run on Alibaba's T-mall platforms and collaborates with online health and consultation platforms such as We-Doctor and JD Health to enable consumer access to online advice, educational content, brand content and on some platforms also direct product purchase.

The CH Group has also developed strategic collaborations with the Alibaba group where its Digital Captaincy status in the VMS category enables access to a greater degree of data granularity in those categories, to better inform its planning and execution capability in marketing and commercial activity.

Besides its strong position on established e-commerce platforms such as T-mall, the CH Group is also actively expanding into social commerce on popular social engagement platforms such as Douyin. The CH Group has recently established stores for several of its brands on Douyin's platform so that consumers can immediately purchase products on the platform whilst engaging with the brand through content and livestreaming.

The CH Group has also established an in-house consumer data platform allowing 1st 2nd and 3rd party consumer data to be connected using advanced digital analytics. This enables richer and better targeted consumer engagement to meet consumers' healthcare needs more effectively through CRM and marketing programmes.

Engagement with Consumers

As a leading consumer healthcare business, the CH Group has broad capabilities in marketing, expert marketing, design, and consumer and business insights and analytics. These capabilities are complemented by a strong and growing capability in digital commerce.

Marketing

The CH Group has a clear purpose to deliver better everyday health with humanity and this drives the way the CH Group develops and commercialises its products. The CH Group believes it has a competitive advantage in everyday health with its human understanding, combined with its trusted science. The CH Group's brands are purposeful, founded in science and focused, not only on care, but on quality of life, empathy and inclusion.

By putting brand purpose at the centre of highly integrated campaigns, which are aligned across commercial, expert, marketing and R&D, the CH Group's human-centric brands help to deliver more emotional connections and relatable consumer-centric experiences to support better health outcomes.

For example, Voltaren's purpose is to restore the joy of pain-free movement for body pain sufferers worldwide.

A number of the CH Group's campaigns are enduringly famous, reflected in and recognised by the wide range of global and national marketing awards the CH Group has received. Sensodyne's famous dentist testimonial advertising was launched in 2004 and continues to offer authentic dentist recommendation to consumers across the world. Over 5,000 dentists have offered to recommend Sensodyne in the media, reflecting the significant numbers who do so every day.

Newer campaigns have also received considerable acclaim. For example, Theraflu's "roll up your sleeves" campaign and #FightingFluTogether to better meet the needs of underserved communities drove reappraisal of the brand and improved social sentiment scores for Theraflu.

The CH Group prioritises marketing with a positive social or environmental impact and incorporates social and sustainability goals aligned with brand purpose within its marketing strategies. For example, Otrivin's brand purpose is to "release the wonders of breathing well." Accordingly, Otrivin aims to raise awareness of the impact of air pollution on health reflecting growing consumer concerns. In 2021, Otrivin partnered with a European biotech company to build a playground that actively purifies the air as more children play in it. This is particularly pertinent given that 93 per cent. of the world's children are forced to play in spaces with unacceptable levels of air quality. This installation featured at COP26 and drove significant levels of earned media.

Historically, the CH Group has achieved multiple successes for its marketing campaigns, including design, creative impact, effectiveness and digital. This includes high-profile Gold and Grand Prix awards at Cannes Lions, the Institute of Practitioners in Advertising, The Effies, Red Dot and D&AD.

The CH Group continues to evolve its marketing operations and in 2021 it opened its pioneering in-house content studio, CaST. CaST provides end-to-end content production, allowing the CH Group to be agile and cost-effective in its content development, delivered via in-house subject matter experts and underpinned by technology. This production model also helps the CH Group to advance its creative effectiveness through dynamic creative optimisation ("DCO"). In a six-month period in 2021, CaST delivered 32 DCO campaigns across 17 markets leading to a significant increase in click-through-rate. The marketing function also continues to embrace technology, such as artificial intelligence ("AI") and in 2020, Sensodyne launched Trio, the world's first machine learning and AI-enabled mobile experience, which assesses people's risk of having sensitivity. Trio is designed to give users personalised treatment advice and a sample product or coupon, based on a picture of a user's mouth and a short questionnaire filled out by the user. Trio has been launched as a pilot across multiple markets, including some of Sensodyne's fastest growth markets, such as China and India. Additionally, the CH Group utilises an industry-leading AI tool designed in partnership with Google and Picasso Labs—Creative X—which scans over 15,000 video assets in 56 markets and provides recommendations for creative improvements following YouTube best practices.

Commercial insights and analytics

Achieving a deep understanding of consumers, shoppers, experts and retailers is pivotal to the mission of the CH Group.

The CH Group benefits from investments in in-house research facilities to solicit live shopper feedback. This is used to improve pack designs, point of sale materials and shelf layouts, including research tools to reach shoppers in their own homes, which the CH Group utilised extensively during the COVID-19 pandemic.

In addition, the CH Group's shopper science labs provide real-life and digital store environments across all retail channels to recreate shopping scenarios to understand shopping behaviour, so that it can tailor and personalise category and brand execution. This is supported by its centre of excellence for shopper psychology, shopping insights and category management.

The CH Group uses its observatory tool to provide marketers, R&D and other teams across the organisation with direct access to the full breadth and depth of its knowledge base and to support their collaboration. This tool encompasses over 8,000 insight and analytics projects, nearly 1,000 tested concepts, over 20 specialist subject libraries, and links to over 30 other dashboards and research sources. It is updated in real time and new insights are added nearly every day.

Consumer insight and understanding are further built through a number of complementary marketing initiatives. For example, by partnering externally with InSites Consulting, the CH Group has developed an extensive toolset to provide enhanced consumer insight. This has been supported by more traditional large-scale key audience survey data and qualitative interview information.

By enabling on-demand engagement with almost "any audience anywhere" via established external partnerships to provide insight globally, the marketing organisation has flexibility to identify and utilise the optimal market research approaches to identify commercial opportunities, while taking into consideration commercial objectives, target audiences and timing requirements.

The CH Group uses an extensive toolset to spot emerging consumer trends with disruptive potential in order to support it shape the future of everyday health. Its toolset is designed to discover and frame trends impacting

health and wellness, to monitor their expression over time and to prioritise those that will rise and endure. The CH Group's proprietary and comprehensive global trends framework monitors forces of change, trend territories and over 20 trends which have the highest adoption and disruption potential. Combined with tools to monitor fresh trend signals from search, social and in market competitor activity, this enables the CH Group to identify and react to global and local innovation opportunities, thereby driving incremental sales.

Digital capability

Deep human understanding attained through the CH Group's data partnerships and insights process is enhanced by digital capability. The CH Group was an early adopter of the Tech Stack (Google), creating direct ownership of and access to audience data. Additionally, the CH Group uses Publicis' PeopleCloud (cloud-based marketing platform) to leverage relevant data sets to better identify and connect with its growth audiences. The CH Group has systematically applied a data-driven approach to marketing via PeopleCloud across its markets of operations, which enables it to target similar customers and continuously learn and grow its customer base. By responsibly balancing privacy and personalisation, the CH Group is able to build long-term relevant relationships with consumers across all of its brands.

Marketing campaigns are planned via digital-first connection planning, generating and placing content made relevant for events, seasons, formats, cultural occasions and even weather patterns. One of the CH Group's advancements in predictive marketing is a proprietary tool called TRGR, or Trigger. This pulls in data signals that help pinpoint where and when the CH Group's audiences are more or less receptive to its messages. It employs a set of bespoke and customised business rules to provide dynamically personalised content designed to drive the CH Group's visibility in key moments, while delivering improved cost efficiency and stronger performance. Digital media spend has reached approximately 50 per cent. of media spend, fuelled by robust return on investment metrics from marketing effectiveness tools.

More broadly, the CH Group has increased its investment in digital capability across the business to improve overall speed and efficiency. Data, a key enabler for growth, is a particular area of focus as it allows the CH Group to better understand its consumers and customers. In 2020, a dedicated data team of data scientists, innovation specialists, user experience designers and data apprentices was set up to build the data strategy and governance processes in readiness for a future standalone business. The team is also focused on building data literacy across the business to enable it to extract the most value from its data, which will accelerate the CH Group's digital transformation and support more effective decision making.

As part of the recent transformation of the business, the CH Group places significant focus on enhancing the digital capability and literacy of all of its people. In 2020, it launched the Digital Commerce Academy, an online learning platform with training modules, playbooks, planning frameworks and other resources to help embed core digital commerce learnings and behaviours. Since launch in August 2020, more than 5,600 employees across over 84 countries have completed training through the platform as of 1 March 2022. The academy complements the digital accelerator programme, which rolled out in 2020 in the EMEA region, following a successful launch in APAC in 2019. The programme is designed to drive sales through digital commerce and promote a digital-first culture by integrating external digital experts within teams. Building on this, in 2021, the CH Group announced a partnership with University College London to create an industry first, exclusive digital commerce mini-MBA, which is available for all of the CH Group's employees. As a university-level educational certification, the programme represents a first for the consumer industry.

The acceleration of investments into digital infrastructure and media channels has created a more efficient, transparent and connected path to consumers. The CH Group has re-balanced its digital investment to reflect consumer changes, while the increased use of digital channels has also enabled it to analyse data to a greater degree, delivering key consumer insights and enabling the targeting of specific audiences and consumer needs that previously may not have been addressed.

The CH Group has begun to see significant success where it has made investments in digital. In the 2020 launch of Voltaren in the USA, e-commerce formed a key pillar of the successful brand launch. Two billion media impressions were earned through traditional TV and online video advertisements. Similarly, during the Advil Dual Action launch, 588 million YouTube impressions were made.

Notably, the CH Group's first US website for Voltaren, VoltarenGel.com, was recognised by the Arthritis Foundation as the world's first arthritis-friendly website and obtained Gold Distinction in the 13th Annual Shorty Awards. Among other features, the website implemented accessibility features such as voice search and scalable

font sizes to account for the possibility that users might have arthritis in their hands that would make it difficult to navigate a website.

Overall, US e-commerce sales grew to 12 per cent. of revenue in 2021 (8.7 per cent. in 2020). There has also been similar growth in e-commerce sales in other important markets such as China, the UK and Germany.

Engagement with Experts

Overview

The ability to engage appropriately with experts within the healthcare community is a key driver of the CH Group's performance. The CH Group's capabilities in expert engagement are one of its key strengths and it is widely recognised as a partner of choice by healthcare professionals.

There are approximately 10 million healthcare professionals globally addressing the conditions the CH Group serves and collectively they have the capacity to make an astonishing 52 billion recommendations every year. Importantly, consumers take these expert recommendations seriously and often act upon them. For example, 85 per cent. of pharmacist recommendations lead to a purchase.

The CH Group has a dedicated approach to building relationships with experts, healthcare professionals and external leaders based on trusted advice, recommendations and trial of its products. This is supported by its purpose to "deliver better everyday health with humanity" and is sustained by the knowledge that expert engagement has a direct impact on everyday health behaviours. The CH Group is differentiated by its commitment to trusted science and strict policies on scientific engagement, both of which provide a strong foundation for its engagement with the healthcare community.

Nurturing genuine relationships with the scientific and healthcare community also generates significant benefits for the CH Group which go beyond the direct generation of sales through expert recommendations. Expert engagement generates insights that inform product design and support clear communication of product benefits to consumer populations. It also helps to ensure that the CH Group has early visibility on unmet category needs.

Expert field force

The CH Group maintains a large, dedicated consumer healthcare expert field force that engages with doctors, dentists, pharmacists and other healthcare professionals across all of its key markets and has a reputation that scores positively in terms of service. The CH Group's research indicates that the field force's "called-on" experts make more recommendations per week than experts that are not called on and this has a direct impact on product performance.

Digital

In addition to its expert field force, the CH Group engages with a broad group of healthcare professionals through its digital tools. The CH Group has dedicated digital channels for experts in 38 markets and has a specialist digital team that engages with experts and healthcare professionals via a dedicated portal, webinars, personalised learning, email marketing, social media, searches and paid media channels.

Conferences and events

The CH Group believes that one of the most effective ways of ensuring that consumers and patients feel heard and reassured is by respecting, valuing and supporting the experts that care for them. As a result, it runs a number of above brand and audience-led initiatives that support the wellbeing, professional development and, where appropriate, business acumen of expert audiences.

In addition, the CH Group has a presence at all major healthcare professional conferences, which are growing in reach with the addition of virtual capabilities. The CH Group also presents symposiums on topics relevant to its products and categories and publishes in peer-reviewed publications globally.

Partnerships and initiatives

The CH Group also engages with experts across a range of global and regional initiatives which are relevant to its brands and categories. These allow the CH Group to build trust with the healthcare community and they also provide useful insights to support future innovation and increase engagement for the CH Group and its products.

The CH Group recently partnered with the International Federation of Pharmacists ("FIP") to commission research amongst their four million professional members on the impact of air pollution on respiratory health. FIP is the global federation of national associations of pharmacists and pharmaceutical scientists and it has 151 member organisations worldwide. The partnership has resulted in pioneering research on the impact of air pollution on respiratory health and a thorough understanding of the barriers that exist to optimal self-care, including health literacy.

In a similar way, the CH Group's partnership with world-leading scientific experts and Smile Train, a non-profit organisation providing corrective surgery for children with cleft lips and palates, led to the world's first cleft care consensus guidelines in 2020 and an inclusion of cleft care in the World Health Organisation ("WHO") resolution for oral health. When the cleft care consensus guidelines were activated in India, recommendations of Sensodyne increased significantly.

R&D

The CH Group's dedicated consumer healthcare R&D organisation has a track record of successful innovation and the generation of product claims supported by scientifically robust clinical evidence. It also has a critical role in supporting the compliance of the CH Group's existing and new products with varied, complex and moving regulatory requirements in over 170 markets in which the CH Group operates. It is differentiated by its global reach, broad capabilities, its leading position in Rx-to-OTC switches and its ability to combine cutting edge science with deep consumer understanding.

Capabilities

The CH Group's R&D organisation's multidisciplinary talent pool of approximately 1,400 highly skilled scientists combines OTC and FMCG experience and represents a wide range of scientific disciplines including scientists, medics, dentists, nutritionists, formulators, engineers, regulatory professionals and flavour scientists. The CH Group's category-level marketing and R&D teams lead the strategic agenda of the Power Brands and drive and execute at scale the CH Group's innovation pipeline. Local marketing and R&D teams drive the growth and innovation agenda of the local strategic brands and execute local market-relevant innovations for the Power Brands. This organisational setup maximises speed of implementation, utilises dedicated supply chains and tailors for consumer specificities. See also "*—Global Reach*" above, and "*—Quality and Supply Chain*" below.

The CH Group has three state-of-the-art R&D centres in Richmond, Virginia, USA (OTC/VMS), Weybridge, UK (Oral Health), and Suzhou, China (all categories in the Chinese market) providing it with a broad range of in-house scientific capabilities. Among other capabilities, these sites possess: (i) fast prototyping and scale equipment for early stage development; (ii) imaging capability with high specification instrumentation; and (iii) analytical chemistry, product chemistry, sensory, packaging, process engineering, microbiology and stability capabilities. The R&D centres also support scale-up and technical transfers to manufacturing and provide end-to-end support for small-scale manufacturing. These capabilities are augmented by further consumer-centric capabilities, including consumer behavioural facilities and sensory and flavour science laboratories. In addition, the CH Group has embedded innovation resources which support local business units and enable the CH Group to recruit R&D talent globally to develop products closer to its consumers and tailor innovation for local consumer needs.

The CH Group believes that the ability to support its products and claims with trusted science is critical to its relationship with consumers and healthcare professionals. In support of this, the CH Group has dedicated capabilities to support both clinical trials and real world studies of its products and innovations. The CH Group has conducted over 65 clinical studies involving over 6,000 participants over the last five years, whilst the successful Rx-to-OTC switch of Voltaren in the USA in 2020 was supported using consumer survey data in markets where Voltaren is already an OTC medicine. The R&D function's expertise is also reflected in its track record of publications, peer-reviewed journal contributions and patents, including 296 publications and over 70 patent applications filed within the five years to end of 2021.

The CH Group's R&D organisation places the understanding of the consumer at the heart of its innovation processes and draws on its dedicated in-house sensory and flavour science labs and consumer and shopper facilities to design products with the consumer in mind. The CH Group's R&D scientists regularly connect with consumers via digital channels to obtain early feedback on innovation and the CH Group also monitors e-commerce reviews and utilises data-driven tools to better understand trends, unmet needs and areas of

opportunity. Advanced visualisation techniques enable the CH Group to translate scientific benefits to consumers in an accessible manner.

The CH Group also maintains world class regulatory and medical teams who are embedded across multiple markets. This enables the CH Group to rapidly launch innovations, maintain compliance on existing products, and engage in and enhance the self-care regulatory landscape—a capability which is a barrier for other smaller players. To illustrate this point, the CH Group has completed over 19,000 regulatory applications and approvals around the world in the last three years.

The CH Group augments its internal capabilities through dedicated business development and external innovation teams that scout and in-licence leading technologies. Innovation is further supported by a large external ecosystem including established suppliers and contract manufacturing organisations. Over 30 per cent. of the CH Group's pipeline originates from external partnerships.

Rx-to-OTC switches

The CH Group has an enduring and world-leading capability in Rx-to-OTC switches. The switch of prescription products to OTC status is a key source of innovation and growth in OTC and requires expertise in medical, regulatory and commercial matters. The CH Group has a differentiated switch and direct-to-OTC consumer capability with a proven track record, having successfully completed four switches (Nexium, Flonase, Sensimist and Voltaren) in the USA in the last eight years, more than twice as many as any other business. The CH Group's capabilities in switches are long-standing, with the CH Group and its predecessors having switched 20 products since 1990. Additionally, the CH Group successfully completed one new drug application in 2020 (Advil Dual Action). These capabilities are a key differentiator and the CH Group has a long-standing dedicated in-house team composed of R&D and commercial experts, with a track record of switching both GSK and non-GSK products.

Going forward, the CH Group expects new switch opportunities to be increasingly supported by digital technology to increase product awareness and availability, to enable better self-care and to deepen direct relationships with consumers.

Selected innovations

The Contac product range includes a nasal decongestant tablet that gives fast and effective relief of seven cold and flu symptoms. In China, to address the Ministry of Health's policy restricting pseudoephedrine-containing OTC medicines, the CH Group was able to in-licence appropriate technology and use its scientific and market expertise to overcome significant regulatory and technical challenges to launch the Contac Revive innovation in August 2020.

In 2021, the CH Group upgraded its core Sensodyne Repair & Protect franchise with the launch of Sensodyne Repair & Protect Deep Repair. The CH Group leveraged a previously acquired novel technology, NovaMin, which was based on findings from bone implant technology. This enables a deep and targeted occlusion of dentine tubules, in turn helping to reduce dentine hypersensitivity.

A further recent innovation in Oral Health is the launch of Sensodyne Complete Protection in January 2022, where the CH Group has created a formulation which offers all-round oral care benefits, such as cavity protection and enamel strengthening, while still providing Sensodyne's clinically proven sensitivity protection.

In February 2021, the CH Group launched its Centrum Probiotics range in China. The R&D function developed the products using certified probiotic strains imported from Denmark. The launch was the CH Group's first major move to expand Centrum beyond being a purely multi-vitamin and minerals brand, and was achieved within seven months from project initiation, reflecting the CH Group's agile R&D capabilities.

In 2020, the FDA approved Advil Dual Action with acetaminophen as an OTC product for pain relief. The exclusive formula, launched in June 2020, is the first FDA-approved OTC combination of ibuprofen and acetaminophen in the USA.

Across 2019 and 2020, the CH Group upgraded its Voltaren franchise across Europe with the introduction of two patented, award winning, packaging solutions. Detailed consumer work highlighted that convenience and ease of opening were key trial barriers. A "no mess" applicator removed the need for direct product contact with hands. Additionally, observing the target arthritis group's use of the original product led to the introduction of the arthritis friendly "easy open" cap.

As part of its wider sustainability strategy, the CH Group has committed to developing solutions for all of its packaging to be fully recyclable or reusable by 2030 (where quality, safety and regulations permit). Within Oral Health, extensive stability and quality testing is underway to ensure that all of the 1.1 billion toothpaste tubes produced by the CH Group each year are made recyclable (first wave launched in August 2021 for Sensodyne Pronamel in Europe). The CH Group is also redesigning its toothpaste caps with ergonomic upgrades to reduce plastic use by 10 per cent. The Dr. BEST bamboo toothbrush (launched in 2020) and the Dr.BEST first climate-neutral toothbrush made from renewable resources (launched in 2021) are further recent innovations highlighting the CH Group's sustainability strategy.

For further information on the CH Group's R&D-driven innovations, see *"—Categories and Brands*" above.

Quality and Supply Chain

Overview

The CH Group operates a supply chain which combines a network of 24 in-house dedicated consumer healthcare manufacturing sites with a number of third-party contract manufacturing organisations ("CMOs").The CH Group derives important commercial and competitive benefits from the large historical investments it has made in its footprint, infrastructure, quality control systems and people. It benefits both from the economies of scale from its large multi-region manufacturing sites and from its ability to manufacture with agility and scale on a regional level, close to its consumers. In addition, the quality and supply chain organisation's track record in consistently meeting the rigorous compliance requirements of national regulatory bodies, demonstrated via successful quality inspection outcomes, is the result of investment, expertise and a cultural commitment to quality which are difficult to replicate. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key factors affecting the CH Group's results of operations and financial position—Supply chain*" above for a discussion of the key factors impacting the CH Group's supply chain.

CH Group Internal Supply Network[61]

Scale manufacturing at a local level

As one of the largest consumer healthcare companies in the world, the CH Group is able to deliver the cost benefits of scale manufacturing both at multi-region supply sites such as Dungarvan and Nyon, and through regionally focused sites close to its customers such as Suzhou and Oak Hill.

Every year, the CH Group supplies more than 3.5 billion consumer packs globally, including approximately 1.7 billion tubes of toothpaste, approximately 55 billion individual tablets and high volumes of liquid doses, gels

[61] The manufacturing sites in Argentina and Brazil will be transferred to the CH Group following Separation, pursuant to the Asset Transfer Framework Agreement (see "*History and Development of The CH Group—The Demerger and Further Preparatory Steps—Separation Agreements*").

and creams. Approximately 70 per cent. of consumer packs are sourced internally within the CH Group, with the remainder through a network of CMOs.

The CH Group's ability to manufacture locally at scale is illustrated by some of the CH Group's key sites:

Levice, Slovakia	Supply of the CH Group's full portfolio of toothpaste at competitive cost across EMEA at a volume in excess of 600 million tubes annually.
Dungarvan, Ireland	Supply of up to six billion tablets of Panadol annually in addition to the full range of denture cleansers and fixatives.
Nyon, Switzerland	Supply of more than 200 million units of the Power Brands Voltaren and Otrivin.
Guayama, Puerto Rico	Supply of all Advil, Centrum and Emergen-C products for North America. The production of Emergen-C was consolidated into Guayama as part of the CH Group's ongoing supply chain efficiency programme following completion of the Pfizer Transaction to add further scale leverage.
Suzhou, China	This is a dedicated China supply site combining agility for new product introduction and manufacturing at scale for key local products. The recent addition of a second facility was designed to support growth and expansion of the VMS product range.

The CH Group's manufacturing footprint is well aligned geographically with its key markets around the world. This allows products to be regionally sourced and more easily tailored to local needs whilst also reducing the costs and risks associated with single-sourced global manufacturing. For example, the six in-region manufacturing sites in APAC supply 82 per cent. of the region's products and work closely together with the Suzhou R&D organisation to facilitate the rapid introduction of innovative region-specific products. The geographically aligned sourcing of products also provides a natural currency hedge, helping to mitigate the impact of foreign exchange movements.

Complementary mix of internal and external supply

The CH Group's supply chain includes approximately 180 external CMOs which supply approximately 30 per cent. of its consumer packs. While the CH Group has consolidated its CMO network in recent years as part of its ongoing supply chain efficiency programme, it has many ongoing long-established relationships with high quality and trusted CMOs. These relationships allow the CH Group to access specialist dose forms, for example, in manual toothbrushes, sprays and patches, while supporting the CH Group's agility in meeting changing consumer demands and providing innovation and responsive new product introduction in all geographies.

Fully invested systems infrastructure

In support of the internal and external network of manufacturing sites, the CH Group maintains a robust and up-to-date systems infrastructure including a single SAP enterprise resource planning system at 22 of its 24 internal sites, separate from that of the GSK Group and covering demand forecasting, supply planning, new product introduction and artwork management. These investments enable seamless interaction across the supply chain whether production is sourced internally or externally from CMOs.

Ongoing synergy delivery from the integration of the Novartis and Pfizer consumer healthcare businesses

The CH Group continues to benefit from the scale advantages arising from the combination of both the Novartis and Pfizer consumer healthcare businesses with GSK's consumer healthcare business. Over the past six years, the network rationalisation programme has reduced the CH Group's internal network from 41 sites inherited from the legacy GSK Group, Novartis and Pfizer businesses to 24 and the CH Group's supply network continues to deliver significant synergies from the integration of the six legacy Pfizer sites and CMO network. In FY 2021 over £90m Cost of sales synergies were delivered with additional synergies projected in 2022.

Robust quality and compliance

The CH Group's supply chain infrastructure is distinguished by high quality standards and rigorous compliance procedures which are applied both to internal sites and the CH Group's CMO partners. These allow consumers, healthcare professionals and regulators to be confident in the CH Group's products.

The effectiveness of the CH Group's quality management systems is validated by ongoing strong performance in external regulator audits. The CH Group's supply chain is subject to multiple regulatory inspections every year by national medical regulatory bodies including the FDA and the UK Medicines and Healthcare products Regulatory Agency. Since 2019, there have been more than 200 inspections by national regulatory bodies with a 99.5 per cent. success rate across the internal supply network.

The CH Group has continued to invest to sustain this strong quality and compliance record in order to keep ahead of evolving regulatory requirements. Recent investments include an updated quality management system, enabling enhanced end-to-end compliance capability and efficiency and electronic batch records deployment into key internal manufacturing sites.

Efficient and customer-oriented warehousing and logistics network

Following the integration of both the Pfizer and Novartis consumer healthcare businesses, the CH Group's warehousing and logistics network has been reviewed and optimised to meet efficiency and customer service requirements for the combined portfolio and channel mix.

In markets with well-developed infrastructure and established third-party OTC distribution capabilities, for example in North America and Western Europe, the CH Group operates through large-scale distribution centres. In Europe, to further leverage scale and to enable efficient inventory and service management, the CH Group operates warehouses covering multiple markets, often in conjunction with multi-language packs. Typically, distribution centres are operated with expert third parties in order to leverage scale, expertise and technology platforms. In all cases, distribution centres, whether in house or third-party, must comply with the CH Group's rigorous quality compliance standards and are subject to the CH Group's audit process.

Ensuring supply continuity

The CH Group benefits from a comprehensive risk management programme which applies across all of its sites to minimise potential disruption of supply to customers and patients. This is supported by independent risk assessment of each manufacturing site. The CH Group continues to drive down risk in its sites with a robust risk management approach and a strong environmental, health and safety risk reduction programme. Supply continuity is also supported by the CH Group's history of strong relations with its site-based employees and union representatives presently, fewer than 50 per cent. of the CH Group's sites are unionised.

The CH Group sources from approximately 2,500 direct material suppliers in approximately 65 countries. While, in broad terms, packaging supply and raw material supply takes place at a local or regional level, the sourcing and supply of active pharmaceutical ingredients and excipients is typically at a global level. To assist the mitigation of packaging and raw material sourcing risks, the CH Group operates a dual-sourcing programme, which prioritises critical items where risk is highest and revenue dependency is significant. As of 31 December 2021, 75-80 per cent. of the CH Group's materials supply by spend was sourced from more than one supplier and it expects this to increase to 85-90 per cent. by the end of 2023. Where dual sourcing is not expedient or feasible, for example with unique specification materials (such as supplier IP-owned flavours, or bespoke/IP-owned packaging applications), the CH Group mitigates risk through holding higher inventories and sourcing from multiple production sites owned by the same supplier.

Enabling the CH Group's sustainability agenda

The supply network plays a key part in the delivery of the CH Group's ambitious sustainability goals with a number of key initiatives.

To support the global efforts to mitigate the impacts of climate change, the CH Group has implemented renewable electricity generation at 12 of its 24 internal sites and is aiming to reduce its net Scope 1 and 2 carbon emissions by 100 per cent. by 2030 (versus its 2020 baseline).

The CH Group's supply network is also implementing a broad range of other environmental and sustainability initiatives. For example, the CH Group achieved Zero Waste to Landfill certification across its network in 2021 and expects to achieve sustainable sourcing of palm oil in 2022. From a product perspective, the introduction of 100 per cent. recyclable toothpaste tubes and carbon-neutral plastic-free toothbrushes has commenced in Europe and the CH Group is working towards the implementation of pioneering recycling solutions for tubes and blister packs by 2030.

Intellectual Property

Trademarks

The CH Group's meaningful and distinctive brands are of central importance to its business. Accordingly, the CH Group employs a global trademark strategy to ensure that it has extensive and geographically wide-reaching trademark coverage to protect their reputation and goodwill. As of 1 March 2022, the CH Group owns 30,368 trademark registrations and applications in multiple jurisdictions worldwide. These are managed centrally at CH Group level in order to ensure robust portfolio management and consistency.

The CH Group's Power Brands have the most extensive level of trademark coverage, with rights filed to cover relevant word marks and logos in all major markets. Local strategic brands in the CH Group's key markets have coverage in their relevant markets. There is also substantial coverage for the CH Group's other leading brands worldwide. Along with the comprehensive worldwide coverage, the CH Group has particularly extensive trademark protection for its products in the USA and China, both being key markets for the CH Group.

The CH Group has adopted the trademark HALEON as its corporate name. Prior to adoption, extensive brand clearance work was carried out in all key markets across the full range of goods and services that the CH Group operates in, and anticipates operating in, and clearance in such key markets was obtained. Trademark applications have been filed in all countries in which the CH Group operates.

The CH Group has worldwide exclusive, royalty-free and sub-licensable licences for certain OTC products from both Novartis (including Voltaren and Lamisil) and the GSK Group (including Flixonase, Bactroban and Zovirax). These shared brand licences are perpetual, subject to material breach by or insolvency of the relevant member of the CH Group, and exclusive in relation to consumer healthcare products, subject to customary exclusions.

Additionally, the CH Group licences certain brands to and from third parties, including Nexium (OTC only), which is a worldwide in-licence from AstraZeneca (excluding Brazil); Nicorette, which is a US in-licence from Johnson & Johnson; and Nicoderm, which is a US in-licence from Sanofi.

The TSK&F Joint Venture in China markets several of the CH Group's OTC brands locally (including Contac, Fenbid and Bactroban). The main trademarks for the marketed products are generally owned by, or licenced to (from the GSK Group or Novartis as shared brands), the CH Group and licenced to the TSK&F Joint Venture.

The CH Group routinely monitors the trademark activities of competitors and takes timely legal action to appropriately enforce its trademark rights against infringing third parties and ensure that the CH Group's brand reputation, goodwill and value are protected. This action is employed through infringement litigation in courts, enforcement actions at national intellectual property authorities or by direct negotiations.

Patents

The CH Group employs a global patent strategy that endeavours to protect the CH Group's R&D innovations and commercial products and strengthen the CH Group's competitive position in the global consumer healthcare market. The CH Group currently has, as of 1 March 2022, approximately 1500 granted patents and approximately 300 patent applications globally, including patents and patent applications relating to many of the CH Group's Power Brands.

Patents in consumer health play a vital, but different, role than patents in other health-oriented fields such as pharmaceuticals and vaccines. Consumer health-based patents rarely, if ever, solely cover a new active pharmaceutical compound by itself, because nearly all consumer health-based products use well-known, established active pharmaceutical compounds whose original patents have long since expired. Instead, consumer health-based patents focus on all aspects of a product itself, such as the formulation, method of manufacturing, delivery device, packaging, method of treatment, and design. Through careful evaluation of the different unique features of each consumer health product, the CH Group's products are often protected by multiple patents covering a variety of distinct features of the product. This results in less reliance on individual patents for a product's commercial success, and the inability to obtain patent protection for one feature of the product can often be offset by patent protection of a different feature. Consequently, the CH Group does not consider any single patent to be critical to its overall financial health and success.

The CH Group's global patent portfolio provides a number of competitive advantages in the consumer health industry. The CH Group's diversified approach of patenting multiple features of a product make the market entry

of competitors with copy products difficult. Moreover, many of the CH Group's patents cover technology closely related to the CH Group's products, creating a further buffer of patent protection. Particularly during the early stages of new product launches, patent protection delays competitor entry into the marketplace and provides a competitive advantage of time for exclusive development of brand goodwill and market share prior to later entry of competing products. The existence of granted patent rights also enables the CH Group to advertise, promote, and mark its products as being patented. This supports the CH Group's marketing campaigns, builds endorsements from healthcare professionals and increases consumer awareness of innovative technology being used in the CH Group's products. Further, some of the CH Group's US patents, including certain patents covering some Advil products, cover products which qualify for listing in the US FDA Orange Book, which provides statutory exclusivity periods.

In addition to mitigating patent infringement risks, including through the active use of Freedom to Operate clearances early in the R&D process to assess potential liabilities presented by competitor patents, the CH Group's global patent strategy invests resources in offensively enforcing patent rights. The CH Group routinely monitors the activities of competitors and takes timely legal action to assert the CH Group's patent rights when appropriate. This allows the CH Group to retain the competitive advantages provided by the patent portfolio and to protect market share by seeking legal remedies, such as injunctions or monetary damages, to deter, prevent, or delay competitor entry.

The CH Group's patent portfolio further generates value to the CH Group through the licensing of patents to outside parties covering technology that is not of commercial value to the CH Group. The CH Group also utilises the patent portfolio as leverage during business negotiations, facilitating the creation of cross-licensing arrangements with competitors in lieu of litigation.

The CH Group in-licences certain third-party patents that support the CH Group's business goals, including patents from companies with technical expertise in particular areas that the CH Group seeks to commercialise. The CH Group also partners with third parties to accelerate, develop, and/or commercialise new products in a cost-effective manner by utilising the knowledge of external experts in a particular field.

Designs and other IP

In addition to the CH Group's large patent and trademark portfolios, the CH Group further strengthens brand value through protection of distinct brand designs, such as packaging designs. As of 1 March 2022, the CH Group has 1,057 granted and pending designs which are managed centrally at CH Group level. There is also copyright and unregistered intellectual property protection for pack designs and unregistered brands to the extent available in a given country.

Domains

As of 1 March 2022, the CH Group owns 5.815 domain names, which are managed centrally at CH Group level.

Domain names for the CH Group's corporate names have also been reserved, including "Haleon.com" and "Haleon.cn".

Environmental, social and governance

The CH Group's purpose is to deliver everyday health with humanity and this informs the CH Group's relationships with all of its stakeholders as well its approach to stewardship of natural resources. The CH Group has ambitious goals in relation to health inclusivity, its environmental impact, and supporting the communities where it operates together with a commitment to robust corporate governance practices across its business so as to enable it to maximise its positive impact on society.

The CH Group's ESG strategy is led centrally by a core team of experts with representation on the management team and with a track record of ESG programme delivery in the consumer goods and healthcare industries. Central strategy and coordination is complemented at a business unit level by the incorporation of ESG objectives into the CH Group's operational and performance targets, ensuring that ESG is integral to how it manages its business and drives value creation for all of its stakeholders.

Tackling environmental issues impacting everyday health

The CH Group's commitments to a healthy environment can be seen in four areas in particular: (i) carbon and climate change; (ii) sustainable healthcare packaging: (iii) trusted ingredients, sustainably sourced; (iv) operational waste and water. The commitments are brought to life through product innovations.

With respect to carbon and climate change, the CH Group understands the impacts of fossil fuel emissions and a warming planet on human health, whether it be through the impacts of extreme weather events, the exposure of new regions to climate-driven infectious diseases or the direct risks posed by air pollution to respiratory and cardiovascular health. Building on the steps already taken while part of the GSK Group, the CH Group is taking a robust approach to addressing its carbon footprint.

To support the global efforts to mitigate the impacts of climate change, the CH Group has implemented renewable electricity generation at 12 of its 24 internal sites and is aiming to reduce its net Scope 1 and 2 carbon emissions by 100 per cent. by 2030 (versus its 2020 baseline). The CH Group intends to purchase or self-generate renewable electricity to cover 100 per cent. of its demand by the end of 2022. In addition, the CH Group aims to reduce its Scope 3 emissions by 42 per cent. from source to sale by 2030 (versus its 2020 baseline). This level of carbon emissions reduction is aligned to the Intergovernmental Panel on Climate Change 1.5°C pathway. Following Separation, the CH Group intends to seek formal accreditation of its carbon commitments by the SBTi, including the setting of a longer-term carbon net zero goal informed by the latest SBTi guidance.

In packaging, the CH Group aims to develop solutions for all of its product packaging to be recycle-ready by 2025 and to be fully recyclable or reusable by 2030 where quality, safety and regulations permit. The CH Group aims to reduce its use of virgin petroleum-based plastic by 10 per cent. by 2025 and one-third by 2030 versus its 2020 baseline. The CH Group will work with partners to drive global and local initiatives to collect, sort and recycle Consumer Healthcare packaging at scale by 2030.

The CH Group looks to leverage external partnerships to achieve its environmental goals. It is part of the Pulpex partner consortium with Diageo, Unilever and PepsiCo, which looks at introducing first-in-class pulp packaging made from sustainably sourced pulp. The CH Group is further exploring the design and piloting of Pulpex bottles across several key brands in its Oral Health and OTC/VMS portfolios, including its global Power Brand Centrum.

The CH Group aims for all of its agricultural, forest and marine-derived materials to be sustainably sourced and deforestation free by 2030. In 2020, the CH Group's sites that were its largest users of glycerine, its most material palm oil derivative, achieved Roundtable on Sustainable Palm Oil[62] mass balance certification. As a next step in continuously improving the CH Group's sourcing of sustainable palm oil, it is progressing towards buying physically certified palm oil derivatives. From 2022, the CH Group is providing funding towards several projects with ASD (Action for Sustainable Derivatives) to drive positive impact on the ground by improving the livelihoods of smallholders and providing support to increase the availability of sustainable sourced palm oil.

With respect to operational waste and water, the CH Group aims for all of its sites to achieve the Alliance for Water Stewardship ("AWS") Standard[63] by 2025, with all sites in water-stressed basins to be water-neutral by 2030. One achievement in this area is at the Cape Town site, which is located in a high-stress water basin. Here, the CH Group has reduced its water consumption by over 50 per cent. since 2010 and the site is on track to become the first water-neutral site across the manufacturing network by the end of 2022. The CH Group aims for all of its manufacturing sites to achieve TRUE certification by 2030[64].

Additionally, the CH Group has been implementing its sustainability agenda through its product innovations. The carbon-neutral Dr. BEST Green Clean toothbrush is an example of sustainable innovation. It begins with renewable raw material sourcing from sustainable forests and bio-composite material from the woodwork industry for the handle, has bristles made from 100 per cent. castor oil, and has plastic-free packaging.

To better understand the brush's improved carbon footprint, the CH Group engaged with specialist consultancy firm, Climate Partner, which found the footprint was reduced by more than 50 per cent. when compared with the standard Dr. BEST toothbrush. The remaining footprint is offset through a community-based Climate Partner project in Madagascar. The CH Group is working on further innovation to reduce the carbon footprint even further with the ultimate goal of reducing it to zero.

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62 Roundtable on Sustainable Palm Oil ("RSPO") is a not-for-profit organisation with over 4000 members, dedicated to developing and implementing global standards for sustainable palm oil. The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil. When they are properly applied, these criteria can help to minimize the negative impact of palm oil cultivation on the environment and communities in palm oil-producing regions.

63 AWS is a global alliance between businesses, NGOs and the public sector promoting good water stewardship. The AWS Standard is a globally applicable framework for major water users to understand their water use and impacts, and to work collaboratively and transparently for sustainable water management.

64 TRUE is the first zero waste certification programme dedicated to measuring, improving and recognizing zero waste performance by encouraging the adoption of sustainable materials management and reduction practices which contribute to positive environmental, health and economic outcomes.

Inclusivity

Health inclusivity is fundamental to the CH Group's purpose to deliver everyday health with humanity, as everyday health is impacted by social exclusion and as bias and stigma prevent people from accessing better everyday health. The CH Group is taking a leading position in educating and empowering people to achieve better self-care and to provide accessible, affordable health care solutions through its products.

The CH Group aims to empower millions of people a year to be more included in opportunities for better everyday health, empowering 50 million people a year by 2025. It aims to achieve this in three key ways (i) driving change through its brands (ii) empowering self-care; and (iii) investing in thought leadership and research. The CH Group's social impact from such activities will be measured according to the nature of the activity. For example, the CH Group developed an inclusive easy-to-open cap for Voltarol pain relief gel and will count the number of potential arthritis sufferers rather than the total number of purchases in its reporting.

The CH Group is collaborating with The Economist Group to develop an index to promote awareness of health inclusivity and ongoing and productive dialogue with policymakers and healthcare professionals. The programme assesses the state of health inclusivity in 40 countries across four to five indicators (increasing to 80 countries in later phases), with the data being made available to consumers and stakeholders though an interactive index hub.

The index will be hosted on The Economist website in an interactive hub to enable open access so that stakeholders can use the data to perform their own analyses. In the first year, this output will be used to raise awareness and build further understanding of the drivers of health inclusivity. It is intended to facilitate meaningful dialogue with and among key stakeholder groups who share an interest in improving health inclusivity, particularly investors, policymakers, healthcare professionals and external experts, as well as the media, consumers and customers. The outputs will equip the CH Group with insights to inform its own actions and help identify opportunities for partnerships and wider coalitions of action in the medium to longer term to drive health inclusivity.

The CH Group has also seen the synergistic benefits of its inclusivity focus in driving preference and growth among retailers in multiple markets. For example, the US Tums "Bring Diversity to the Table" campaign run at Walmart in 2020, which donated culinary and nutrition scholarships with the Thurgood Marshall College fund, was awarded incremental displays in 2,400 Walmart stores during the competitive holiday period and helped to deliver an increase in revenue for the Tums brand.

Corporate governance

The CH Group strives for best-in-class corporate governance, which can be illustrated in three areas. First, at a Board level, the Chair and Directors have been selected based upon the capabilities, experience, diversity and regulatory requirements for a consumer healthcare company. The Directors have a commitment to transparent reporting and disclosure and are subject to a robust code of conduct.

Second, Board-level governance and committees have been established to ensure alignment with all requirements of the UK Corporate Governance Code (see "*Consumer Healthcare Business—Directors and Senior Management*").

Third, the CH Group's internal and external operational governance, links in directly to Board-level governance, enabling rapid escalation and visibility. This includes a focus on key performance indicators, principal risks, supplier code of conduct and quality requirements, internal employee training and the use of responsibility scorecards to promote the right behaviours.

Dividend Policy

Should the Demerger proceed, Haleon expects to adopt a dividend policy, which will reflect the long-term earnings and cash flow potential of the CH Group, consistent with maintaining sufficient financial flexibility for the CH Group and meeting the CH Group's capital allocation priorities (see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and capital resources.*" This dividend policy is expected to be guided by a 30-50 per cent. pay-out ratio with initial distributions at the lower end of that range, subject to Board approval. Haleon expects to pay a dividend to its shareholders in relation to the second half of 2022 in 2023, subject to Board approval and following approval of the Haleon's FY 2022 results.

Regulatory Overview

The CH Group's activities are subject to a rigorous regulatory framework on a local and international level that conditions and affects the CH Group's activities. The process of obtaining regulatory approvals and ongoing compliance with applicable laws, regulations and other requirements require the expenditure of substantial time and financial resources.

The following is a summary of the regulatory landscape applicable to the CH Group's business in the key markets in which the CH Group operates. Where there are material differences, the applicable local regulatory framework is also summarised in respect of the USA, EU and/or China, being key markets for the CH Group's business from a regulatory perspective. See "*—OTC Medicines*," "*—Medical Devices*," "*—Food (dietary supplements)*," "*—Cosmetics*" below which summarise the applicable laws, regulations and other requirements that are materially relevant to the CH Group's consumer healthcare products.

The CH Group has products in a number of different regulatory classifications. From a regulatory perspective, the majority of the CH Group's products can be categorised according to four principal regulatory classifications: (i) OTC medicines; (ii) medical devices; (iii) foods; and (iv) cosmetics. These classifications and their application to a given product in a given market may vary according to jurisdiction, the nature of the product and changes in law, among other variables. For example, while supplements are typically regulated as foods, in certain jurisdictions they may be regulated as medicines where they mitigate disease states or their ingredient levels exceed locally defined maximum thresholds for supplements. Accordingly, certain products will be subject to varying levels of regulation in different markets.

Additional laws, regulations and other requirements materially relevant to the CH Group's business are summarised in "*—Clinical Trials for OTC Medicines,*" "*—Claims and Labelling*," "*—Consumer Safety and Quality*," "*—Pricing*," "*—Environmental and Health and Safety*," "*—ABAC, AML and Sanctions*" and "*—Data Privacy*" below.

OTC Medicines

Medicines are broadly defined as any product (or any ingredient(s) of such product) with an intended use to treat, prevent or cure a disease or medical condition. There are two main classifications of medicines: (i) those requiring a prescription; and (ii) those that can be bought over-the-counter without a prescription. Examples of OTC medicines include analgesics such as ibuprofen and paracetamol (known as acetaminophen in the USA); indigestion remedies such as antacids; and decongestants such as xylometazoline and oxymetazoline.

Regulation of OTC medicines

In general, regulations applicable to prescription medicines also apply to OTC medicines. Regulations relating to manufacturing, testing, facility registration and inspection, clinical trials, importation, safety monitoring and risk management apply equally to both classifications. The principles followed are the guidelines and standards published by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ("ICH"), of which the USA, the EU and China are all members. The ICH brings together regulatory authorities and the pharmaceutical industry to discuss scientific and technical aspects of pharmaceuticals and to develop ICH guidelines. The ICH guidelines cover quality, efficacy and safety aspects, among other topics. There are additionally often specific regulations that apply to OTC products to address unique issues common to these types of medicines.

USA

In the USA, the CH Group must comply with laws, regulations and other requirements promulgated by numerous federal and state authorities, including the FDA and other agencies and divisions of the Department of Health and Human Services, the Drug Enforcement Administration and other agencies of the Department of Justice, the Consumer Product Safety Commission, the Environmental Protection Agency, Customs and Border Protection (for imports and exports), the Federal Trade Commission and state agencies. Applicable legal requirements govern, to varying degrees, the research, development, manufacturing, commercialisation and sale of the CH Group's products, including pre-clinical and clinical testing, approval, production, labelling, sale, distribution, import, export, post-market surveillance, advertising, dissemination of information and promotion. Failure to comply with applicable legal requirements can result in product recalls, seizures, injunctions, refusal to approve or withdrawal of approval of product applications, monetary fines or criminal prosecution.

The FDA is the principal regulator of OTC medicines. Its authority comes primarily from the Federal Food, Drug and Cosmetic Act of 1938, as amended. In addition to reviewing New Drug Applications ("NDAs") for branded drugs and Abbreviated New Drug Applications ("ANDAs") for generic drugs and overseeing the OTC drug monograph framework, the FDA has the authority to ensure that drugs introduced into interstate commerce are not "adulterated." For these purposes, adulterated means that the product or its manufacture does not comply with FDA quality and related standards. A drug is adulterated if, among other things: (i) it is prepared under unsanitary conditions such that it may have been contaminated or may cause injury to patients; (ii) its manufacture does not comply with Good Manufacturing Practice ("GMP"); (iii) it does not comply with an official compendium; (iv) its strength, purity or quality differs from that which it purports to possess; or (v) it is manufactured, processed or held in a facility which refuses FDA inspection.

EU

In the EU, medicinal products are subject to extensive pre- and post-marketing regulation by regulatory authorities at both the EU and Member State (national) levels. The EU system is based on a closely coordinated regulatory network of national competent authorities in the European Economic Area working together with the EMA and the European Commission, whose principal role is to take binding decisions based on the scientific recommendations delivered by the EMA. The network was built to help ensure that safe, effective and high-quality medicines are authorised throughout the EU, and that patients, healthcare professionals and citizens are provided with adequate and consistent information about medicines.

China

In China, the NMPA is the primary regulatory authority. Its objectives are: (i) to supervise the safety of drugs (including traditional Chinese medicines and ethno-medicines), medical devices and cosmetics; (ii) to regulate the registration of drugs, medical devices and cosmetics; and (iii) to undertake associated standards management. There are a number of institutions affiliated with the NMPA, including: the National Institutes for Food and Drug Control; the Chinese Pharmacopoeia Commission; the Center for Drug Evaluation ("CDE"); the Center for Food and Drug Inspection; the Center for Drug Reevaluation; and the Center for Medical Device Evaluation. China has significantly updated its regulatory framework under the Drug Administration Law of 2019, issuing new regulations to modernise the healthcare system.

Marketing authorisation process

A licence is generally required to market a medicine. Regulatory agencies issue a product licence based on a marketing authorisation application ("MAA") dossier. A dossier is compiled and submitted to regulatory authorities in accordance with local regulations. Once a licence is granted, the marketed product must be compliant with its registered details and any change to the technical details requires an update to the registration. However, in some instances, local regulations may allow marketing without a specific prior approval, provided defined criteria are met.

The licence indicates the legal status of the product: prescription or OTC, as well as any other restrictions on the marketing or use of the product. Regulatory agencies may have different views on whether a particular product is appropriate to be marketed as OTC in their countries.

In some instances, a regulatory agency may issue certain conditions for approval, referred to as post-marketing commitments or obligations. This may mean that the company must conduct a Phase IV (or post-marketing) study in order to provide the agency with additional information about the use of the medicine in the general population under marketing conditions. Failure to comply can result in licence revocation.

Site inspections

Site inspections are a routine aspect of a regulatory authority's review of the MAA to ensure medicines are manufactured in accordance with GMP. Inspections by the FDA or EU agencies may be recognised for registration in international markets outside of the USA and EU. However, some local regulatory authorities require conduct of their own site inspections. Scheduling and waiting for the results of these site inspections is time consuming, often adding one to two years to the registration process.

USA

In order to market and sell a new drug product in the USA, a drug manufacturer must either: (i) file an NDA that shows the quality, safety and effectiveness of the new drug; (ii) file an ANDA that demonstrates equivalence of a

generic to another company's branded drug product; or (iii) comply with the OTC drug monograph requirements, which are the rules for each therapeutic category establishing conditions, such as active ingredients, uses, doses and testing, under which an OTC drug is generally recognised as safe and effective and can be marketed without an NDA and FDA pre-market approval.

EU

In the EU, application dossier content requirements for medicinal products are set by the European Commission and, like the USA and many other markets, are aligned with ICH guidelines. There are several administrative mechanisms to request regulatory approval of a medicine (both prescription and non-prescription): (i) the centralised procedure, which is an EU authorisation route resulting in a single marketing authorisation valid in all EU Member States and EEA countries; (ii) the mutual recognition procedure, resulting in a mutually recognised product (used where a product is already authorised in at least one Member State and approval is sought in at least one other Member State); (iii) the decentralised procedure, resulting in a mutually recognised product (used where a product is not already authorised in any Member State and the centralised procedure is not available or selected); and (iv) the standalone national procedure for authorisation in a single Member State.

China

In China, applications to market medicinal products are covered under the Drug Registration Regulation 2020, which covers, among other requirements, GMP and requirements of good clinical practice ("GCP"). "Technical guidance", issued by the CDE, indicates Chemistry, Manufacturing and Control data and both clinical and non-clinical requirements. The key elements of any regulatory application are quality, safety and efficacy, and, until recently, there has been one process for the registration of all medicines in China, irrespective of prescription or OTC status. However, the new Drug Registration Regulation 2020 provides an alternate process for OTC medicines, which maintains the principles of quality, safety and efficacy.

Post-marketing authorisation

Compliance with registered details and post-marketing changes

Once the marketing authorisation licence is granted, the company is required to comply with the conditions of approval and must always ensure that the product label used in the market is compliant with the registration and that the product is manufactured and supplied in compliance with registered details.

Non-compliance can lead to product recalls or other action by the regulatory authority, often posted publicly. This may involve fines, licence revocation and/or increased inspection of the manufacturing sites and/or other products marketed by the company.

Any changes to registered details relating to the marketing authorisation require registration updates, which may require regulatory authority approval (and potentially a review fee) prior to implementation. This mostly applies to changes that could impact product quality (manufacturing implications), safety or efficacy (e.g. a new indication). When such approval is required, the review times vary depending on the type and extent of the change. Following approval, the changes form part of the licence requirement and must be implemented within the timeframe required by the local regulator.

Licence maintenance and expiration

Many regulatory authorities grant licences that are effective for a specified period of time, after which a renewal application must be submitted to continue to market the product. This renewal period is typically every five years. Once a licence is granted, it is the company's obligation to keep the licence effective. If a product is never marketed or if a renewal application is not submitted on time, the licence is lost.

Other OTC medicines regulations

Rx-to-OTC switches

An Rx-to-OTC switch refers to the process by which the legal classification of a drug changes from Rx (prescription) to OTC (non-prescription) status. This involves the generation of extensive supportive data to establish that the drug can be used safely and effectively by consumers based only on their understanding of the product labelling and without the intervention of a healthcare professional.

Rx-to-OTC switches require in-depth consideration of the inherent safety profile and efficacy of a drug, balanced with mitigation of the potential increased risks associated with OTC availability. They also require consideration of the capability of consumers to use the product appropriately based on labelling and associated instructions.

For a drug to be suitable for OTC status: (i) the indication must be for a condition that a consumer can recognise themselves; (ii) the benefit of the product must exceed the risks (including any potential adverse events being of low incidence and easily identifiable by consumers); (iii) the potential to misuse or abuse the drug must be low; (iv) the labelling of the product must be compliant (see "*—Claims and Labelling"* below); and (v) there must be data demonstrating the efficacy and safety of the product. This supporting data includes detailed analysis of the drug's safety from clinical studies and in-market use, as well as label comprehension studies and sometimes "actual use" studies, which demonstrate appropriate consumer selection/deselection and product use that complies with label instructions.

Other market-specific requirements

National authorities sometimes have requirements and internal procedures for assessing product quality, efficacy and safety for marketing authorisations, for example, requiring local market study data to demonstrate relevance to the target market population. However, many requirements can be managed by providing additional certificates or notarising documentation to provide assurance of data authenticity from markets where permits or approvals have already been obtained.

Certificate of Pharmaceutical Product

The WHO, in an effort to assist smaller regulatory authorities with marketing authorisation applications, particularly those that may not have the ability to assess product quality independently, established a recommended format for a Certificate of Pharmaceutical Product ("CoPP"). This certificate is required by the importing country as part of the local registration procedure in certain markets. CoPPs are issued for each drug product. Many countries require, or strongly prefer, a CoPP issued by the regulatory authority in the country of manufacture (or "source" CoPP). Some countries accept a "non-source" CoPP, but this is typically by exception. Before requesting a CoPP, the medicine must first be registered and, in many cases, marketed.

Import and export

USA

Importers of medicines to the USA must comply with United States Customs and Border Protection documentation requirements and examination. Perceived violations will be refused admission and a notice of detention and hearing may be issued. If the FDA ultimately refuses admission, a redelivery notice may be received with a notice for damages for up to three times the product value.

Products for export from the USA are subject to the import requirements of the importing foreign country and, if the product is not approved in the USA, the company must apply to the FDA for appropriate export documentation.

EU

Manufacturers and importers of medicinal products located in the EEA must hold a manufacturing authorisation issued by the national competent authority of the Member State where such activities are being carried out. The manufacturer or importer must have a qualified person who is responsible for certifying that each batch of product has been manufactured in accordance with EU GMP before releasing the product for commercial distribution in the EU or for use in a clinical trial. Manufacturing facilities are subject to periodic inspections by the competent regulatory authorities for compliance with GMP.

China

Imports to and exports from China follow the same principles as the USA and EU. Chinese importers must provide necessary documents (including, for example, import drug licence, GSP licence, business licence, imported batch product's certificate of analysis/country of origin/order/commercial invoice/packing list/bill of lading, local drug test report and historic import evidence, in each case as applicable) to the provincial healthcare authorities or NMPA, who in turn provide a customs form for the importer to present at China customs. Failure to meet the requirements results in the rejection of goods at the border.

Where medicines are being imported, an import drug licence is required, which grants the manufacturer the right to register, import, sell and use the imported drug in China. In the application process for the import drug licence, the NMPA: reviews a dossier documenting the quality, safety and efficacy of the drug; verifies the quality specification of the drug; and performs a sample test on three batches of the drug. Once granted, the licence remains active for a five-year renewable period.

Medical Devices

Medical devices are broadly defined as products which a manufacturer intends to be used to diagnose, prevent, monitor, predict, treat or alleviate disease. Devices generally achieve their purpose by physical modes of action; the principal intended action may not be pharmacological, immunological or metabolic.

Classification of medical devices

Although different regulatory authorities have different systems of review before a medical device can be marketed, they all apply a risk management approach to classify devices. All medical devices must satisfy safety and performance, quality system (some low-risk devices may be exempt) and labelling requirements. The degree of regulatory scrutiny increases with the potential risks of the medical device.

The purpose of risk classification is to ensure that the regulatory controls applied to a medical device are proportionate to the risk. Most markets have an overall I-III classification system, with class I being the lowest risk and class III being the highest. Class III devices usually support life, present high risk of illness or injury, or are implanted. Examples include pacemakers and catheters. Class II devices present more moderate risk to the user and include, for example (under the MDR (as defined below) in the EU), denture cleansers, denture adhesives, pain-relieving heat patches and therapeutic toothpastes. Class I devices have the lowest perceived risk and include devices such as, liquid medicine measuring cups, spectacles and bandages. The CH Group's products, throughout its global portfolio, are largely classified nationally as Class II or Class I medical devices.

The regulatory requirements increase as the device risk class increases. These regulatory controls may include, for example, those in relation to: (i) the operation of a quality system for all devices; (ii) the need for and frequency of independent external audit of the manufacturer's quality system; (iii) a reference technical file with support data defining performance and controls; (iv) independent external review of the technical data;

(v) product testing using in-house or independent resources; and (vi) documentation of relevant clinical evidence to support the manufacturer's claims.

Market Authorisation

USA

In the USA, most Class III devices and new devices that are not substantially equivalent to an already legally marketed product require clearance through a Pre-Market Approval ("PMA"). There must be documented safety and effectiveness data for the device and clinical data is required. Where a PMA is not needed, most Class II and some Class I devices require a 510k submission, which must demonstrate how the proposed medical device is substantially equivalent to a medical device that is already on the US market and an FDA clearance decision is generally received within 150 days. Most Class I and some Class II devices are exempt from a 510k submission before sale, but are still subject to general control requirements. For low-risk products for which there is no legally marketed substantially equivalent device in the USA (and therefore the 510k submission is inappropriate or has resulted in a not substantially equivalent determination), there is the De Novo classification request. This provides a pathway to classify novel medical devices for which general controls alone, or general and special controls, provide reasonable assurance of safety and effectiveness for the intended use. The De Novo review is a stringent process. Devices that are classified into Class I or Class II through a De Novo request may be marketed and used as predicates for future 510k submissions.

EU

In the EU, manufacturers may self-certify compliance of Class I devices with simple notifications to the competent authority, with files open to inspection should a competent authority wish to do so. Class II devices, as well as some Class I devices (those with a measuring function or sterility requirements), require the involvement of an approved notified body which audits files / manufacturers on behalf of the competent regulatory authority.

Class III devices generally require the involvement of a notified body and often the competent authority as well. Following product clearance, the manufacturer signs a declaration of conformity and places the Conformité Européenne CE mark on or with the device.

In May 2021, the Medical Device Regulation (Regulation (EU) 2017/745) ("MDR") came into effect in the EU, with new in-vitro diagnostic regulations anticipated in 2022. The MDR is more comprehensive than the Medical Device Directive (93/42/EEC). The MDR greatly increases the rigor and robustness of the regulations governing medical device products in EU markets. There is no "grandfathering" of products: all products are expected to meet the MDR requirements. Additionally, all products and their manufacturers are subject to re-review by the notified body on a yearly cycle (for Class IIb and Class III devices) or every two years (for Class IIa devices) or a "periodic" review up to every four years (for Class I devices).

China

In China, the NMPA is the institution responsible for both medical devices and medicines. For locally manufactured devices in China, Class I and Class II devices go respectively to the municipal and provincial authorities to obtain market authorisation approval. All Class III devices and devices not manufactured in China go to the NMPA. In the latter case, manufacturers must send the appropriate documentation showing that the device has been approved in its country of origin.

To register a device, type testing is required. In most cases, device samples are provided to an NMPA-accredited institute for testing. It may also be required to provide supportive clinical data along with the application, especially for higher risk devices.

Foreign manufacturers must also have China-based agents that will represent their interests in China. The responsibilities of the designated agents include providing technical service and maintenance support for the device, assisting with device recall (if recall is required), overseeing the registration process, and providing support for the manufacturer in case adverse events occur due to device malfunction.

Medical device registrations in China are valid for five years. Market authorisation holders must: (i) ensure the quality of their products; (ii) show that their products meet all applicable requirements; (iii) submit self-inspection reports to relevant authorities every year; and (iv) maintain their products' information in the NMPA's unique device identification database.

Food (dietary supplements)

General

Products in the food classification include vitamins, minerals and supplements to be ingested as part of a daily diet. Most food products do not require pre-market authorisation, although specific categories of foods (such as food supplements, foods for special medical purposes or dietary supplements in China) may require notification of sale to applicable regulatory bodies. In some countries, such as China, products classified as functional health foods also require a formal pre-market review and registration process.

The food industry typically avoids registration as a form of food control in favour of systems based on Hazard Analysis Critical Control Point ("HAACP"), an internationally recognised method of assessing, preventing and managing food safety risks, with low-risk foods subject to few controls and high-risk foods subject to more controls.

The majority of products marketed by the CH Group in this classification are regulated as dietary supplements. However, some supplements may instead be regulated as medicines, for example where they mitigate disease states or their ingredient levels exceed locally defined, e.g. recommended dietary allowances, to be categorised as a supplement.

Market authorisation

Dietary supplements

A dietary supplement is a product taken by mouth that contains a dietary ingredient intended to supplement the diet. A "dietary ingredient" is one, or any combination, of a vitamin, a mineral, a herb or other botanical, an amino acid, a dietary substance for use by the consumer to supplement the diet by increasing the total dietary intake (e.g. enzymes or tissues from organs or glands), or a concentrate, metabolite, constituent or extract.

In most markets, dietary supplements do not require a submission or approval prior to launch, although novel ingredients may require supporting submissions, as may new claims. Notification procedures prior to or immediately after sale commences are typically required.

Food safety

Safety and packaging

For the most part, food laws adopt a principled, risk-management approach to ensure safety of the food chain. They lay down basic good hygiene and safety prerequisites, and require food businesses to assess ingredient risk and to remove or mitigate those risks following the HAACP framework.

One area of food safety that poses a specific risk to consumers different from most cosmetics or medicinal devices and some products is the degree of exposure to substances that migrate from food contact packaging materials into foodstuffs. Therefore, primary food packaging in contact with food is subject to a suite of complex, food-specific legislation driven by these safety concerns.

Composition

Composition is intimately linked to safety. Any food ingredient without a history of safe consumption is termed a novel food or new dietary ingredient and cannot be sold as a food or added to a food without pre-authorisation by relevant regulatory agencies. This authorisation requires the applicant to rigorously demonstrate the safety of the substance, and this complex process can sometimes take years to accomplish.

Food products often require and use additives (e.g. colours, preservatives, stabilisers, emulsifiers). There are lists of permitted additives that are regularly evaluated and many have maximum permitted levels. The use of a new additive, or the use of an existing additive for a purpose not explicitly permitted by law, requires pre-authorisation, and food manufacturers are required to demonstrate both safety and technical need before a new additive use is authorised.

Cosmetics

General

Cosmetics are products that are applied to external parts of the human body (generally also including the teeth and mucous membranes of the oral cavity) for cleansing, beautifying, promoting attractiveness or altering the appearance without affecting the body's structure or functions. They typically include examples such as shampoo, deodorant, perfume and some toothpastes. However, products can be classified differently by country or region, and a cosmetic in one country may be classified as a medicine, or even a medical device, in another country. For example, fluoride toothpaste is a cosmetic in the EU and a drug in the USA. Other products regulated as drugs in the USA include mouthwashes marketed with therapeutic claims, skin protectants (such as lip balms) and treatments for dandruff or acne.

Market authorisation

Regulations on market authorisation for cosmetics differ by country or region. Some countries require pre-market approvals, while others require no registration. Where approval is required, the standard of documentation required to market cosmetics differs by country. For example, some countries require a robust dossier (which will include safety assessments, detailed manufacturing information, raw material functionality and other pertinent information) where manufacturers present documentation to the health ministries to be approved or denied. In some other countries, documentation is not required to be presented and can remain on file with the manufacturer.

Clinical Trials for OTC Medicines

The beginning of the development phase for a new drug involves pre-clinical in vitro and in vivo laboratory studies to assess the potential effects of substances and examine chemical-physical properties, toxicological data and other information. Following positive pre-trial results and approval, the drug in question is tested in humans in clinical trials which consist of four phases, each phase requiring increasingly large, complex, costly and time-consuming clinical studies. The first three phases must take place before market authorisation is obtained (see"*—OTC Medicines—Marketing authorisation process*").

Clinical trials are subject to the GCP requirements set out by the ICH in the USA, the EU, China and other ICH markets. These include the requirement that all research patients provide their informed consent in writing for their participation in any clinical trial.

USA

The pre-clinical and clinical development paths in the USA are broadly similar to those in the EU (described below) and are governed by the same GCP requirements. Before commencing the clinical trial, an Investigational New Drug Application is submitted to the FDA and the sponsor must also obtain a favourable opinion from an independent ethics committee. A protocol and any subsequent protocol amendments must be submitted to the FDA. In addition, an institutional review board at each institution participating in the trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their website. Regulatory authorities, institutional review boards or the sponsors may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research patients are being exposed to an unacceptable health risk.

EU

In the EU, prior to commencing a clinical trial, the sponsor must obtain a Clinical Trial Authorisation ("CTA") from the competent authority of the Member State in which the trial will be conducted, and a positive opinion from an independent ethics committee. In the EU, the EMA manages this process centrally through the Clinical Trials Information System ("CTIS") which allows assessment, authorisation and maintenance of clinical trials through a single entry point for both health authority and ethics committee considerations across all Member States. This harmonises the process for all Member States and ensures the same GCP standards are applied across all Member States. Every clinical trial must have a sponsor and any sponsor that is not established within the EEA must appoint a legal representative in the jurisdiction. The CTA application includes, among other things, a trial protocol detailing the objectives, design, methodology, statistical considerations and organisation of the trial, and an investigational medicinal product dossier with information about the manufacture and quality of the drug being investigated. During the trial, any substantial changes to the protocol or any adverse side effects reported must be notified to the competent authority and ethics committee via the CTIS portal. Following the trial, the sponsors must post clinical trial results in the European Union Drug Regulating Authorities Clinical Trials database.

China

As in the EU and USA, clinical trials in China require compliance with ICH and GCP principles and pre-trial approval from both the regulator, the NMPA, and an ethics committee. For certain studies, approval from both central and local ethics committees may be required. Approval may also be required before commencing studies of certain cosmetics, such as toothpaste, or when new claims or ingredients are being proposed. For clinical studies collecting human biological samples, additional approval is needed from the Office of Human Genetic Resources Administration. China has stringent requirements relating to site governance, managed through GCP offices located within hospitals. Any amendments to trial protocol or safety concerns must be reported to the relevant authorities, who have the power to suspend or terminate a trial based on various grounds. Following a clinical trial, the sponsor must publish the trial results in a publicly accessible registry.

Claims and Labelling

The labelling for all product classifications the CH Group markets, including OTC medicines, medical devices, foods and cosmetics, is subject to applicable laws in all of the markets in which the CH Group operates. Labelling regulations differ by market and product classification. They may specify text format and the order of information, as well as require specific information and statements. For example, they may require inclusion of, among other things, product identity, product ingredients, the name and place of business of the manufacturer, packer or distributor, net quantity of contents, expiry date, batch number, registration number and instructions for appropriate use.

Claims in advertisements and on labels must be truthful, not misleading, not unfair, and substantiated, and regulatory authorities may take enforcement action against businesses which fail to comply with relevant rules. The extent of substantiation required for a claim, as well as the level of regulatory scrutiny applied by authorities, is dependent on the product classification and product's risk profile, with OTC medicines typically requiring greater substantiation, and varies from country to country.

USA

The FTC, FDA and other government agencies enforce compliance with applicable laws on product claims, which broadly require claims to be truthful, not misleading and sufficiently substantiated with scientific evidence on the benefits and safety of the product. The FTC will also consider how consumers will interpret claims, including in circumstances where the claim may be technically true, but the advertisement and what is implied may nonetheless be misleading.

There are specific requirements for different product classifications. For example, while cosmetic labelling does not require FDA approval prior to going on market, the FDA regulates cosmetic labelling claims and monitors, and takes action against, claims which are not truthful, are misleading or make medicinal claims. Under the Federal Food, Drug, and Cosmetic Act, the FDA may take action against "misbranding" violations, which include where the cosmetic's label does not include all required information or such information is not adequately prominent and conspicuous. Similarly, for foods, businesses are responsible for evaluating the safety and labelling of their products before marketing to ensure that they meet all the requirements of applicable FDA regulations and the Dietary Supplement Health and Education Act of 1994. The FDA is responsible for taking action against any adulterated or misbranded dietary supplement product after it reaches the market.

EU

Advertising of products is subject both to general consumer advertising requirements pursuant to the Unfair Commercial Practices Directive (Directive 2005/29/EC), which states a general prohibition on misleading and aggressive advertising, as well as more specifically in respect of each product classification. For example, advertisements of medicinal products must: (i) be set out in such a way that it is clear that the message is an advertisement and that the product is clearly identified as a medicinal product; (ii) not refer, in improper, alarming or misleading terms, to claims of recovery; and (iii) not give the impression that a medical consultation or surgical operation is unnecessary (pursuant to Directive 2001/83/EC).

The advertising and promotion of a medical device must be undertaken in accordance with its intended purpose. The MDR prohibits use of text, names, trademarks, pictures and figurative or other signs that may mislead the user or the patient with regard to the device's intended purpose, safety and performance.

New health claims made on foods need to be reviewed with a positive opinion by the European Food Safety Agency and approved by the European Commission. The objective is to ensure that any claim made on a food's labelling, presentation or advertising in the EU is clear, accurate and based on scientific evidence. The EU has also established a legal framework for cosmetic labelling claims based on the Cosmetics Products Regulation (Regulation (EC) No 1223/2009). Responsible persons must ensure that a cosmetic product made available on the market is safe for human health when used under normal or reasonably foreseeable conditions of use, taking into account, in particular: (i) presentation; (ii) labelling; (iii) instructions for use and disposal; and (iv) any other indication or information provided by the responsible person.

China

In China, there is similarly an extensive regulatory framework on advertising and product claims. Among other requirements, OTC medicine advertisements must not contain difficult or confusing medical or pharmaceutical terms which may mislead the public about the effect and safety of the proposed products. An advertisement must make clear that the product is OTC by including the OTC logo. All medical device advertisements must contain the name of the approved medical device, name of the manufacturing enterprise, registration certificate number and advertisement licence number. All information must conform to the product certificate issued by the NMPA. The Cosmetic Supervision Administration and Regulation, which came into force on 1 January 2021, enhances regulatory requirements in respect of cosmetic claims, including that applicants must submit sufficient scientific evidence on the NMPA's website for claim substantiation. The NMPA also enforces categories of permissible and prohibited claims in respect of foods.

Consumer Safety and Quality

Consumer safety

Manufacturers of OTC medicines, cosmetics, medical devices and foods must ensure that their products are safe for consumers to use. Vigilance regulations across the world play an important role in ensuring the safety of all products whether in the development pipeline, already approved for marketing, or post-launch. These regulations

are different for each type of product but in all cases require the collection, detection, assessment, monitoring and prevention of adverse events/undesirable effects. Once approved for marketing, the holder of a medicinal marketing authorisation must also establish and maintain a pharmacovigilance system as described in ICH guidelines. The obligations include expedited reporting of adverse reactions, submission of periodic safety update reports and proactive detection of signals/trends. Pharmacovigilance systems can be subject to inspection by health authorities and corrective actions may be required to address any deficiencies identified. For medical devices, manufacturers must also expedite reporting of serious safety events, prepare periodic safety update reports and proactively analyse trends, with documentation held at manufacturing facilities for inspection. For cosmetics and foods, "serious undesirable events"/adverse events are tracked and analysed to ensure that products are fit for use.

Quality

Quality regulations across the world play an important role in ensuring the safety and efficacy of consumer healthcare products. The regulations are required both for new innovations and already existing products. Every country has its own regulations which apply to innovation, manufacturing/good manufacturing practices, testing, marketing, post-marketing studies and reporting by product classification (e.g. medicines, medical devices, cosmetics and dietary supplements).

Regulators conduct pre-approval and post-approval inspections of facilities involved in the development, manufacturing, packaging and testing of drugs to ensure GMP compliance. If an inspection results in a finding, corrective actions to address the deficiencies must be performed. Adverse inspections can lead to inspectional observations, warning letters, seizure, recalls, injunctions and shutdown of facilities.

Medical devices are subject to quality system regulations. A quality system is the organisational structure, responsibilities, procedures, processes and resources needed to implement quality management for medical devices. Quality system regulations cover the methods, facilities and controls used by the manufacturer in the design, manufacture, packaging, labelling, storage, installation, servicing and post market handling of medical devices. Quality system requirements can impact all phases in the medical device life span, including approval of the device. Applicable requirements depend on the risk class of the device and on the regulatory system of the country.

Pricing

The CH Group's activities are subject to price control laws and regulations in some of the markets in which it operates. The range and extent of these requirements vary by market.

In China, prices are determined by a mix of regulations and market competition. In respect of medicines (both Rx and OTC) in the hospital channel, the government regulates prices through a centralised procurement mechanism, medical insurance reimbursement standards and strengthened regulation of medical and pricing practices.

In November 2018, China introduced a national volume-based procurement pilot programme for medicines that are sold in the hospital channel in which companies submit bids for several generic drugs, with the winners gaining a guaranteed sale volume of the total market for those drugs for 1-3 years. Since 2019, this pilot programme has been expanded nationwide and also includes a provincial volume-based procurement programme that allows provincial governments to include drugs that are outside the national volume-based procurement scope.

Outside the hospital channel, some medicine prices are indirectly managed by certain policies. In certain cities, such as Shanghai and Nanjing, retail prices are indirectly affected by volume-based procurement and price control policies, such that the prices are to varying degrees linked to the hospital channel bidding prices. In many other provinces retail pharmacies can set prices freely but with an upper limit to reimbursement.

Environment, Health and Safety

The CH Group's operations, like those of other healthcare companies, involve the use of substances regulated under environmental laws, primarily in manufacturing processes and, as such, the CH Group is subject to numerous local, national and international environmental protection and health and safety laws and regulations. Environmental laws are complex, frequently amended and have generally become more stringent over time.

Certain environmental laws impose strict (i.e. may be imposed regardless of fault) and joint and several liability on current or previous owners of real property and current or previous owners or operators of facilities for the costs of investigation, removal or remediation of hazardous substances or materials at such properties or at properties at which parties have disposed of hazardous substances. These laws may require that the CH Group reimburses the government for costs incurred at these sites or otherwise pays for the cost of investigation and clean-up of these sites, including compensation for damage to natural resources.

In addition, the CH Group is subject to increasingly extensive reporting obligations in respect of its relationship with the environment and climate change. These include, among others, reporting requirements under the framework of the Task Force on Climate-related Financial Disclosures, as well as legislation in relation to Streamlined Energy and Carbon Reporting. Disclosure and reporting requirements in relation to wider ESG matters are also increasingly extensive and subject to greater regulatory scrutiny. For example, the CH Group must comply with the Modern Slavery Act 2015 and make specific disclosures on its engagement with stakeholders, including employees.

The CH Group must also comply with applicable safety laws to protect employees against occupational injuries. Under such laws, employers typically must establish and maintain working conditions and workplaces that effectively prevent danger to employees. In particular, employers must comply with certain medical and hygiene standards and meet certain health and safety requirements at work, such as carrying out risk assessments and implementing measures for the safety of employees.

ABAC, AML and Sanctions

The CH Group is required to comply with applicable anti-bribery and corruption , anti-money laundering and sanctions regulations in the jurisdictions in which it operates. These include, among others, the US Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010, the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, and the China Criminal Law of the PRC 2020. Additionally, in certain jurisdictions, the CH Group's engagement with healthcare professionals and other external leaders is subject to applicable restrictions. For example, in the USA, there are federal and state anti-kickback laws that prohibit the payment or receipt of kickbacks, bribes or other remuneration intended to induce the purchase or recommendation of healthcare products and services covered by government healthcare programmes or reward past purchases or recommendations.

Data Privacy

USA

In the USA, the CH Group is subject to a range of consumer privacy laws, whose specific requirements vary from state to state. For example, in California, the CH Group is subject to the California Consumer Privacy Act of 2018 ("CCPA"). The CCPA requires businesses to comply with various requirements relating to the collection, use and disclosure of personal information of California consumers. Notably, the CCPA grants consumers the right to opt-out of the sale of their personal information by businesses. "Selling" is defined broadly to include almost any transfer of personal information to a third party for valuable consideration, including through intra-group transfers. Businesses are required to have a "do not sell my personal information" button available to consumers on their website homepage, and consumers must be given explicit notice when their personal information is sold. Companies subject to the CCPA must also create and publish a privacy policy that discloses: (i) the categories of personal information the business collects; (ii) the sources(s) from which the personal information is collected; and (iii) the purpose for which the personal information is collected and/or sold. The CCPA has been amended by the California Privacy Rights Act 2020 ("CPRA"), which will come into effect in 2023. The CPRA expands consumer privacy rights and includes an opt-out for any sharing of personal data for cross-contextual behavioural advertising, whereby businesses track consumer behaviour across unaffiliated websites and use the data collected for advertising purposes. Virginia and Colorado have also passed similar comprehensive privacy laws, and several more states may join them in the coming months. Like CPRA, the Virginia and Colorado laws each include a provision allowing consumers to, among other things, opt out of the use of their personal information for purposes of online tracking and targeted advertising. These comprehensive privacy laws are in addition to an existing set of multi-state laws requiring notification in cases of personal data breach.

EU and UK

Both the EU GDPR and the UK GDPR regulate the processing of the personal data of living individuals ("Data Subjects") by, among others: (i) companies that collect or receive personal data and control the use of that data

("Data Controllers"); and (ii) companies that process personal data on behalf of Data Controllers ("Data Processors"). The CH Group is a data controller and is required to comply with both the EU GDPR (as the CH Group carries out certain activities in the EU) and the UK GDPR.

According to the EU GDPR and the UK GDPR, personal data includes any information relating to Data Subjects who can be identified from that information. It can therefore include: personal details such as name, address, email address, telephone number and date of birth; information relating to the individual, whether in their personal, family or professional life; and any expression of opinion about an individual or indications of a company's (or any other person's) intentions in respect of that individual; and it includes persistent online identifiers such as IP address, machine ID and other technical data that can be tied to an individual. The processing of personal data covers any activity done to or in relation to the personal data. In addition, to the extent a company processes, controls or otherwise uses "special category" personal data (including individuals' health or medical information, genetic information and biometric information), more stringent rules apply, further limiting the circumstances and the manner in which a company is legally permitted to process that data.

EU GDPR and UK GDPR entail strict requirements, including with respect to (i) international data transfers, (ii) data mapping and accountability obligations, (iii) the involvement of a Data Processor, (iv) the appointment of a data protection officer, (v) Data Subjects' rights (e.g., notices, right to data portability and right to be forgotten), (vi) the need to carry out a data privacy impact assessment regarding data processing activities using new technologies likely to result in a high risk to the rights and freedom of natural persons, and (vii) notification obligations in case of a data breach.

There are costs and administrative burdens associated with compliance with the EU GDPR and the UK GDPR. Any failure or perceived failure to comply carries with it the risk of significant penalties and sanctions, of up to £17.5 million or 4 per cent. of global turnover for failure to comply with UK GDPR and up to €20 million or 4 per cent. of global turnover for failure to comply with EU GDPR.

In addition, the EU is in the process of agreeing a new e-Privacy Regulation ("ePR"), which will replace the e-Privacy Directive. This will be directly implemented in the laws of each Member State without the need for further enactment and it is conceivable that the UK will also consider alignment. The draft ePR imposes new rules around, among other areas, confidentiality of online communications, the use of cookies and direct marketing. EU regulators recently have focused attention on advertising technologies that track user behaviour and serve ads based on online activities and profiles. These initiatives will increase the regulatory burden in respect of certain business activities including, in particular, the way a business conducts online research, and online marketing and advertising activities, including efforts to understand users' internet usage and online purchasing habits.

China

In China, the CH Group is also subject to a range of data privacy and security regulations, including the Personal Information Protection Law 2021, the Cybersecurity Law 2016 and the Data Security Law 2021. Such data regulations have a significant impact on the processing of data in China, as well as the cost of dedicated systems, teams and infrastructure that may be required for businesses to comply.

The Personal Information Protection Law 2021 is the first comprehensive legislation on personal information protection in China. It specifies the scope of personal information, clarifies the legal bases for processing personal information, lays down the obligations and responsibilities imposed on Data Processors, and imposes stringent requirements on data localisation. Consequences of non-compliance may include monetary fines of up to 5 per cent. of the previous year's turnover, termination of data transfers and personal liability imposed on those directly responsible.

The CH Group must also comply with the Cybersecurity Law 2016, which requires the establishment of internal security management systems that meet the requirements of a classified protection system for cyber security. This includes: appointing dedicated cyber security personnel; taking technical measures to prevent computer viruses, network attacks and intrusions; taking technical measures to monitor and record network operation status and cyber security incidents; and adopting data security measures, such as data classification, back-ups and encryption. Where facilities are deemed to be part of China's "critical information infrastructure," the Cybersecurity Law sets high requirements for operational security, including data localisation and national security review requirements for any products or services that may impact national security.

The Data Security Law 2021 regulates core state data and other important data. It sets out requirements for data security management and requires that security assessment reports are submitted to regulators. In addition, it

prohibits an entity from providing any such data stored in China to a foreign judicial or law enforcement agency without the approval of the relevant Chinese regulator. Penalties for non-compliance may include monetary fines, cessation of business and revocation of business licences.

Litigation Proceedings

The CH Group is currently, and may from time to time be, involved in significant legal and administrative proceedings, principally product liability, intellectual property, tax, antitrust, securities law, employment and governmental investigations, as well as related private litigation. The CH Group makes provision for these proceedings on a regular basis. For a description of the current legal proceedings, see Note 27 to the Financial Statements.

Save as described above, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the CH Group is aware) during the period covering the 12 months preceding the date of this offering memorandum which may have, or have had in the recent past, significant effects on the CH Group's financial position or profitability.

Organisational Structure

As a result of Separation, Haleon will become the ultimate holding company of the CH Group. For additional information on the structure of Separation, see "*History and Development of the CH Group—The Demerger and Further Preparatory Steps.*"

The CH Group's international presence is organised into three geographic regions: North America, EMEA and LatAm, and APAC. Each geographic region consists of a number of countries, clusters of countries and markets. In particular, the North America region consists of the USA, Canada and Puerto Rico. The diverse EMEA and LatAm region is divided into seven business units: Northern Europe, Southern Europe, Central and Eastern Europe (including the Commonwealth of Independent States), Russia, DACH (Germany, Austria and Switzerland), Middle East and Africa and LatAm (Brazil, Colombia and Wider LatAm). The APAC region covers the Asia Pacific markets and is divided into five business units: Greater China, Australia and New Zealand, Indian Sub-Continent, North Asia (Japan and South Korea) and South East Asia and Taiwan.

The CH Group operates through various subsidiaries. A list of significant subsidiaries of the CH Group is included in Note 38 to the Financial Statements.

Property, Plant And Equipment

The CH Group has interests in properties in numerous countries. None of these interests is individually material in the context of the CH Group as a whole. Such properties are used by the CH Group predominantly for manufacturing, distribution and R&D activities. In particular, the CH Group owns a supply chain of 24 in-house dedicated consumer healthcare manufacturing sites, with key sites located in Levice (Slovakia), Dungarvan (Ireland), Nyon (Switzerland) and Guayama (Puerto Rico). In addition, the CH Group owns three R&D centres in Richmond, Virginia (USA), Weybridge (UK) and Suzhou (China) providing it with a broad range of in-house scientific capabilities. The CH Group also owns 14 other R&D hubs which support local business units and enable the CH Group to recruit R&D talent globally to develop products closer to its consumers and tailor innovation for local consumer needs.

The CH Group is not aware of any environmental issues affecting its properties which would have a material impact upon the CH Group, and there are no material encumbrances on its properties. The CH Group believes its existing facilities are satisfactory for its current business and it currently has no plans to construct new facilities or expand or improve its current facilities in a manner that is material to the CH Group.

See also "*Consumer Healthcare Business—R&D*, " "*Consumer Healthcare Business—Quality and Supply Chain*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Directors and Senior Management

Haleon is in the process of identifying the individuals who will be its directors and senior management following Separation. The new Haleon board of directors will include an appropriate mix of skills, experience, diversity and continuity relevant for Haleon to represent and maximise the value of its business for shareholders. It is expected that two directors will be appointed by Pfizer.

On 1 January 2022, Sir Dave Lewis was appointed Non-Executive Chair Designate of the Haleon Board. On 22 July 2021, Brian McNamara was appointed CEO Designate of Haleon and an Executive Director designate. The following tables set out the designated directors of the Haleon Board and the designated executive management team of Haleon, respectively, as of the date of this offering memorandum.

Directors

Name	Position
Sir Dave Lewis	Chair, Non-Executive Director
Manvinder Singh (Vindi) Banga	Senior Independent Non-Executive Director
Tracy Clarke	Non-Executive Director, Chair of the Remuneration Committee
Dame Vivienne Cox	Non-Executive Director
Deirdre Mahlan	Non-Executive Director, Chair of the Audit & Risk Committee
John Young	Non-Executive Director
Brian McNamara	Chief Executive Officer, Executive Director
Tobias Hestler	Chief Financial Officer, Executive Director

Senior Management

Name	Position
Brian McNamara	Chief Executive Officer
Tobias Hestler	Chief Financial Officer
Dana Bolden	Head of Corporate Affairs
Keith Choy	Head of Asia Pacific
Bart Derde	Head of Quality and Supply Chain
Amy Landucci	Head of Digital and Technology
Filippo Lanzi	Head of EMEA and LatAm
Jooyong Lee	Head of Strategy and Office of the CEO
Teri Lyng	Head of Transformation and Sustainability
Mairéad Nayager	Chief Human Resources Officer
Lisa Paley	Head of US and North America
Franck Riot	Head of R&D
Tamara Rogers	Chief Marketing Officer
Bjarne P Tellmann	General Counsel

The Haleon Board will establish a number of committees, whose terms of reference will be documented formally and updated as necessary. Haleon Board committees will include an Audit & Risk Committee, Remuneration Committee and Nominations Committee. If the need should arise, the Haleon Board may set up additional committees as appropriate.

DESCRIPTION OF THE NOTES AND GUARANTEES

The following description is a summary of the material provisions of the Notes, the Indenture and the related Guarantees but does not purport to be complete. This summary is subject to and is qualified by reference to all the provisions of the Notes, the Indenture and the related Guarantees. Certain definitions of capitalised terms used in the following description but not defined herein have the meaning assigned to them in the Indenture. The Issuers and the Guarantors urge you to read the Indenture, the Notes and the related Guarantees because they, and not this description, define your rights as noteholders. Copies of the proposed form of Indenture (including the Guarantees) and the Notes are available upon request from the Issuers.

General

GSK Consumer Healthcare Capital US LLC (the " US Issuer") will issue the US Issuer Notes (as defined below) and GSK Consumer Healthcare Capital UK plc (the "UK Issuer", and together with the US Issuer, the "Issuers" and each, an "Issuer") will issue the UK Issuer Notes (as defined below), in each case, under an indenture, to be dated as of 24 March 2022 (the "Issue Date") (the "Indenture"), among the Issuers, GlaxoSmithKline plc ("GSK") and Haleon plc ("Haleon") as guarantors (each, a "Guarantor" and, together, the "Guarantors") and Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), registrar (the "Registrar"), paying agent, transfer agent and calculation agent.

Each of the Issuers will issue the Notes in book-entry form only, in minimum denominations of $250,000 and integral multiples of $1,000 in excess thereof.

"business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or London, England are authorised or obligated by law, regulation or executive order to be closed.

"London business day" means any day other than a Saturday, a Sunday or a day on which banking institutions in London, England are authorised or obligated by law, regulation or executive order to be closed.

Each of the Issuers or any of its subsidiaries may at any time and from time to time purchase the Notes in the open market or by tender or by private agreement, if applicable law allows. The Notes purchased by any of the Issuers or any of their subsidiaries may be held, resold or surrendered by the purchaser thereof through any of the Issuers to the Trustee or any paying agent for cancellation.

Principal and Maturity

The UK Issuer will issue the 3.125% fixed rate senior notes due 2025 (the "2025 Fixed Rate Notes") in the initial aggregate principal amount of $1,750,000,000. The 2025 Fixed Rate Notes will mature on 24 March 2025 (the "2025 Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the 3.375% fixed rate senior notes due 2027 (the "2027 Fixed Rate Notes") in the initial aggregate principal amount of $2,000,000,000. The 2027 Fixed Rate Notes will mature on 24 March 2027 (the "2027 Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the 3.375% fixed rate senior notes due 2029 (the "2029 Fixed Rate Notes") in the initial aggregate principal amount of $1,000,000,000. The 2029 Fixed Rate Notes will mature on 24 March 2029 (the "2029 Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the 3.625% fixed rate senior notes due 2032 (the "2032 Fixed Rate Notes") in the initial aggregate principal amount of $2,000,000,000. The 2032 Fixed Rate Notes will mature on 24 March 2032 (the "2032 Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the 4.000% fixed rate senior notes due 2052 (the "2052 Fixed Rate Notes") in the initial aggregate principal amount of $1,000,000,000. The 2052 Fixed Rate Notes will mature on 24 March 2052 (the "2052 Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the 3.024% fixed rate callable senior notes due 2024 (the "Callable Fixed Rate Notes" and, together with the 2025 Fixed Rate Notes, the 2027 Fixed Rate Notes, the 2029 Fixed Rate Notes, the 2032 Fixed Rate Notes and the 2052 Fixed Rate Notes, the "Fixed Rate Notes") in the initial aggregate principal

amount of $700,000,000. The Callable Fixed Rate Notes will mature on 24 March 2024 (the "Callable Fixed Rate Notes Maturity Date" and, together with the 2025 Fixed Rate Notes Maturity Date, the 2027 Fixed Rate Notes Maturity Date, the 2029 Fixed Rate Notes Maturity Date, the 2032 Fixed Rate Notes Maturity Date and the 2052 Fixed Rate Notes Maturity Date, the "Fixed Rate Notes Maturity Dates" and each a "Fixed Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

The US Issuer will issue the callable floating rate senior notes due 2024 (the "Callable Floating Rate Notes") in the initial aggregate principal amount of $300,000,000. The Callable Floating Rate Notes will mature on 24 March 2024 (the "Callable Floating Rate Notes Maturity Date") unless redeemed or purchased prior to such date as described below.

As used in this offering memorandum, the "Notes" means the Fixed Rate Notes and the Callable Floating Rate Notes, collectively, and "Maturity Date" means any of a Fixed Rate Notes Maturity Date or a Callable Floating Rate Notes Maturity Date, as applicable.

As used in this offering memorandum, the "US Issuer Notes" means, collectively, the 2027 Fixed Rate Notes, the 2029 Fixed Rate Notes, the 2032 Fixed Rate Notes, the 2052 Fixed Rate Notes, the Callable Fixed Rate Notes, and the Callable Floating Rate Notes, "US Issuer Fixed Rate Notes" means, collectively, the 2027 Fixed Rate Notes, the 2029 Fixed Rate Notes, the 2032 Fixed Rate Notes, the 2052 Fixed Rate Notes and the Callable Fixed Rate Notes, and "UK Issuer Notes" means the 2025 Fixed Rate Notes.

Interest

Fixed Rate Notes

Interest on the 2025 Fixed Rate Notes will be payable at a rate of 3.125% per annum. Interest on the 2027 Fixed Rate Notes will be payable at a rate of 3.375% per annum. Interest on the 2029 Fixed Rate Notes will be payable at a rate of 3.375% per annum. Interest on the 2032 Fixed Rate Notes will be payable at a rate of 3.625% per annum. Interest on the 2052 Fixed Rate Notes will be payable at a rate of 4.000% per annum. Interest on the Callable Fixed Rate Notes will be payable at a rate of 3.024% per annum.

Interest on the Fixed Rate Notes will be payable semi-annually in arrear on 24 March and 24 September of each year, commencing on 24 September 2022 (each a "Fixed Rate Notes Interest Payment Date"), to the person in whose name the applicable Fixed Rate Note is registered at the close of business on the Regular Record Date that precedes the applicable Fixed Rate Notes Interest Payment Date. As used in this offering memorandum, "Regular Record Date" means the 15th calendar day preceding each Fixed Rate Notes Interest Payment Date or Callable Floating Rate Notes Interest Payment Date (as defined above), whether or not a business day.

The Fixed Rate Notes will each bear interest at the applicable interest rate described above and will accrue interest from (and including) the Issue Date, or from the most recent Fixed Rate Notes Interest Payment Date, to (but excluding) the next succeeding Fixed Rate Notes Interest Payment Date.

Interest on the Fixed Rate Notes will be paid on the basis of twelve 30-day months assuming a 360-day year.

If a Fixed Rate Notes Interest Payment Date, a redemption date for the Fixed Rate Notes, or a Fixed Rate Notes Maturity Date, as the case may be, would fall on a day that is not a business day, then the required payment will be made on the next succeeding business day, but no additional interest shall be paid unless the US Issuer, with respect to the US Issuer Fixed Rate Notes, or the UK Issuer, with respect to the 2025 Fixed Rate Notes, as applicable, fails to make payment on such next succeeding business day.

Callable Floating Rate Notes

The initial interest rate on the Callable Floating Rate Notes for the first Callable Floating Rate Notes Interest Period (as defined below) will be equal to the Benchmark (as defined below) plus 0.89% per annum (the "Callable Floating Rate Notes Margin"). Thereafter, the interest rate on the Callable Floating Rate Notes for any Callable Floating Rate Notes Interest Period will be a per annum rate equal to the Benchmark, as determined on the applicable Interest Determination Date (as defined below) plus the Callable Floating Rate Notes Margin. As used in this offering memorandum, "Callable Floating Rate Notes Interest Period" means the period beginning on (and including) a Callable Floating Rate Notes Interest Payment Date and ending on (but excluding) the next succeeding Callable Floating Rate Notes Interest Payment Date; provided that the first Callable Floating Rate Notes Interest Period will begin on (and include) the Issue Date and will end on (but exclude) the first Callable Floating Rate Notes Interest Payment Date (as defined above).

The interest rate on the Callable Floating Rate Notes will be calculated quarterly on the date two USGS Business Days (as defined below) before each Callable Floating Rate Notes Interest Payment Date (each such date, an "Interest Determination Date").

Interest on the Callable Floating Rate Notes will be payable quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year, commencing on 24 June 2022 (each a "Callable Floating Rate Notes Interest Payment Date"), to the person in whose name a Floating Rate Note is registered at the close of business on the Regular Record Date that precedes the applicable Callable Floating Rate Notes Interest Payment Date.

Interest on the Callable Floating Rate Notes will be calculated on the basis of the actual number of days in each Callable Floating Rate Notes Interest Period, assuming a 360-day year.

If any scheduled Callable Floating Rate Notes Interest Payment Date (other than a Callable Floating Rate Notes Maturity Date), is not a business day, such Callable Floating Rate Notes Interest Payment Date will be postponed to the next day that is a business day; provided that if that business day falls in the next succeeding calendar month, such Callable Floating Rate Notes Interest Payment Date will be the immediately preceding business day. If any such Callable Floating Rate Notes Interest Payment Date (other than a Callable Floating Rate Notes Maturity Date), is postponed or brought forward as described above, the payment of interest due on such postponed or brought forward Callable Floating Rate Notes Interest Payment Date will include interest accrued to but excluding such postponed or brought forward Callable Floating Rate Notes Interest Payment Date. If a Callable Floating Rate Notes Maturity Date or date of redemption or repayment of the Callable Floating Rate Notes is not a business day, the US Issuer may pay interest and principal on the next succeeding business day, but interest on that payment will not accrue during the period from and after the Callable Floating Rate Notes Maturity Date or date of redemption or repayment of the Callable Floating Rate Notes. If a date of redemption or repayment of any of the Callable Floating Rate Notes does not occur on a Callable Floating Rate Notes Interest Payment Date, (i) the related Interest Determination Date shall be deemed to be the date that is two USGS Business Days prior to such date of redemption or repayment, (ii) the related Observation Period shall be deemed to end on (but exclude) the date two USGS Business Days falling prior to such date of redemption or repayment, (iii) the Callable Floating Rate Notes Interest Period will be deemed to be shortened accordingly and (iv) corresponding adjustments will be deemed to be made to the Compounded Daily SOFR formula.

Calculation of the Benchmark

The "Benchmark" means, initially, Compounded Daily SOFR; *provided* that if a Benchmark Transition Event and related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement.

"Compounded Daily SOFR" means, in relation to a Callable Floating Rate Notes Interest Period, the rate of return of a daily compound interest investment (with SOFR as reference rate for the calculation of interest) during the related Observation Period and will be calculated by the calculation agent on the related Interest Determination Date as follows:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

Where:

"d" means, in relation to any Observation Period, the number of calendar days in such Observation Period;

"d_0" means, in relation to any Observation Period, the number of USGS Business Days in such Observation Period;

"i" means, in relation to any Observation Period, a series of whole numbers from one to d_0, each representing the relevant USGS Business Day in chronological order from (and including) the first USGS Business Day in such Observation Period;

"n_i" means, in relation to any USGS Business Day "i" in the relevant Observation Period, the number of calendar days from (and including) such USGS Business Day "i" up to (but excluding) the following USGS Business Day;

"Observation Period" means, in respect of each Callable Floating Rate Notes Interest Period, the period from (and including) the date two USGS Business Days falling prior to the first date in such Callable Floating Rate

Notes Interest Period to (but excluding) the date two USGS Business Days preceding the Callable Floating Rate Notes Interest Payment Date for such Callable Floating Rate Notes Interest Period; *provided* that the first Observation Period shall commence on (and include) the date two USGS Business Days falling prior to the Issue Date;

"SOFR" means, in relation to any day, the rate determined by the calculation agent in accordance with the following provisions:

(1) the daily Secured Overnight Financing Rate for trades made on such day, available at or around the Reference Time (as defined below) on the NY Federal Reserve's Website (as defined below);

(2) if the rate specified in (1) above is not available at or around the Reference Time for such day (and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred), the daily Secured Overnight Financing Rate in respect of the last USGS Business Day for which such rate was published on the NY Federal Reserve's Website;

"$SOFR_i$" means, in relation to any USGS Business Day "i" in the relevant Observation Period, SOFR in respect of such USGS Business Day; and

"USGS Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association or any successor thereto recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US government securities.

Notwithstanding clauses (1) and (2) of the definition of "SOFR" above, if the US Issuer or its designee (in consultation with the US Issuer) determines on or prior to the relevant Interest Determination Date that a Benchmark Transition Event and related Benchmark Replacement Date have occurred with respect to SOFR, then the "Benchmark Transition Provisions" set forth below will thereafter apply to all determinations of the rate of interest payable on the Callable Floating Rate Notes.

In accordance with and subject to the Benchmark Transition Provisions, after a Benchmark Transition Event and related Benchmark Replacement Date have occurred, the amount of interest that will be payable for each Callable Floating Rate Notes Interest Period will be determined by reference to a rate per annum equal to the Benchmark Replacement plus the applicable Margin.

Benchmark Transition Provisions

If the US Issuer or its designee (in consultation with the US Issuer) determines that a Benchmark Transition Event and related Benchmark Replacement Date have occurred prior to the applicable Reference Time in respect of any determination of the Benchmark on any date, the applicable Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Callable Floating Rate Notes in respect of such determination on such date and all determinations on all subsequent dates; *provided* that, if the US Issuer or its designee (in consultation with the US Issuer) is unable to or do not determine a Benchmark Replacement in accordance with the provisions below prior to 5:00 p.m. (New York time) on the relevant Interest Determination Date, the interest rate for the related Callable Floating Rate Notes Interest Period will be equal to the interest rate in effect for the immediately preceding Callable Floating Rate Notes Interest Period or, in the case of the Interest Determination Date prior to the first Callable Floating Rate Notes Interest Payment Date, the initial rate of interest which would have been applicable to the Callable Floating Rate Notes for the first Callable Floating Rate Notes Interest Period had the Callable Floating Rate Notes been outstanding for a period equal in duration to the scheduled first Callable Floating Rate Notes Interest Period but ending on (and excluding) the Issue Date (and applying the Margin).

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the US Issuer or its designee (in consultation with the US Issuer) as of the Benchmark Replacement Date:

(1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor (as defined below) (if any) and (b) the Benchmark Replacement Adjustment;

(2) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; and

(3) the sum of: (a) the alternate rate of interest that has been selected by the US Issuer or its designee (in consultation with the US Issuer) as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for US dollar-denominated Callable Floating Rate Notes at such time and (b) the Benchmark Replacement Adjustment.

In connection with the implementation of a Benchmark Replacement the US Issuer or its designee (in consultation with the US Issuer) will have the right to make changes to (1) any Interest Determination Date, Callable Floating Rate Notes Interest Payment Date, Reference Time, business day convention or Callable Floating Rate Notes Interest Period, (2) the manner, timing and frequency of determining the rate and amounts of interest that are payable on the Callable Floating Rate Notes and the conventions relating to such determination and calculations with respect to interest, (3) rounding conventions, (4) tenors and (5) any other terms or provisions of the Callable Floating Rate Notes, in each case that the US Issuer or its designee (in consultation with the US Issuer) determines, from time to time, to be appropriate to reflect the determination and implementation of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the US Issuer or its designee (in consultation with the US Issuer) decides that implementation of any portion of such market practice is not administratively feasible or determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the US Issuer or its designee (in consultation with the US Issuer) determines is appropriate (acting in good faith)) (the "Benchmark Replacement Conforming Changes"). Any Benchmark Replacement Conforming Changes will apply to the Callable Floating Rate Notes for all future Callable Floating Rate Notes Interest Periods.

The US Issuer will promptly give written notice of the determination of the Benchmark Replacement, the Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes to the Trustee, the paying agent, the calculation agent and the noteholders; provided that failure to provide such notice will have no impact on the effectiveness of, or otherwise invalidate, any such determination.

All determinations, decisions, elections and any calculations made by the US Issuer or its designee (in consultation with the US Issuer), the calculation agent or its designee for the purposes of calculating the applicable interest on the Callable Floating Rate Notes will be conclusive and binding on the noteholders, the US Issuer, the Trustee and the paying agent, absent manifest error. If made by the US Issuer, such determinations, decisions, elections and calculations will be made in consultation with the calculation agent, to the extent practicable. If made by its respective designee, such determinations, decisions, elections and calculations will be made after consulting with the US Issuer, and its designees will not make any such determination, decision, election or calculation to which the US Issuer objects. Notwithstanding anything to the contrary in the Indenture or the Callable Floating Rate Notes, any determinations, decisions, calculations or elections made in accordance with this provision will become effective without consent from the noteholders or any other party.

Any determination, decision or election relating to the Benchmark not made by the calculation agent will be made on the basis described above. The calculation agent shall have no liability for not making any such determination, decision or election. In addition, the US Issuer may designate an entity (which may be its affiliate) to make any determination, decision or election that the US Issuer has the right to make in connection with the determination of the Benchmark.

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the US Issuer or its designee (in consultation with the US Issuer) as of the Benchmark Replacement Date:

(1) the spread adjustment (which may be a positive or negative value or zero) that has been (i) selected or recommended by the Relevant Governmental Body or (ii) determined by the US Issuer or its designee (in consultation with the US Issuer) in accordance with the method for calculating or determining such spread adjustment that has been selected or recommended by the Relevant Governmental Body, in each case for the applicable Unadjusted Benchmark Replacement;

(2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment (as defined below);

(3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the US Issuer or its designee (in consultation with the US Issuer) giving due consideration to industry-accepted spread adjustments (if any), or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for US dollar-denominated floating rate notes at such time.

"Benchmark Replacement Conforming Changes" has the meaning given to that term under this section"*—Interest—Calculation of the Benchmark—Benchmark Transition Provisions*."

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;

(2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

"Corresponding Tenor" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustments) as the applicable tenor for the then-current Benchmark.

"designee" means an affiliate or any other agent of the US Issuer.

"ISDA Definitions" means the 2021 ISDA Interest Rate Derivatives Definitions published by the International Swaps and Derivatives Association, Inc. ("ISDA") or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"NY Federal Reserve's Website" means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org (or any successor website).

"Reference Time" means (1) if the Benchmark is Compounded Daily SOFR, for each USGS Business Day, 3:00 p.m. (New York time) on the next succeeding USGS Business Day, and (2) if the Benchmark is not Compounded Daily SOFR, the time determined by the US Issuer or its designee (in consultation with the US Issuer) in accordance with the Benchmark Replacement Conforming Changes.

"Relevant Governmental Body" means the Federal Reserve and/or the Federal Reserve Bank of New York ("NY Federal Reserve"), or a committee officially endorsed or convened by the Federal Reserve and/or the NY Federal Reserve or any successor thereto.

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

Agreement with Respect to the Benchmark Replacement

By its acquisition of Callable Floating Rate Notes, each noteholder (which, for these purposes, includes each beneficial owner) (i) will acknowledge, accept, consent and agree to be bound by the US Issuer's or its designee's determination of a Benchmark Transition Event, a Benchmark Replacement Date, the Benchmark Replacement, the Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes, including as may occur without any prior notice from the US Issuer and without the need for the US Issuer to obtain any further consent from such noteholder, (ii) will waive any and all claims, in law and/or in equity, against the Trustee, the paying agent and the calculation agent or the US Issuer's designee for, agree not to initiate a suit against the Trustee, the paying agent and the calculation agent or the US Issuer's designee in respect of, and agree that none of the Trustee, the paying agent or the calculation agent or the US Issuer's designee will be liable for, the determination of or the failure to determine any Benchmark Transition Event, any Benchmark Replacement Date, any Benchmark Replacement, any Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes, and any losses suffered in connection therewith and (iii) will agree that none of the Trustee, the paying agent or the calculation agent or the US Issuer's designee will have any obligation to determine any Benchmark Transition Event, any Benchmark Replacement Date, any Benchmark Replacement, any Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes (including any adjustments thereto), including in the event of any failure by the US Issuer to determine any Benchmark Transition Event, any Benchmark Replacement Date, any Benchmark Replacement, any Benchmark Replacement Adjustment and any Benchmark Replacement Conforming Changes.

Ranking

The US Issuer Notes will be the unsubordinated and (other than pursuant to the Guarantees) unsecured obligations of the US Issuer and will rank at least *pari passu*, without any preference or priority among themselves, with all existing and future unsubordinated and unsecured obligations of the US Issuer (except for obligations which may rank senior by operation of applicable law), and senior to all existing and future subordinated obligations of the US Issuer.

The UK Issuer Notes will be the unsubordinated and (other than pursuant to the Guarantees) unsecured obligations of the UK Issuer and will rank at least *pari passu*, without any preference or priority among themselves, with all existing and future unsubordinated and unsecured obligations of the UK Issuer (except for obligations which may rank senior by operation of applicable law), and senior to all existing and future subordinated obligations of the UK Issuer.

Guarantees

Prior to the Guarantee Assumption Date, the Notes will be fully and unconditionally guaranteed by GSK under the terms of the Indenture (the "GSK Guarantee"). With effect from (and including) the Guarantee Assumption Date, (i) the GSK Guarantee will be automatically and unconditionally terminated and released without your consent and (ii) the Notes will be fully and unconditionally guaranteed by Haleon under the terms of the Indenture (the "Haleon Guarantee" and together with the GSK Guarantee, the "Guarantees"). GSK will cease to be a Guarantor with effect from (and including) the Guarantee Assumption Date and Haleon will only be liable under the Guarantee from (and including) the Guarantee Assumption Date. With effect from (and including) the Guarantee Assumption Date any liability incurred by GSK as Guarantor prior to the Guarantee Assumption Date will be irrevocably and unconditionally assumed by Haleon. Pursuant to the terms of the Indenture, GSK shall deliver a Guarantee Assumption Notice or Demerger Completion Notice (each as defined below), as applicable, to the Trustee and the noteholders in accordance with the terms of the Indenture, promptly following the occurrence of the Guarantee Assumption Date or the Demerger, respectively.

If, for any reason, while the GSK Guarantee is in place, (A) the US Issuer does not make any required payment in respect of the US Issuer Notes when due, or (B) the UK Issuer does not make any required payment in respect of the UK Issuer Notes when due, whether on the normal due date, on acceleration, redemption or otherwise, GSK will cause the payment to be made to or to the order of the Trustee. Noteholders will be entitled to payment under the GSK Guarantee without taking any action whatsoever against the relevant Issuer. If, for any reason, while the Haleon Guarantee is in place, (A) the US Issuer does not make any required payment in respect of the US Issuer Notes when due, or (B) the UK Issuer does not make any required payment in respect of the UK Issuer

Notes when due, whether on the normal due date, on acceleration, redemption or otherwise, Haleon will cause the payment to be made to or to the order of the Trustee. Noteholders will be entitled to payment under the Haleon Guarantee without taking any action whatsoever against the relevant Issuer.

Each Guarantee will constitute an unsubordinated and unsecured obligation of the respective Guarantor and will rank at least *pari passu* with all existing and future senior and unsecured obligations of the respective Guarantor (except for obligations which may rank senior by operation of applicable law) and senior to all existing and future subordinated obligations of the respective Guarantor. The Notes will not be guaranteed by any other subsidiary of GSK or Haleon and obligations under the Guarantees will therefore effectively be junior to obligations of any other subsidiary of GSK or Haleon, as applicable.

"Demerger" means the proposed demerger of at least 80 per cent. of GSK's interest in GlaxoSmithKline Consumer Healthcare Holdings (No. 2) Limited and its consolidated subsidiaries, to be effected by way of an interim dividend, in specie, proposed to be declared by the board of directors of GSK to be satisfied by the transfer by GSK of A Ordinary Shares in GlaxoSmithKline Consumer Healthcare Holdings Limited to Haleon in consideration for the issuance by Haleon of shares to the GSK shareholders as of the relevant record time in accordance with a demerger agreement between Haleon and GSK.

"Demerger Completion Notice" means a notice in writing signed by two directors of GSK, addressed to the Trustee and copied to the noteholders pursuant to the terms of the Indenture, certifying that the Demerger has occurred.

"Guarantee Assumption Date" means the date on which GSK ceases to hold a direct or indirect interest in the share capital of GlaxoSmithKline Consumer Healthcare Holdings (No.2) Ltd, other than as a result of any interest it may have in the share capital of Haleon, in order to implement the Demerger.

"Guarantee Assumption Notice" means a notice in writing signed by two directors of GSK, addressed to the Trustee and copied to the noteholders pursuant to the terms of the Indenture, certifying that the Guarantee Assumption Date has occurred.

Covenants

Except as described below, the Indenture does not contain any covenants or other provisions designed to protect noteholders against a reduction in an Issuer's creditworthiness in the event of a highly leveraged transaction or that would prohibit other transactions that might adversely affect noteholders, including, among other things, through the incurrence of additional indebtedness.

As contemplated by the last paragraph under "*—Defeasance*" below, the satisfaction of certain conditions will permit each of the US Issuer and the UK Issuer to omit to comply with some or all of its obligations, covenants and agreements under the Indenture with respect to the US Issuer Notes or the UK Issuer Notes, respectively. In addition, each of the Issuers may omit to comply with certain covenants through covenant defeasance.

Payment of Additional Amounts

Payments made by the US Issuer and the UK Issuer under or with respect to the US Issuer Notes or the UK Issuer Notes, respectively, will be free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge of any nature whatsoever imposed or levied by or on behalf of (i) the government of the United Kingdom or of any territory of the United Kingdom or by any authority or agency therein or thereof having the power to tax or (ii) the government of the United States or any state or territory of the United States or by any authority or agency therein or thereof having the power to tax, which are referred to collectively as "Taxes," unless such Issuer is required to withhold or deduct Taxes by law.

If an Issuer is required to withhold or deduct any amount for or on account of Taxes from any payment made with respect to the Notes, such Issuer will pay such additional amounts as may be necessary so that the net amount received by each noteholder (including additional amounts) after such withholding or deduction will not be less than the amount the noteholder would have received if the Taxes had not been withheld or deducted; provided that no additional amounts will be payable with respect to Taxes:

- that would not have been imposed but for the existence of any present or former connection between such noteholder or beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, member

or shareholder of, or possessor of a power over, such noteholder or beneficial owner, if such noteholder or beneficial owner is an estate, trust, partnership or corporation) and the United Kingdom or the United States or any political subdivision or territory or possession thereof or therein or area subject to its jurisdiction, including, without limitation, such noteholder or beneficial owner (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident thereof or treated as a resident thereof or domiciled thereof or a national thereof or being or having been present or engaged in trade or business therein or having or having had a permanent establishment therein;

- that are estate, inheritance, gift, sales, transfer, personal property, wealth or similar taxes, duties, assessments or other governmental charges;
- payable other than by withholding from payments of principal of or premium, if any, or interest on the Notes;
- that would not have been imposed but for the failure of the applicable recipient of such payment to comply with any certification, identification, information, documentation or other reporting requirement to the extent such compliance is required by applicable law or administrative practice or an applicable treaty as a precondition to exemption from, or reduction in, the rate of deduction or withholding of such Taxes;
- that would not have been imposed but for the presentation of the Notes (where presentation is required) for payment on a date more than 30 days after the date on which such payment became due and payable or the date on which payment thereof was duly provided for, whichever occurred later;
- that would not have been imposed if presentation for payment of the Notes had been made to a paying agent other than the paying agent to which the presentation was made;
- that are imposed solely by reason of the noteholder or beneficial owner owning or having owned, actually or constructively, 10% or more of the total combined voting power of all classes of such Issuer's stock entitled to vote;
- that would not have been imposed but for a failure by the noteholder or beneficial owner (or any financial institution through which the noteholder or beneficial owner holds any Security through which payment on the Security is made) to comply with any certification, information, identification, documentation or other reporting requirements (including entering into and complying with an agreement with the US Internal Revenue Service) imposed pursuant to Sections 1471 through 1474 of the US Internal Revenue Code as in effect on the date of issuance of the Notes or any successor or amended version of such provisions; or
- any combination of the foregoing items;

nor shall additional amounts be paid with respect to any payment of the principal of or premium, if any, or interest on the Notes to any such noteholder who is a fiduciary or a partnership or a beneficial owner who is other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner would not have been entitled to such additional amounts had it been the holder of such Notes.

The US Issuer has agreed in the Indenture that at least one paying agent for the US Issuer Notes will be located outside the United Kingdom.

The UK Issuer has agreed in the Indenture that at least one paying agent for the UK Issuer Notes will be located outside the United Kingdom.

The US Issuer's obligation to pay additional amounts if and when due will survive the termination of the Indenture and the payment of all amounts in respect of the US Issuer Notes.

The UK Issuer's obligation to pay additional amounts if and when due will survive the termination of the Indenture and the payment of all amounts in respect of the UK Issuer Notes.

Limitation on Liens

Each of the Guarantors has agreed in the Indenture not to incur or assume (or permit any of its respective subsidiaries to incur or assume) any mortgage, charge, security interest, pledge, hypothecation, assignment,

deposit arrangement, encumbrance, lien or other security agreement (collectively, "liens") on or with respect to any of its or its subsidiaries' property, assets or revenues, present or future, to secure any relevant indebtedness (as this term is defined below) without making (or causing its subsidiaries to make) effective provision for securing the Notes equally and rateably with or prior to such relevant indebtedness as to such property, assets or revenues, for as long as such relevant indebtedness is so secured.

The restrictions on liens will not apply to:

- liens arising by operation of law;
- liens on property, assets or revenues of any person, which liens are existing at the time such person becomes a subsidiary; and
- liens on property, assets or revenues of a person existing at the time such person is merged with or into or consolidated with the Guarantor or any of its subsidiaries or at the time of a sale, lease or other disposition to the Guarantor of the properties of a person as an entirety or substantially as an entirety.

For purposes of the limitation on liens covenant, the term "relevant indebtedness" means any of a Guarantor's debt that:

- is in the form of or represented by bonds, notes, loan stock, depositary receipts or other securities issued (otherwise than to constitute or represent advances made by banks or other lending institutions); and
- at its date of issue is, or is intended by the applicable Guarantor to become, quoted, listed, traded or dealt in on any stock exchange, over-the-counter market or other securities market.

Consolidation, Merger or Sale

Each of the Issuers and each of the Guarantors, for so long as its respective Guarantee is in place, have agreed in the Indenture not to consolidate with or merge with or into any other person or convey or transfer all or substantially all of their respective properties and assets to any person (except that each Issuer's finance subsidiaries may merge into such Issuer or the applicable Guarantor, as the case may be), unless:

- the relevant Issuer or the applicable Guarantor, as the case may be, is the continuing person, or the successor expressly assumes by supplemental indenture their respective obligations under the Indenture;
- the continuing person is a US or UK company or is organised and validly existing under the laws of a jurisdiction that is a member country of the Organisation for Economic Cooperation and Development (or any successor) and, if it is not a US or UK company, the continuing person agrees by supplemental indenture to be bound by a covenant comparable to that described above under "*—Covenants—Payment of Additional Amounts*" with respect to taxes imposed in the continuing person's jurisdiction of organisation (in which case the continuing person will benefit from a redemption option comparable to that described below under "*—Optional Redemption for Tax Reasons*" in the event of changes in taxes in that jurisdiction after the date of the consolidation, merger or sale);
- immediately after the transaction, no default under the Notes (with respect to the applicable Guarantor), the US Issuer Notes (with respect to the US Issuer) or the UK Issuer Notes (with respect to the UK Notes), as the case may be, has occurred and is continuing; and
- the relevant Issuer or the applicable Guarantor, as applicable, deliver to the Trustee an officer's certificate and, if neither the relevant Issuer, nor the applicable Guarantor, are the continuing person, an opinion of counsel, in each case stating, among other things, that the transaction and the supplemental indenture, if required, comply with these provisions and the Indenture.

Redemption

General

The Notes will not be subject to any sinking fund.

Unless otherwise specified below, with respect to any series of Notes, notice of any redemption by the US Issuer or UK Issuer, as applicable, will be mailed by the relevant Issuer, or by the Trustee on the relevant Issuer's behalf at least 15 days but not more than 60 days before the redemption date to each registered holder of the

Notes of such series to be redeemed by the relevant Issuer. The relevant Issuer will give notice of any such redemption to any exchange on which such series of Notes are listed. On and after any redemption date, interest will cease to accrue on such series of Notes or portions thereof called for redemption. On or before the redemption date, the US Issuer or the UK Issuer will deposit with a paying agent (or the Trustee) money sufficient to pay the redemption price of and accrued interest on the relevant series of Notes to be redeemed on that date. If less than all of the Notes of such series are to be redeemed, the Notes to be redeemed shall be selected by lot or in accordance with Depository Trust Company ("DTC") applicable procedures, by the Registrar, in the case of Notes represented by a global security, or by the Trustee by such method as the Trustee deems to be fair and appropriate, in the case of Notes that are not represented by a global security.

Optional Redemption for Tax Reasons

The US Issuer may redeem any series of US Issuer Notes in whole but not in part at any time prior to maturity, at a redemption price equal to 100 per cent. of their principal amount plus accrued interest to the date fixed for redemption, if:

- the US Issuer determines that, as a result of any change in or amendment to the laws or any regulations or rulings promulgated thereunder of the United Kingdom (or of any political subdivision or taxing authority thereof) or the United States (or of any political subdivision or taxing authority thereof), or any change in the application or official interpretation of such laws, regulations or rulings, or any change in the application or official interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which any such jurisdiction is a party, which change, execution or amendment becomes effective on or after the Issue Date:
    - the US Issuer would be required to pay additional amounts (as described under "—*Covenants—Payment of Additional Amounts*" above) with respect to the US Issuer Notes on the next succeeding Interest Payment Date and the payment of such additional amounts cannot be avoided by the use of reasonable measures available to the US Issuer or the applicable Guarantor; or
    - withholding tax has been or would be required to be withheld with respect to interest income received or receivable by the US Issuer directly from the applicable Guarantor (or any affiliate) and such withholding tax obligation cannot be avoided by the use of reasonable measures available to the US Issuer or the applicable Guarantor (or any affiliate); or
- the US Issuer determines, based upon an opinion of independent counsel of recognised standing that, as a result of any action taken by any legislative body of, taxing authority of, or any action brought in a court of competent jurisdiction in, the United Kingdom (or any political subdivision or taxing authority thereof) or the United States (or any political subdivision or taxing authority thereof) (whether or not such action was taken or brought with respect to the US Issuer or the applicable Guarantor, as the case may be), which action is taken or brought on or after the Issue Date, there is a substantial probability that the circumstances described above would exist; *provided*, *however*, that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the US Issuer would be obligated to pay such additional amounts.

The UK Issuer may redeem the UK Issuer Notes in whole but not in part at any time prior to maturity, at a redemption price equal to 100 per cent. of their principal amount plus accrued interest to the date fixed for redemption, if:

- the UK Issuer determines that, as a result of any change in or amendment to the laws or any regulations or rulings promulgated thereunder of the United Kingdom (or of any political subdivision or taxing authority thereof) or the United States (or of any political subdivision or taxing authority thereof), or any change in the application or official interpretation of such laws, regulations or rulings, or any change in the application or official interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which any such jurisdiction is a party, which change, execution or amendment becomes effective on or after the Issue Date:
    - the UK Issuer would be required to pay additional amounts (as described under "—*Covenants—Payment of Additional Amounts*" above) with respect to the UK Issuer Notes on the next succeeding Interest Payment Date and the payment of such additional amounts cannot be avoided by the use of reasonable measures available to the UK Issuer or the applicable Guarantor; or
    - withholding tax has been or would be required to be withheld with respect to interest income received or receivable by the UK Issuer directly from the applicable Guarantor (or any affiliate)

and such withholding tax obligation cannot be avoided by the use of reasonable measures available to the Issuer or the applicable Guarantor (or any affiliate); or

- the UK Issuer determines, based upon an opinion of independent counsel of recognised standing that, as a result of any action taken by any legislative body of, taxing authority of, or any action brought in a court of competent jurisdiction in, the United Kingdom (or any political subdivision or taxing authority thereof) or the United States (or any political subdivision or taxing authority thereof) (whether or not such action was taken or brought with respect to the UK Issuer or the applicable Guarantor, as the case may be), which action is taken or brought on or after the Issue Date, there is a substantial probability that the circumstances described above would exist; *provided*, *however*, that no such notice of redemption may be given earlier than 90 days prior to the earliest date on which the UK Issuer would be obligated to pay such additional amounts.

The relevant Issuer or the applicable Guarantor will also pay to each noteholder of any series of Notes to be redeemed, or make available for payment to each such noteholder, on the redemption date any additional amounts resulting from the payment of such redemption price. Prior to the publication of any notice of redemption, the relevant Issuer or the applicable Guarantor will deliver to the Trustee:

- an officer's certificate stating that the relevant Issuer is entitled to effect a redemption and setting forth a statement of facts showing that the conditions precedent of the right so to redeem have occurred; or
- an opinion of counsel to the effect that the conditions specified above have been satisfied.

Any notice of redemption will be irrevocable once the relevant Issuer delivers the officer's certificate to the Trustee.

Fixed Rate Notes Make-Whole and Par Redemption

Prior to the applicable Fixed Rate Notes Par Call Date (as defined below), the US Issuer may redeem any series of the US Issuer Fixed Rate Notes and, at any time before the 2025 Fixed Rate Notes Maturity Date, the UK Issuer may redeem the 2025 Fixed Rate Notes, in whole or in part, at their option at any time and from time to time at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of (i) 100 per cent. of the principal amount of the Fixed Rate Notes to be redeemed on that redemption date and (ii) as determined by such Issuer, (a) with respect to any series of US Issuer Fixed Rate Notes: the sum of the present values of the remaining scheduled payments of principal of and interest on the Fixed Rate Notes to be redeemed on that redemption date (not including any portion of such payments of interest accrued as of the redemption date) that would be due if the relevant series of US Issuer Fixed Rate Notes matured on the applicable Fixed Rate Notes Par Call Date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points in the case of the 2027 Fixed Rate Notes, 20 basis points in the case of the 2029 Fixed Rate Notes, 25 basis points in the case of the 2032 Fixed Rate Notes, 25 basis points in the case of the 2052 Fixed Rate Notes or 15 basis points in the case of the Callable Fixed Rate Notes, and (b) with respect to the 2025 Fixed Rate Notes: the sum of the present values of the remaining scheduled payments of principal and interest on the 2025 Fixed Rate Notes to be redeemed on that redemption date (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points; in each case plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

On or after the applicable Fixed Rate Notes Par Call Date, the US Issuer may redeem any series of the US Issuer Fixed Rate Notes, in whole or in part, at its option at any time and from time to time at a redemption price equal to 100 per cent. of the principal amount of the applicable series of US Issuer Fixed Rate Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

Notwithstanding the foregoing, instalments of interest on the Fixed Rate Notes to be redeemed that are due and payable on a Fixed Rate Notes Interest Payment Date falling on or prior to a redemption date will be payable on the Fixed Rate Notes Interest Payment Date to the registered holders as of the close of business on the relevant Regular Record Date according to the Fixed Rate Notes and the Indenture, as applicable.

"Fixed Rate Notes Par Call Date" means any of the 2027 Fixed Rate Notes Par Call Date, the 2029 Fixed Rate Notes Par Call Date, the 2032 Fixed Rate Notes Par Call Date, the 2052 Fixed Rate Notes Par Call Date or the Callable Fixed Rate Notes Par Call Date.

"2027 Fixed Rate Notes Par Call Date" means 24 February 2027.

"2029 Fixed Rate Notes Par Call Date" means 24 January 2029.

"2032 Fixed Rate Notes Par Call Date" means 24 December 2031.

"2052 Fixed Rate Notes Par Call Date" means 24 September 2051.

"Callable Fixed Rate Notes Par Call Date" means 24 March 2023.

"Treasury Rate" means, with respect to any redemption date, the yield determined by the relevant Issuer in accordance with the following two paragraphs:

- The Treasury Rate shall be determined by the relevant Issuer after 4:15 p.m., New York City time (or after such time as yields on US government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third business day preceding the redemption date (the "Price Determination Date") based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily)—H.15" (or any successor designation or publication) ("H.15") under the caption "US government securities—Treasury constant maturities—Nominal" (or any successor caption or heading) ("H.15 TCM"). In determining the Treasury Rate, the relevant Issuer shall select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date (in each case, the "Remaining Life"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the Remaining Life, the two yields — one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the Remaining Life—and shall interpolate (a) in the case of any series of US Issuer Fixed Rate Notes, to the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, to the 2025 Fixed Rate Notes Maturity Date, in each case on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 shall be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.
- If on the Price Determination Date, H.15 TCM or any successor designation or publication is no longer published, the relevant Issuer shall calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m., New York City time, on the second business day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date, as applicable. If there is no United States Treasury security maturing on (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date but there are two or more United States Treasury securities with a maturity date equally distant from, (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date, one with a maturity date preceding (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date, and one with a maturity date following (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date, the relevant Issuer shall select the United States Treasury security with a maturity date preceding (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date. If there are two or more United States Treasury securities maturing on (a) in the case of any series of US Issuer Fixed Rate Notes, the applicable Fixed Rate Notes Par Call Date, and (b) in the case of the 2025 Fixed Rate Notes, the 2025 Fixed Rate Notes Maturity Date, or two or more United States Treasury securities meeting the criteria of the preceding sentence, the relevant Issuer shall select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of

the bid and asked prices for such United States Treasury securities at 11:00 a.m., New York City time. In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m., New York City time, of such United States Treasury security, and rounded to three decimal places.

The Issuer's actions and determinations in determining the redemption price shall be conclusive and binding for all purposes, absent manifest error.

Callable Floating Rate Notes Par Redemption

On or after the Callable Floating Rate Notes Par Call Date (as defined below), the US Issuer may redeem the Callable Floating Rate Notes, in whole or in part, at its option at any time and from time to time at a redemption price equal to 100% of the principal amount of the Callable Floating Rate Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date.

Notwithstanding the foregoing, instalments of interest on the Callable Floating Rate Notes to be redeemed that are due and payable on a Callable Floating Rate Notes Interest Payment Date falling on or prior to a redemption date will be payable on the Callable Floating Rate Notes Interest Payment Date to the registered holders as of the close of business on the relevant Regular Record Date according to the Callable Floating Rate Notes and the Indenture, as applicable.

"Callable Floating Rate Notes Par Call Date" means 24 March 2023.

Special Mandatory Early Redemption

The US Issuer shall promptly notify, in writing, the Trustee, the paying agent and the noteholders in accordance with the terms of the Indenture and the US Issuer Notes within 15 days of the occurrence of a Special Mandatory Redemption Event (which notice shall be irrevocable and shall specify the date fixed for redemption). Within 45 days from (and including) the date of such notice, the US Issuer shall redeem the US Issuer Notes in whole, but not in part, at the Special Mandatory Redemption Amount, together with interest accrued (but unpaid) to (but excluding) the date fixed for redemption.

The UK Issuer shall promptly notify, in writing, the Trustee, the paying agent and the noteholders in accordance with the terms of the Indenture and the UK Issuer Notes within 15 days of the occurrence of a Special Mandatory Redemption Event (which notice shall be irrevocable and shall specify the date fixed for redemption). Within 45 days from (and including) the date of such notice, the UK Issuer shall redeem the UK Issuer Notes in whole, but not in part, at the Special Mandatory Redemption Amount, together with interest accrued (but unpaid) to (but excluding) the date fixed for redemption.

The Trustee is under no obligation whatsoever to ascertain whether a Special Mandatory Redemption Event or any event which could lead to the occurrence of or could constitute a Special Mandatory Redemption Event has occurred and, until a responsible officer of the Trustee shall have received actual written notice pursuant to the Indenture to the contrary, the Trustee may assume that no Special Mandatory Redemption Event or other such event has occurred.

"Special Mandatory Redemption Amount" means a redemption price equal to 101 per cent. of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, thereon to, but excluding, the redemption date

"Special Mandatory Redemption Event" means (i) the Demerger not having completed by the first anniversary of the Issue Date; or (ii) if earlier, GSK releasing an announcement which makes public that it no longer intends to pursue the Demerger.

Redemption upon a Change of Control Put Event

If a Change of Control Put Event occurs with respect to a series of Notes, the noteholders of such Series will have the option (a "Change of Control Put Option") (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer of such series of Notes has given notice of redemption pursuant the terms of the Indenture) to require the relevant Issuer to redeem or, at such Issuer's option, purchase (or

procure the purchase of) the whole, but not part, of such noteholders' Notes on the Change of Control Put Date at the Change of Control Redemption Amount (each, as defined below) together with interest accrued (but unpaid) to (but excluding) the Change of Control Put Date.

Promptly, and in any event not later than seven calendar days, after becoming aware of the occurrence of a Change of Control Put Event, the relevant Issuer shall notify the Trustee in writing and give notice (a "Change of Control Put Event Notice") to the noteholders in accordance with the terms of the Indenture specifying: (A) the nature of the Change of Control Put Event, (B) the procedure for exercising the Change of Control Put Option, (C) that a Change of Control Put Notice (as defined below) once given may not be revoked, (D) the last day of the paying agent's normal business hours falling within the period (the "Change of Control Put Period") and (E) the Change of Control Put Date.

To exercise the Change of Control Put Option, the relevant noteholder must deliver, at the specified office of the paying agent at any time during the Change of Control Put Period of 45 calendar days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of the paying agent (a "Change of Control Put Notice") and in which the noteholder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made pursuant to this provision, accompanied by, if the relevant Note is in definitive form, the relevant Note or evidence satisfactory to the paying agent concerned that the relevant Note will, following delivery of the Change of Control Put Notice, be held to its order or under its control. The "Change of Control Put Date" shall be the date falling seven London business days after the expiration of the Change of Control Put Period.

A Change of Control Put Notice, once given, shall be irrevocable, except where prior to the Change of Control Put Date, an Event of Default (as defined below) has occurred and is continuing; in which event, the relevant noteholder, at its option, may elect by notice to the relevant Issuer to withdraw the Change of Control Put Notice and instead to instruct the Trustee, in writing, to give notice that the relevant Notes that are the subject of the Change of Control Put Notice are immediately due and payable pursuant to the events of default provisions of the Indenture (see "*—Events of Default*" below). The relevant Notes shall then become immediately due and payable, as long as the Trustee declares all of the relevant Notes immediately due and payable in accordance with the provisions of the Indenture.

The relevant Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

The Trustee is under no obligation whatsoever to ascertain whether a Change of Control Put Event or any event which could lead to the occurrence of or could constitute a Change of Control Put Event has occurred and, until a responsible officer of the Trustee shall have received actual written notice pursuant to the Indenture to the contrary, the Trustee may assume that no Change of Control Put Event or other such event has occurred.

A "Change of Control" will be deemed to occur if, after the Guarantee Assumption Date:

- With respect to any Notes, a person or persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the UK Companies Act 2006, as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of Haleon or any holding company of Haleon, shall become interested (within the meaning of Part 22 of the UK Companies Act 2006, as amended) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of Haleon (or any holding company of Haleon or (B) shares in the capital of Haleon (or any holding company of Haleon) carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of Haleon or any holding company of Haleon; or
- With respect to the US Issuer Notes, Haleon ceases to own directly or indirectly more than 50 per cent. of the outstanding share capital of the US Issuer carrying voting rights normally exercisable at a general meeting of the US Issuer; or
- With respect to the UK Issuer Notes, Haleon ceases to own directly or indirectly more than 50 per cent. of the outstanding share capital of the UK Issuer carrying voting rights normally exercisable at a general meeting of the UK Issuer.

"Change of Control Period" means the period commencing on and including the Relevant Announcement Date (as defined below) and ending on and including the date falling 90 days after the Change of Control (or such

longer period for which the relevant series of Notes are under consideration (such consideration having been announced publicly within the period described above) for rating review or, as the case may be, rating by a Rating Agency (as defined below), such period not to exceed 60 days from and including the public announcement of such consideration).

"Change of Control Put Event" will be deemed to occur if a Change of Control has occurred and during the Change of Control Period either (i) a withdrawal or downgrade occurs to any one or more credit ratings assigned to the relevant series of Notes so that none of the Rating Agencies (as defined below) then rating such series of Notes assign an Investment Grade (as defined below) rating to such series of Notes and, within the Change of Control Period, any one or more of such ratings is not subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an Investment Grade; provided that (A) where a rating has been changed, the relevant Rating Agency announces publicly or confirms in writing to the relevant Issuer or Haleon that such change resulted, in whole or in part, in anticipation of, or as a result of the occurrence of, the Change of Control; (B) in the case of a Potential Change of Control Announcement (as defined below), a Change of Control Put Event will be deemed to have occurred only if and when the Change of Control referred to in such Potential Change of Control Announcement subsequently occurs; and (C) if there is only one credit rating assigned to the relevant series of Notes, a Change of Control Put Event can only occur if that credit rating changes so that the relevant Rating Agency does not assign an Investment Grade rating to the Notes or (ii) a Negative Rating Event (as defined below) occurs. For the avoidance of doubt, a Change of Control Put Event will not have occurred, where the Notes were rated by the Rating Agencies below Investment Grade on or before a Change of Control has occurred and such rating has not been withdrawn or downgraded as a result of the Change of Control.

"Change of Control Redemption Amount" means a redemption price equal to 101 per cent. of the principal amount of the Notes to be redeemed, plus accrued and unpaid, if any, thereon to, but excluding, the redemption date.

"Fitch" means Fitch Ratings Ltd and its successors.

"Investment Grade" means in relation to the Notes: (a) a credit rating of BBB- or higher by S&P (as defined below) (or its equivalent under any successor rating category of S&P); (b) a credit rating of Baa3 or higher by Moody's (as defined below) (or its equivalent under any successor rating category of Moody's); or (c) a credit rating of BBB- or higher by Fitch (or its equivalent under any successor rating category of Fitch); or (d) an equivalent rating to either BBB- or Baa3, or higher, by any other Rating Agency.

"Moody's" means Moody's Investors Services Limited and its successors.

A "Negative Rating Event" shall be deemed to have occurred if at any time there is no rating assigned to the Notes by a Rating Agency and the relevant Issuer does not, by the end of the Change of Control Period, obtain an Investment Grade rating in respect of such Notes.

"Potential Change of Control Announcement" means the earliest of any public announcement or statement by or on behalf of the relevant Issuer or Haleon, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

"Rating Agencies" means (a) S&P; (b) Moody's; (c) Fitch or (d) if at least two of S&P, Moody's or Fitch do not make a rating of the Notes publicly available, any other internationally recognised rating agency appointed by the relevant Issuer to assign a credit rating to the Notes which shall be substituted for S&P, Moody's or Fitch or all of them, as the case may be, and each, a "Rating Agency".

"Relevant Announcement Date" means the date that is the earlier of (a) the date of the first public announcement, by or on behalf of the relevant Issuer, Haleon, any bidder or any designated adviser, of the relevant Change of Control and (b) the date of the Potential Change of Control Announcement (if any).

"S&P" means S&P Global Ratings UK Limited and its successors.

Events of Default

An event of default with respect to a series of Notes will occur upon any of the following:

- default in payment of the principal of any Note of such series when due (including upon any redemption of such series of Notes), and, in the case of technical or administrative difficulties, the continuance of that default for more than two business days;

- default in payment of interest on, or any additional amounts payable in respect of, any Note of such series when due and payable, and the continuance of that default for 30 days;
- (a) with respect to the US Issuer Notes, default in performing any other covenant of the US Issuer and (b) with respect to the UK Issuer Notes, default in performing any other covenant of the UK Issuer, or the applicable Guarantor in the Indenture for 90 days after the receipt of written notice specifying such default from the Trustee or from the noteholders of 25 per cent. in principal amount of the Notes of that series;
- default under any bond, debenture, note or other evidence of indebtedness for money borrowed of the US Issuer, with respect to the US Issuer Notes, or the UK Issuer, with respect to the UK Issuer Notes, or the applicable Guarantor, as the case may be (not including any indebtedness for which recourse is limited to property purchased), having in any particular case an outstanding principal amount in excess of £100,000,000 (or its equivalent in any other currency) where any such failure results in such indebtedness being accelerated and becoming due and payable prior to its stated maturity and such acceleration shall not have been rescinded or annulled or such indebtedness shall not have been discharged; provided that there shall not be deemed to be an event of default if such acceleration is rescinded or annulled or such payment is made within 10 days after there has been given to the applicable Issuer and the applicable Guarantor by the Trustee, or to the applicable Issuer, the applicable Guarantor and the Trustee by the noteholders representing 25 per cent. or more in aggregate principal amount of such series of the Notes a written notice specifying such default and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder;
- with respect to the US Issuer Notes, the Haleon Guarantee ceases to be, or is claimed by the US Issuer or Haleon not to be, in full force and effect; or
- with respect to the UK Issuer Notes, the Haleon Guarantee ceases to be, or is claimed by the UK Issuer or Haleon not to be, in full force and effect; or
- certain events of bankruptcy, insolvency or reorganisation of the applicable Issuer or the applicable Guarantor, as the case may be.

An event of default with respect to a particular series of Notes will not necessarily constitute an event of default with respect to any other series of the Notes.

The Trustee may withhold notice to the noteholders of any default (except in the payment of principal or interest) if it, in good faith, considers such withholding of notice to be in the interests of the noteholders. A default is any event which is an event of default described above or would be an event of default but for the giving of notice or the passage of time.

If the event of default occurs because of a default in a payment of principal or interest on any series of Notes, then the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of such series of Notes can accelerate the entire principal of such series of Notes with written notice to the Trustee. If the event of default occurs because of a failure to perform any other covenant in the Indenture or any covenant for the benefit of one or more, but not all, of the series of the Notes, then the Trustee or the noteholders of at least 25 per cent. of the aggregate principal amount of Notes of all series affected, voting as one class, can accelerate all of the affected series of Notes. If the event of default occurs because of bankruptcy proceedings, then the entire principal of the Notes under the Indenture will be accelerated automatically without any further action on the part of the noteholders or the Trustee.

Therefore, except in the case of a default on a payment of principal or interest on the Notes of the series that a noteholder holds, or a default due to the bankruptcy or insolvency of the relevant Issuer or the applicable Guarantor, it is possible that a noteholder may not be able to accelerate the Notes of the series it holds because of the failure of noteholders of other series of Notes to take action.

The noteholders representing a majority of the aggregate principal amount of the affected series of Notes, can rescind this accelerated payment requirement or waive any past default or event of default or allow noncompliance with any provision of the Indenture. However, they cannot waive a default in payment of principal of or interest on any series of the Notes when due otherwise than as a result of acceleration.

After an event of default has occurred and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee must exercise the same degree of care a prudent person would exercise under the

circumstances in the conduct of her or his own affairs. Subject to these requirements, the Trustee is not obligated to exercise any of its rights or powers under the Indenture at the request, order or direction of any noteholders, unless the noteholders offer the Trustee indemnity and/or security satisfactory to it. If the noteholders provide the Trustee with such indemnity and/or security, the noteholders representing a majority in principal amount of all affected series of Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture or is unduly prejudicial to the rights of other noteholders.

No noteholder will be entitled to pursue any remedy with respect to the Indenture unless the Trustee fails to act for 60 days after it is given:

- notice of default by that noteholder;
- a written request to enforce the Indenture by the noteholders of not less than 25 per cent. in principal amount of all outstanding Notes of any affected series; and
- an indemnity to the Trustee, reasonably satisfactory to the Trustee;

and during this 60-day period the noteholders representing a majority in principal amount of all outstanding Notes of such affected series do not give a direction to the Trustee that is inconsistent with the enforcement request. These provisions will not prevent any noteholder from enforcing payment of the principal of (and premium, if any) and interest on the Notes at the relevant due dates.

If an event of default with respect to a series of Notes occurs and is continuing of which a responsible officer of the Trustee has received written notice, the Trustee will mail to the noteholders of the Notes of such series a notice of the event of default within 90 days after it occurs. However, except in the case of a default in any payment in respect of a series of Notes, the Trustee shall be protected in withholding notice of an event of default if it determines in good faith that this is in the interests of the noteholders of the relevant series of Notes.

Further Issuances

The US Issuer is initially offering the 2027 Fixed Rate Notes in the aggregate principal amount of $2,000,000,000, the 2029 Fixed Rate Notes in the aggregate principal amount of $1,000,000,000, the 2032 Fixed Rate Notes in the aggregate principal amount of $2,000,000,000, the 2052 Fixed Rate Notes in the aggregate principal amount of $1,000,000,000, the Callable Fixed Rate Notes in the aggregate principal amount of $700,000,000 and the Callable Floating Rate Notes in the aggregate principal amount of $300,000,000. The UK Issuer is initially offering the 2025 Fixed Rate Notes in the aggregate principal amount of $1,750,000,000. Each of the Issuers may from time to time, without the consent of the relevant noteholders, create and issue further debt securities of the same series having the same terms and conditions in all respects as any of the relevant series of Notes being offered hereby, except for the issue date, the issue price and, in certain cases, the first payment of interest thereon. Any such additional debt securities shall be issued under a separate CUSIP or ISIN number unless the additional debt securities are issued pursuant to a "qualified reopening" of the original series, are otherwise treated as part of the same "issue" of debt instruments as the original series or are issued with no more than a *de minimis* amount of original discount, in each case for US federal income tax purposes.

Payment and Transfer

Each of the Issuers will pay the principal of the relevant Notes in global form registered in the name of or held by DTC or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered holder of such global note.

Each of the Issuers will pay the principal of any relevant certificated Notes at the office or agency designated by it for that purpose. Each of the Issuers has initially designated the Trustee as its paying agent and registrar and its corporate trust office as a place where relevant series of Notes may be presented for payment or for registration of transfer. Each of the Issuers may, however, change the paying agent or registrar without prior notice to the relevant noteholders, and such Issuer may act as paying agent or registrar.

A noteholder may transfer or exchange Notes at the office of the registrar in accordance with the Indenture. The registrar and the Trustee may require a noteholder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by either of the Issuers, the Trustee or the registrar for

any registration of transfer or exchange of Notes, but each of the Issuers may require a relevant noteholder to pay a sum sufficient to cover any transfer tax or other similar governmental charge required by law or permitted by the Indenture. A noteholder may not sell or otherwise transfer Notes except in compliance with the provisions set forth below under "*Notice to Investors*." Neither of the Issuers is required to transfer or exchange any relevant Note surrendered for exchange or required repurchase.

The registered holder of a Note will be treated as its owner for all purposes.

Book-Entry System

The Global Notes

The Notes are being offered and sold to qualified institutional buyers as defined in, and in reliance on, Rule 144A and outside the United States to non-US persons (as defined in Regulation S) in offshore transactions in reliance on Regulation S.

The Notes will be initially issued in the form of one or more registered Notes in global form (the "global notes"). Upon issuance, each of the global notes will be deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Notes of each series originally issued in offshore transactions to non-US persons in reliance on Regulation S will be issued in the form of one or more global notes (each, a "Regulation S Global Note"). Notes of each series originally issued to QIBs in reliance on Rule 144A will be issued in the form of one or more Global Notes (each, a "Rule 144A Global Note"). Ownership of beneficial interests in a global note will be limited to persons who have accounts with DTC ("DTC participants") or persons who hold interests through DTC participants. Each of the Issuers expects that under procedures established by DTC:

- upon deposit of a global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and
- ownership of beneficial interests in a global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in global notes may not be exchanged for Notes in physical, certificated form except in the limited circumstances described below.

The global notes and beneficial interests in the global notes will be subject to restrictions on transfer as described under "*Notice to Investors*."

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC and, therefore, noteholders must allow for sufficient time in order to comply with these procedures if the wish to exercise any of their rights with respect to the Notes. Each of the Issuers provides the following summary of those operations and procedures solely for the convenience of investors. The operations and procedures of DTC are controlled by that settlement system and may be changed at any time. None of the Issuers, the Trustee, the paying agent or the initial purchasers are responsible for those operations or procedures.

DTC has advised the Issuers that it is:

- a limited-purpose trust company organised under the laws of the State of New York;
- a "banking organisation" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants.

DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations and other organisations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a global note, that nominee will be considered the sole owner or holder of the Notes represented by that global note for all purposes under the Indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have Notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated Notes; and
- will not be considered the owners or holders of the Notes under the Indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the Trustee under the Indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, interest and additional amounts with respect to the Notes represented by a global note will be made by the Trustee to DTC's nominee as the registered holder of the global note. Neither of the Issuers nor the Trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds.

Certificated Notes

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies the relevant Issuer at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the Exchange Act and a successor depositary is not appointed within 90 days; or
- an event of default with respect to the Notes has occurred and is continuing and such beneficial owner requests that its Notes be issued in physical, certificated form.

Same-Day Settlement and Payment

Initial settlement for the Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System.

Replacement of Notes

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses, taxes and duties incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may require. In case any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the relevant Issuer in its discretion may pay such Note instead of issuing a new Note in replacement thereof. Mutilated or defaced Notes must be surrendered before replacements will be issued.

Amendments and Waivers

Subject to certain exceptions, the rights and obligations of each of the Issuers and the noteholders under the Indenture may be modified if the noteholders of a majority in aggregate principal amount of the outstanding Notes of each series affected by the modification consent to such modification. However, the Indenture provides that, unless each affected noteholder agrees, an amendment cannot:

- make any adverse change to any payment term of a Note such as extending the maturity date, extending the date on which the relevant Issuer has to pay interest, reducing the interest rate, reducing the amount of principal the relevant Issuer has to repay, changing the currency in which the relevant Issuer has to make any payment of principal, premium or interest, modifying any redemption or repurchase right, or right to convert or exchange any Note, to the detriment of the noteholder and impairing any right of a noteholder to bring suit for payment;
- change in any manner materially adverse to the interests of the noteholders the terms and conditions of the obligations of any Guarantor in respect of the due and punctual payment of the principal thereof (and premium, if any) and any interest thereon;
- waive any payment default;
- reduce the percentage of the aggregate principal amount of Notes needed to make any amendment to the Indenture or to waive any covenant or default; or
- make any other change to the amendment provisions of the Indenture.

However, if each of the respective Issuers and the Trustee agree, the Indenture may be amended without notifying any noteholders or seeking their consent if the amendment does not materially and adversely affect any noteholder. Each of the Issuers are permitted to make modifications and amendments to the Indenture without the consent of any noteholder for any of the following purposes:

- to cure any ambiguity, defect or inconsistency in the Indenture;
- to comply with sections of the Indenture governing when each of the Issuers may merge and substitute obligors;
- to evidence and provide for the acceptance by a successor trustee of appointment under the Indenture with respect to the Notes of any or all series;
- to establish the form or forms or terms of the Notes of any series or of the coupons appertaining to such Notes as permitted under the Indenture;
- to provide for uncertificated Notes in addition to or in place of certificated Notes and to make all appropriate changes for such purpose;
- to provide for a further guarantee from a third party on outstanding Notes of any series and the debt securities of any series that may be issued under the Indenture;
- to change or eliminate any provision of the Indenture; *provided* that any such change or elimination will become effective only when there are no outstanding Notes of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision;
- to supplement any of the provisions of the Indenture to such extent as will be necessary to permit or facilitate the defeasance and discharge of any series of Notes pursuant to the Indenture; *provided* that any such action will not adversely affect the interests of the noteholders in any material respect; or
- to make any change that does not materially and adversely affect the rights of any noteholder.

Demerger Capital Reduction

Following the Demerger, the CH Group anticipates that it would pursue a dividend policy with a 30 to 50 per cent. pay-out ratio (see "*Consumer Healthcare Business—Dividend policy")*. However, as a matter of English law Haleon will only be entitled to pay dividends to the extent it has sufficient profits available for the purpose (as described in section 830 of the Companies Act). Haleon was incorporated on 20 October 2021 and, as at the date of this offering memorandum, has not generated any profits as a result of trading activities (and is not expected to do so prior to the Demerger). As a result, Haleon would not currently be able to pay dividends in accordance with its anticipated dividend policy immediately following the Demerger.

To resolve this, Haleon is proposing to undertake a court-confirmed reduction of capital within 6 months of the completion of the Demerger (the "Demerger Capital Reduction"). The Demerger Capital Reduction would reduce Haleon's nominal share capital and/or share premium account and credit an equivalent amount to Haleon as distributable profits. The specific terms of the Demerger Capital Reduction have not, as at the date of this offering memorandum, been finalised or court-confirmed. However, the Demerger Capital Reduction would not of itself result in value leaving the CH Group in any case. As part of the court confirmation of the Demerger Capital Reduction, it may be necessary or desirable for the creditors (including contingent creditors) of Haleon to give their consent to, or otherwise not object to, the Demerger Capital Reduction. Given Haleon will guarantee all amounts owing in respect of the Notes with effect from (and including) the Guarantee Assumption Date, holders of Notes will be contingent creditors of Haleon at the time of the Demerger Capital Reduction. Accordingly, by their holding of the Notes, each noteholder shall be deemed without the need for any further action to have unconditionally and irrevocably (i) consented to any reduction in the capital of Haleon which is implemented within 6 months of the Demerger, (ii) agreed not to object to the Demerger Capital Reduction, and (iii) appointed the Issuer of such noteholder's Notes, or such person (other than the Trustee) as such Issuer shall nominate as its agent to undertake all such acts and take all such steps on its behalf (including, without limitation, the execution and delivery of any documents to any court) as may be necessary or desirable for Haleon to implement the Demerger Capital Reduction.

Defeasance

The term defeasance means discharge from some or all of the obligations under the Indenture. If an Issuer deposits with the Trustee sufficient cash or government securities (if government securities, as deemed sufficient in the opinion of a nationally recognised firm of public accountants) to pay the principal, interest, any premium and any other sums due to the stated maturity date or a redemption date of the relevant Notes, then at its option:

- such Issuer will be discharged from its respective obligations with respect to the relevant Notes; or
- such Issuer will no longer be under any obligation to comply with the restrictive covenants, if any, contained in the Indenture and any supplemental indenture or board resolution with respect to the relevant Notes, and the events of default relating to failures to comply with covenants will no longer apply to such Issuer.

If this happens, the noteholders will not be entitled to the benefits of the Indenture except for registration of transfer and exchange of Notes and replacement of lost, stolen or mutilated Notes. Instead, the noteholders will only be able to rely on the deposited funds or obligations for payment.

The relevant Issuer must deliver to the Trustee an opinion of counsel to the effect that the deposit and related defeasance would not cause the noteholders to recognise income, gain or loss for US federal income tax purposes. The relevant Issuer may, in lieu of an opinion of counsel, deliver a ruling to such effect received from or published by the US Internal Revenue Service.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of or other amounts on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the applicable Issuer or the applicable Guarantor in the Indenture, or in any of the Notes, or because of the creation of any indebtedness represented thereby, shall be had against any incorporator, limited partner, stockholder, officer, director, employee or controlling person of the applicable Issuer or the applicable Guarantor or of any successor persons thereof. Each noteholder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under United States federal securities laws.

Substitution of either Issuer

Each of the Issuers may at its option at any time, without the consent of any noteholders, cause Haleon or any of their respective subsidiaries to assume the obligations of the US Issuer under the US Issuer Notes, and of the UK Issuer under the UK Issuer Notes, respectively, *provided* that the new obligor executes a supplemental indenture in which it agrees to be bound by the terms of the Notes and the Indenture. If the new obligor is not a US or UK company, it must be organised and validly existing under the laws of a jurisdiction that is a member country of the Organisation for Economic Cooperation and Development (or any successor) and it must also agree in the supplemental indenture to be bound by a covenant comparable to that described above under "*—Covenants—*

Payment of Additional Amounts" with respect to taxes imposed in its jurisdiction of organization (in which case the new obligor will benefit from a redemption option comparable to that described above under "*—Optional Redemption for Tax Reasons*" in the event of changes in taxes in that jurisdiction after the date of the substitution). In the case of such a substitution, the relevant Issuer will be relieved of any further obligation under the relevant Notes.

For US federal income tax purposes, a substitution of obligors as described above generally would be treated as a deemed taxable exchange of debt securities for new debt securities issued by the new obligor. As discussed further in this offering memorandum (see "*Taxation—US Federal Income Tax Considerations"*), a United States person who holds debt securities or owns a beneficial interest therein generally will recognise capital gain or loss in an amount equal to the difference between the issue price of the new debt securities and such person's adjusted tax basis in the debt securities. Such persons should consult their own tax advisors regarding the tax consequences of a deemed taxable exchange in the event of a substitution of obligors.

The Trustee

Deutsche Bank Trust Company Americas, 1 Columbus Circle, 17th Floor, New York, NY 10019, will be the Trustee. The Trustee will be required to perform only those duties that are specifically set forth in the Indenture, except when a default has occurred and is continuing with respect to the Notes of which a responsible officer of the Trustee has received written notice. After a default, the Trustee must exercise the same degree of care that a prudent person would exercise under the circumstances in the conduct of her or his own affairs. Subject to these requirements, the Trustee will be under no obligation whatsoever to exercise any of the powers vested in it by the Indenture at the request of any noteholder unless the noteholder offers the Trustee indemnity and/or security satisfactory to it against the costs, expenses and liabilities that might be incurred by exercising those powers.

Notices

Notices to the noteholders will be mailed to them at their respective addresses in the register of Notes. So long as and to the extent that the Notes are represented by global notes and such global notes are held by DTC or a nominee thereof, notices to owners of beneficial interests in the global notes may be given by delivery of the relevant notice through the facilities of DTC in accordance with DTC's procedures.

Listing

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and to trading on the GEM, which is the exchange-regulated market of Euronext Dublin.

Governing Law

The Notes, the Guarantees and the Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Registration Rights

In connection with the offering of the Notes, the Issuers, the Guarantors and the initial purchasers will enter into a registration rights agreement (the "Registration Rights Agreement") to be dated on or around 24 March 2022. Pursuant to the Registration Rights Agreement, Haleon and each of the US Issuer and the UK Issuer will agree to use commercially reasonable efforts to (1) file with the SEC a registration statement (the "Exchange Offer Registration Statement") on an appropriate form under the Securities Act with respect to an offer to exchange each series of the US Issuer Notes (with respect to the US Issuer) or the UK Issuer Notes (with respect to the UK Issuer) (the "Exchange Offer") for new notes with the same aggregate principal amount and terms substantially identical in all material respects to the applicable series of Notes (except for the provisions of the Notes relating to transfer restrictions, the GSK Guarantee and the special mandatory early redemption); (2) to cause the Exchange Offer Registration Statement to be declared effective by the SEC under the Securities Act; and (3) to consummate the Exchange Offer not later than 365 days after the Guarantee Assumption Date (the "Exchange Date").

If the relevant Issuer and Haleon determine that the Exchange Offer would violate any applicable law or applicable interpretations of the SEC or upon receipt of a written request (a "Shelf Request") from any initial purchaser representing that it holds relevant Notes that are or were ineligible to be exchanged in the Exchange

Offer, such Issuer and Haleon will use commercially reasonable efforts to (1) file a shelf registration statement covering resales of the relevant Notes; (2) cause such shelf registration statement to become effective under the Securities Act; and (3) keep the shelf registration statement effective until the earliest of the date (i) when a registration statement with respect to such Notes has become effective under the Securities Act and such Notes have been exchanged or disposed of pursuant to such registration statement, (ii) when such Notes cease to be outstanding, (iii) except in the case of relevant Notes that are held by an initial purchaser and that are ineligible to be exchanged in the Exchange Offer, when the Exchange Offer is consummated, (iv) when such Notes are freely tradeable, without restriction, under federal or state securities laws, (v) that is one year after the Guarantee Assumption Date or (vi) when relevant noteholders, other than noteholders that are "affiliates" (as defined in Rule 144 promulgated under the Securities Act ("Rule 144")) of the relevant Issuer, are able to sell such Notes without restriction, and without reliance as to the availability of current public information, pursuant to Rule 144 (such date, the "Registration Rights Expiration Date").

As to any series of Notes, if (1) the Exchange Offer, with respect to such series of Notes, is not completed on or prior to the Exchange Date, (2) the shelf registration statement with respect to such series of Notes, if required because the Issuer determines that the Exchange Offer would violate any applicable law or applicable interpretations of the SEC, has not become effective on or prior to the Exchange Date, (3) the relevant Issuer receives a Shelf Request and the shelf registration statement required to be filed thereby has not become effective by the later of (a) the Exchange Date and (b) 90 days after delivery of such Shelf Request or (4) the shelf registration statement, if required by the Registration Rights Agreement, has become effective and thereafter ceases to be effective or the prospectus contained therein ceases to be usable, in each case whether or not permitted by the Registration Rights Agreement, at any time prior to the Registration Rights Expiration Date, and such failure to remain effective or usable exists for more than 180 days (whether or not consecutive) in any 12-month period, each such event referred to in clauses (1) through (4), a "Registration Default," then, subject to certain exceptions, the interest rate on the Notes of such series will be increased by (i) 0.25 per cent. per annum for the first 90-day period beginning on the day immediately following such Registration Default and (ii) an additional 0.25 per cent. per annum with respect to each subsequent 90-day period, in each case until and including the date such Registration Default ends, up to a maximum increase of 0.50 per cent. per annum.

Each noteholder that wishes to exchange Notes for new notes in the Exchange Offer will be required to make certain representations, including representations that that (1) any notes issued pursuant to the Exchange Offer (the "Exchange Notes") to be received by it will be acquired in the ordinary course of its business, (2) at the time of the commencement of the Exchange Offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the Exchange Notes in violation of the provisions of the Securities Act, (3) it is not an "affiliate" (within the meaning of Rule 405 under the Securities Act) of the relevant Issuer or Haleon and (4) if such noteholder is a broker-dealer that will receive Exchange Notes for its own account in exchange for Notes that were acquired as a result of market-making or other trading activities, then such noteholder will deliver a prospectus (or, to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such Exchange Notes.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the complete terms of the Registration Rights Agreement, a copy of which is available upon request to the relevant Issuer at such Issuer's address set forth under "*The Issuers"* above.

This offering memorandum is not a solicitation of an offer to exchange the Notes subject to the Exchange Offer. The Exchange Offer will be made only by and pursuant to the terms of a separate exchange offer document.

PLAN OF DISTRIBUTION

Initial Purchasers

The Issuers and the Guarantors have entered into a purchase agreement dated as of 21 March 2022 (the "Purchase Agreement") with (i) BofA Securities, Inc., Citigroup Global Markets Inc., HSBC Securities (USA) Inc. and Mizuho Securities USA LLC as the representatives (the "Representatives") of Barclays Capital Inc., BNP Paribas Securities Corp., Deutsche Bank Securities Inc., J.P Morgan Securities LLC, Morgan Stanley & Co. LLC, Santander Investment Securities Inc. and Standard Chartered Bank, and (ii) Goldman Sachs International, pursuant to which, and subject to the terms and conditions set forth therein, the Issuers have agreed to issue and sell to the Initial Purchasers the following respective principal amount of Notes.

US Issuer Notes

Initial Purchasers	Principal Amount of 2027 Fixed Rate Notes	Principal Amount of 2029 Fixed Rate Notes	Principal Amount of 2032 Fixed Rate Notes	Principal Amount of 2052 Fixed Rate Notes	Principal Amount of Callable Fixed Rate Notes	Principal Amount of Callable Floating Rate Notes
BofA Securities, Inc.	$ 240,000,000	$ 120,000,000	$ 240,000,000	$ 120,000,000	$ 84,000,000	$ 36,000,000
Citigroup Global Markets Inc.	$ 240,000,000	$ 120,000,000	$ 240,000,000	$ 120,000,000	$ 84,000,000	$ 36,000,000
Goldman Sachs International	$ 240,000,000	$ 120,000,000	$ 240,000,000	$ 120,000,000	$ 84,000,000	$ 36,000,000
HSBC Securities (USA) Inc.	$ 240,000,000	$ 120,000,000	$ 240,000,000	$ 120,000,000	$ 84,000,000	$ 36,000,000
Mizuho Securities USA LLC	$ 240,000,000	$ 120,000,000	$ 240,000,000	$ 120,000,000	$ 84,000,000	$ 36,000,000
Barclays Capital Inc.	$ 114,286,000	$ 57,143,000	$ 114,286,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
BNP Paribas Securities Corp.	$ 114,286,000	$ 57,143,000	$ 114,286,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
Deutsche Bank Securities Inc.	$ 114,286,000	$ 57,143,000	$ 114,286,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
J.P. Morgan Securities LLC	$ 114,286,000	$ 57,143,000	$ 114,286,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
Morgan Stanley & Co. LLC	$ 114,286,000	$ 57,143,000	$ 114,286,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
Santander Investment Securities Inc.	$ 114,285,000	$ 57,143,000	$ 114,285,000	$ 57,143,000	$ 40,000,000	$ 17,143,000
Standard Chartered Bank	$ 114,285,000	$ 57,142,000	$ 114,285,000	$ 57,142,000	$ 40,000,000	$ 17,142,000
Total	**$2,000,000,000**	**$1,000,000,000**	**$2,000,000,000**	**$1,000,000,000**	**$700,000,000**	**$300,000,000**

UK Issuer Notes

Initial Purchasers	Principal Amount of 2025 Fixed Rate Notes
BofA Securities, Inc.	$ 210,000,000
Citigroup Global Markets Inc.	$ 210,000,000
Goldman Sachs International	$ 210,000,000
HSBC Securities (USA) Inc.	$ 210,000,000
Mizuho Securities USA LLC	$ 210,000,000
Barclays Capital Inc.	$ 100,000,000
BNP Paribas Securities Corp.	$ 100,000,000
Deutsche Bank Securities Inc.	$ 100,000,000
J.P. Morgan Securities LLC	$ 100,000,000
Morgan Stanley & Co. LLC	$ 100,000,000
Santander Investment Securities Inc.	$ 100,000,000
Standard Chartered Bank	$ 100,000,000
Total	**$1,750,000,000**

The Initial Purchasers are committed to take and pay for all of the Notes being offered, if any are taken. The Purchase Agreement also provides that if an Initial Purchaser defaults, the purchase commitments of the

non-defaulting Initial Purchasers may be increased or the offering of Notes may be terminated. The initial offering prices are set forth on the cover page of this offering memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms without notice.

The Notes have not been registered for offer or sale under the Securities Act and may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act or in transactions not subject to those registration requirements, including sales pursuant to Rule 144A and Regulation S.

In addition, until 40 days following the later of (i) the commencement of the offering and (ii) the Issue Date, an offer or sale of Notes within the United States or to US persons by any Initial Purchaser may violate the registration requirements of the Securities Act unless the Initial Purchasers make the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act.

In the Purchase Agreement, the Issuers and the Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the Initial Purchasers may be required to make in respect of those liabilities.

The Issuers and the Guarantors have agreed not to offer, sell, contract to sell, pledge, or otherwise dispose of, without the prior written consent of the Representatives, directly or indirectly, any US dollar-denominated debt securities issued or guaranteed by the Issuers or the Guarantors (other than the Notes or securities to be issued in exchange for the Notes pursuant to the Registration Rights Agreement), which mature more than one year after the Closing Date and which are substantially similar to the Notes, until the Closing Date.

The Initial Purchasers are offering the Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Notes, and other conditions contained in the Purchase Agreement, such as the receipt by the Initial Purchasers of officer's certificates and legal opinions. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Notes are new issues of securities for which there currently are no markets and the Issuers have no intention of listing the Notes on any securities exchange other than Euronext Dublin or arranging for their quotation on any automated quotation system. In addition, the Notes are subject to certain restrictions on resale and transfer as described under "*Notice to Investors*."

The Initial Purchasers have advised the Issuers that following the completion of the offering, the Initial Purchasers intend to make a market in the Notes of each series. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuers cannot give any assurance as to the development, maintenance or liquidity of any market for the Notes.

In connection with the offering, the Initial Purchasers may purchase and sell Notes in the open market. These transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Initial Purchasers of a greater number of Notes than they are required to purchase in the offering. Stabilising transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market prices of the Notes while the offering is in progress.

These activities by the Initial Purchasers, as well as other purchases by the Initial Purchasers for their own account, may stabilise, maintain or otherwise affect the market prices of the Notes. As a result, the prices of the Notes may be higher than the prices that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Initial Purchasers at any time. These transactions may be effected in the over-the-counter market or otherwise.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the third business day following the date of pricing of the Notes (this settlement cycle is being referred to as "T+3"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers of the Notes who wish to trade Notes prior to the delivery of the Notes hereunder will be required to specify an alternate date for payment of funds and delivery of the Notes at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade Notes prior to the date of their delivery should consult their own advisors.

Some of the Initial Purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuers, the Guarantors or their respective affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. The Trustee is an affiliate of one of the Initial Purchasers and the Initial Purchasers or their respective affiliates are lenders under the Bridge Facility, the Term Loan Facility and the Revolving Credit Facility and dealers under the EMTN Programme.

In addition, in the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers, the Guarantors or their respective affiliates. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuers, the Guarantors or their respective affiliates routinely hedge, and certain other of those Initial Purchasers or their affiliates may hedge, their credit exposure to the Issuers, the Guarantors or their respective affiliates consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities of the Issuers, the Guarantors and/or their respective affiliates, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments

Selling Restrictions

European Economic Area

The Notes are not intended to be ordered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of (i) a retail client as defined in point (11) of Article 4(1) of MiFID II or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the EU PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the Notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

United Kingdom

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of domestic law by virtue of the EUWA or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the "UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering memorandum has been prepared on the basis that any offer of the Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of securities. This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to the Issuers.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Notes in, from or otherwise involving the UK.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

Each Initial Purchaser has represented and agreed that:

a. it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

b. it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the Financial Instruments and Exchange Act). Each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used in this paragraph means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and governmental guidelines of Japan.

Taiwan

No person or entity in Taiwan is authorised to distribute or otherwise intermediate the offering of the Notes or the provision of information relating to this offer, including, but not limited to, this Offering Memorandum. The Notes may be made available outside Taiwan for purchase by Taiwan resident investors either directly or through a duly licensed Taiwan intermediary but may not be sold or offered within Taiwan. Any subscriptions of Notes will only become effective upon acceptance by the Issuers outside Taiwan and will be deemed a contract entered into in the jurisdiction of incorporation of the relevant Issuer.

Singapore

Each Initial Purchaser acknowledges, that this offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser represents, warrants and agrees, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

2) where no consideration is or will be given for the transfer;

3) where the transfer is by operation of law;

4) as specified in Section 276(7) of the SFA; or

5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes are not and will not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus compliant with the requirements of the FinSA for a public offering of the Notes in Switzerland and no such prospectus has been or will be prepared for or in connection with the offering of the Notes in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the offering of the notes have been or will be filed with or approved by a Swiss review body (Prüfstelle) and none of these shall be publicly distributed or otherwise made publicly available in Switzerland.

NOTICE TO INVESTORS

The Notes and the Guarantees have not been registered under the Securities Act or any securities laws of any jurisdiction, and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act and such other securities laws. Accordingly, the Notes are being offered and sold hereby only to persons in the United States and to, or for the account or benefit of, US persons, in each case that are QIBs, in reliance on Rule 144A (the "Rule 144A Notes") and outside the United States to non-US persons in reliance on Regulation S (the "Regulation S Notes").

As used herein, the terms "offshore transaction", "United States" and "US person" have the respective meanings given to them in Regulation S.

Each purchaser of Notes by accepting delivery of this offering memorandum and the Notes will be deemed to have acknowledged, represented and agreed with the Issuers, the Guarantors and the Initial Purchasers, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, as defined in Rule 144A under the Securities Act, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Note has been advised that any sale to it is being made in reliance on Rule 144A or (b) it is outside the United States and is not a US person;

(ii) that the Notes (or beneficial interests therein) and the Guarantees are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes and the Guarantees have not been registered under the Securities Act or any other applicable US State securities laws and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, US persons except as set forth below;

(iii) that, except pursuant to the terms and conditions of the Registration Rights Agreement, neither of the Issuers has an obligation to register the relevant Notes under the Securities Act;

(iv) that, unless it holds an interest represented by a Regulation S Global Note and is a person located outside the United States and is not a US person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, only (a) to the relevant Issuer or any of its subsidiaries, (b) in the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs in a transaction meeting the requirements of Rule 144A, or (c) in an offshore transaction to a non-US person in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, in each case in accordance with all applicable US State securities laws;

(v) that it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (iv) above, if then applicable;

(vi) that Rule 144A Notes initially offered in the United States to QIBs will be represented by the Rule 144A Global Notes and that Regulation S Notes offered outside the United States in reliance on Regulation S will be represented by the Regulation S Global Note;

(vii) that the Rule 144A Notes represented by a Rule 144A Global Note and Rule 144A definitive certificates will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"THIS NOTE AND THE GUARANTEES OF THIS NOTE BY GLAXOSMITHKLINE PLC, EFFECTIVE BEFORE THE GUARANTEE ASSUMPTION DATE, AND HALEON PLC, EFFECTIVE FROM (AND INCLUDING) THE GUARANTEE ASSUMPTION DATE (UPON WHICH THE GUARANTEE OF GLAXOSMITHKLINE PLC WILL BE AUTOMATICALLY AND UNCONDITIONALLY TERMINATED AND RELEASED) (TOGETHER "THE GUARANTORS") HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS, WARRANTS, ACKNOWLEDGES AND AGREES FOR THE BENEFIT OF THE ISSUER, THE GUARANTORS AND THE TRUSTEE THAT IT IS A ''QUALIFIED

INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES OTHER THAN (1) TO THE ISSUER, (2) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (3) IN THE UNITED STATES TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (4) IN AN OFFSHORE TRANSACTION TO A NON-US PERSON IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."

(viii) if it is outside the United States and is not a US person, that if it should reoffer, resell, pledge or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of (i) the date on which the offering of the Notes to persons other than the distributors in reliance on Regulation S commenced and (ii) the date of issuance of the Notes), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable US state securities laws;

(ix) that the Regulation S Notes represented by a Regulation S Global Note will bear a legend to the following effect unless otherwise agreed to by each of the Issuers:

(x) "THIS NOTE AND THE GUARANTEES OF THE NOTE BY GLAXOSMITHKLINE PLC, EFFECTIVE BEFORE THE GUARANTEE ASSUMPTION DATE, AND HALEON PLC, EFFECTIVE FROM (AND INCLUDING) THE GUARANTEE ASSUMPTION DATE (UPON WHICH THE GUARANTEE OF GLAXOSMITHKLINE PLC WILL BE AUTOMATICALLY AND UNCONDITIONALLY TERMINATED AND RELEASED) (TOGETHER "THE GUARANTORS") HAVE NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR ANY OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF (i) THE DATE ON WHICH THE OFFERING OF THIS NOTE TO PERSONS OTHER THAN THE DISTRIBUTORS IN RELIANCE ON REGULATION S COMMENCED AND (ii) THE DATE OF ISSUANCE OF SUCH NOTE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO US PERSONS UNLESS MADE TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT".

(xi) that the Issuers, the Guarantors, the Initial Purchasers, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuers and the Initial Purchasers; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The Initial Purchasers may arrange for the resale of Notes that they initially purchase to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Initial Purchasers are relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is US $250,000 (or the approximate equivalent in another specified currency).

TAXATION

The following discussion summarises certain UK and US federal income tax considerations that may be relevant to the ownership and disposition of the Notes acquired at their original issue price. This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of any other tax laws.

UK Tax Considerations

The following is only a summary of the Issuers' understanding of current UK tax law and HM Revenue & Customs ("HMRC") published practice as at the date of this offering memorandum relating to the UK withholding tax treatment of payments of interest in respect to the Notes as it affects most investors (other than certain classes of person to whom special rules may apply (including dealers in securities and persons connected with the Issuers)). It does not deal with any other UK taxation implications of acquiring, holding or disposing of the Notes. It does not deal with situations where the noteholder is not the beneficial owner of the Notes. The UK tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future. Persons who are unsure of their tax position are strongly advised to consult their own professional advisers.

The references to "interest" in the comments below mean "interest" as understood in UK tax law. The comments below do not take account of any different definitions of "interest" which may be created by the terms and conditions of the Notes or any relevant documentation.

Withholding tax

Notes issued by the UK Issuer

Interest bearing Notes will constitute "Quoted Eurobonds" within the meaning of Section 987 of the ITA 2007 while the Notes are "listed on a recognised stock exchange" within the meaning of Section 1005 of the ITA 2007 (Euronext Dublin is such a "recognised stock exchange"). The Notes will be treated as listed on Euronext Dublin if they are included in the Official List and admitted to trading on the GEM. Payments of interest on Notes which are Quoted Eurobonds at the time of the payment may be made without withholding or deduction for or on account of UK income tax.

In other cases an amount must generally be withheld on account of UK income tax at the basic rate (currently 20 per cent.) from payments of interest (that have a UK source) on the Notes, subject to any other available exemption and reliefs. For example, this may include (i) any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or (ii) the interest being paid to the persons (including companies within the charge to UK corporation tax) in the circumstances specified in Sections 933 to 937 of the ITA 2007.

Where Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest and, if so, may be subject to UK withholding tax as outlined in the preceding paragraphs.

Notes issued by the US Issuer

Payments of interest on Notes issued by the US Issuer that do not have a UK source may be made without withholding or deduction for or on account of UK income tax. If payments of interest on such Notes do have a UK source, then payments may be made without deduction or withholding on account of UK income tax in the circumstances described under the heading "*Notes issued by the UK Issuer*" above.

Payments by the Guarantors

If a relevant Guarantor makes any payment in respect of interest on the Notes (or in respect of other amounts due from the Issuers under the Notes), such payments may be subject to deduction of or withholding for or on account of UK income tax, subject to such exemptions and reliefs which may apply. Such payments by the relevant Guarantor may not be eligible for the exemptions and reliefs described above.

US Foreign Account Tax Compliance Act Withholding

Pursuant to certain provisions of the US Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the United Kingdom) have entered into intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. The UK Issuer is not expected to be treated as a foreign financial institution for these purposes. In any event, under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. FATCA and any IGAs and local laws and regulations which implement FATCA can, however, be complicated. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes if they are in any doubt.

US Federal Income Tax Considerations

The following is a summary of certain US federal income tax considerations that may be relevant to a holder of a Note. This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury regulations, laws, rulings and decisions now in effect, all of which are subject to change, possibly with retroactive effect. This summary deals only with beneficial owners of Notes that will hold Notes as capital assets and acquired Notes upon original issuance at their original issue price. This summary does not address particular tax considerations that may be applicable to investors that are subject to special tax rules, such as banks, tax-exempt entities, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities electing to mark to market, US holders (as defined below) that will hold Notes as a position in a "straddle" or conversion transaction or as part of a "synthetic security" or other integrated financial transaction, entities taxed as partnerships or the partners therein, US expatriates, non-resident alien individuals present in the United States for more than 182 days in a taxable year or US holders that have a "functional currency" other than the US dollar.

This summary addresses only US federal income tax consequences, and does not address consequences arising under state, local or foreign tax laws, the alternative minimum tax or the Medicare tax on net investment income or under special timing rules prescribed under section 451(b) of the Code. Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes under such tax laws, as well as the application to their particular situation of the US federal income tax considerations discussed below.

As used herein, a "US holder" is a beneficial owner of a Note that is a citizen or resident of the United States or a US domestic corporation or that otherwise will be subject to US federal income taxation on a net income basis in respect of the Note. A "Non-US holder" is a beneficial owner of a Note that is an individual, corporation, foreign estate, or foreign trust that is not a US holder.

US Holders

Payments of Interest. Payments of stated interest will be taxable to a US holder as ordinary interest income at the time it accrues or is actually or constructively received, in accordance with the US holder's method of accounting for US federal income tax purposes. It is expected, and this discussion assumes, that the Notes will be issued without original issue discount ("OID") for US federal income tax purposes. In general, however, if the Notes are issued with OID at or above a *de minimis* threshold, a US holder will be required to include OID in gross income, as ordinary income, under a "constant-yield method" before the receipt of cash attributable to such income, regardless of the US holder's regular method of accounting for US federal income tax purposes.

Sale, Exchange and Retirement of Notes. Upon the sale, exchange or retirement of a Note, a US holder generally will recognize gain or loss equal to the difference, if any, between the amount realised on the sale, exchange or retirement (less any accrued interest, which will be taxable as such) and the US holder's tax basis in such Note. A US holder's tax basis in a Note will generally equal the cost of the Note to such holder. Gain or loss recognised by a US holder generally will be long-term capital gain or loss if the US holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Substitution of the Guarantor. As described above under "Description of the Notes and Guarantees—Guarantees," prior to the Guarantee Assumption Date, the Notes will be fully and unconditionally guaranteed by

GSK under the terms of the Indenture. With effect from (and including) the Guarantee Assumption Date, the GSK Guarantee will be automatically and unconditionally terminated and released without the consent of the noteholders, and the Notes will be fully and unconditionally guaranteed by Haleon (such substitution of Guarantees, the "Substitution"). The US federal income tax analysis of the Substitution depends in part on the facts at the time of the Demerger. The Issuer does not expect that the Substitution will result in a taxable event for US holders, but there can be no assurance that this will be the case or that the IRS will agree.

Non-US Holders

Payments of Interest. Subject to the discussions below under "*—FATCA*" and "*Information Reporting and Backup Withholding*," payments of interest on the US Issuer Notes to a Non-US holder generally will be exempt from withholding of US federal income tax under the portfolio interest exemption provided that, in the case of Notes issued by the US Issuer (i) the Non-US holder properly certifies as to its foreign status by providing a properly executed IRS Form W-8BEN or W-8BEN-E (or appropriate substitute form) to the applicable withholding agent; (ii) the Non-US holder does not actually or constructively own 10 per cent. or more of the US Issuer (which is currently disregarded as separate from GSK Consumer Healthcare Holding (US) LLC); and (iii) the Non-US holder is not a controlled foreign corporation that is related to the US Issuer actually or constructively through stock ownership.

Sale, Exchange and Retirement of Notes. Subject to the discussion below under "*Information Reporting and Backup Withholding*," a Non-US holder generally will not be subject to US federal income tax on gain recognised on a sale, exchange or retirement of Notes.

FATCA. Under the US tax rules known as the Foreign Account Tax Compliance Act ("FATCA"), a holder of US Issuer Notes issued by the US issuer will generally be subject to 30 per cent. US withholding tax on interest payments on the Notes if the holder is not FATCA compliant, or holds its Notes through a foreign financial institution that is not FATCA compliant. In order to be treated as FATCA compliant, a holder must provide certain documentation (usually an IRS Form W-8BEN or W-8BEN-E) containing information about its identity, its FATCA status, and if required, its direct and indirect US owners. These requirements may be modified by the adoption or implementation of an intergovernmental agreement between the United States and another country or by future US Treasury Regulations. If any taxes are required to be deducted or withheld from any payments in respect of the Notes as a result of a beneficial owner or intermediary's failure to comply with the foregoing rules, no additional amounts will be paid on the Notes as a result of the deduction or withholding of such tax.

Documentation that holders provide in order to be treated as FATCA compliant may be reported to the IRS and other tax authorities, including information about a holder's identity, its FATCA status, and if applicable, its direct and indirect US owners. Prospective investors should consult their own tax advisors about how information reporting and the possible imposition of withholding tax under FATCA may apply to their investment in the Notes.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the Notes made to, and the proceeds of dispositions of Notes effected by, certain US holders. In addition, certain US holders may be subject to backup withholding in respect of such amounts if they do not provide their taxpayer identification number to the person from whom they receive payments. Non-US taxpayers may be required to comply with applicable certification procedures to establish that they are not a US taxpayer in order to avoid the application of such information reporting requirements and backup withholding. The amount of any backup withholding from a payment to a US or non-US holder will be allowed as a credit against the holder's US federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

LEGAL MATTERS

Cleary Gottlieb Steen & Hamilton LLP, the Guarantors' and the Issuer's US and English counsel, will pass upon the validity of the Notes and the Guarantees as to matters of US law and English law. Certain matters of US law will be passed upon by Ashurst LLP for the Initial Purchasers.

INDEPENDENT AUDITORS

The consolidated financial statements of GSK plc as at and for the years ended 31 December 2021, 2020 and 2019, incorporated by reference in this offering memorandum, have been audited by Deloitte LLP, an independent registered public accounting firm, as stated in their report appearing herein.

The consolidated financial statements of CH JVCo as at and for the years ended 31 December 2021 and 2020, included in this offering memorandum, have been audited by Deloitte LLP, an independent auditor, as stated in their report appearing herein.

Deloitte LLP, whose registered office is at 1 New Street Square, London, EC4A 3HQ, is registered to carry out audit work in the United Kingdom by the Institute of Chartered Accountants in England and Wales.

LISTING AND GENERAL INFORMATION

Listing

Each of the Issuers has made an application to have the Notes admitted to listing on the Official List of Euronext Dublin and to trading on the GEM of Euronext Dublin. The GEM is not a regulated market for the purposes of MiFID II or Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA References in this offering memorandum to the Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the GEM. Admission to the Official List and trading on the GEM is expected to begin within 30 days of the initial delivery of the Notes.

Authorisations

The issue of the UK Notes has been duly authorised by a resolution of the board of directors of the UK Issuer dated 11 March 2022. The issue of the US Notes has been duly authorised by a resolution of the board of managers of the US Issuer dated 16 March 2022.

Legal and Arbitration Proceedings

References in this section "*Listing and General Information—Legal and Arbitration Proceedings*" to the "GSK Financial Statements" mean the financial statements in the GSK 2021 Form 20-F.

Save as set out in Note 14, "Taxation" to the financial statements in the GSK 2021 Form 20-F and Note 46, "Legal proceedings" to financial statements in the GSK 2021 Form 20-F (which are incorporated by reference), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which GSK plc is aware) during the period of 12 months prior to the date of this offering memorandum, which may have, or have had in the recent past, a significant effect on the financial position or profitability of GSK plc.

Save as set out in Note 13 "Taxation" to the Financial Statements and Note 27 "Contingent Liabilities" to the Financial Statements, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Haleon, the UK Issuer or the US Issuer are aware) during the period of 12 months prior to the date of this offering memorandum, which may have, or have had in the recent past, a significant effect on the financial position or profitability of Haleon, the UK Issuer, the US Issuer and/or the CH Group. At 31 December 2021, the CH Group had £14 million of provisions for legal disputes and matters, including amounts relating to legal and administrative proceedings, which are included within "Other provisions" as set out in Note 26 to the Financial Statements.

No Material Adverse Change

There has been no material adverse change in the financial or trading position of the US Issuer since 31 December 2021.

There has been no material adverse change in the financial or trading position of the UK Issuer since 31 December 2021.

There has been no material adverse change in the financial or trading position of GSK since 31 December 2021.

There has been no material adverse change in the financial or trading position of Haleon since 31 December 2021.

No Significant Change

There has been no significant change in the financial or trading position of the US Issuer since 31 December 2021.

There has been no significant change in the financial or trading position of the UK Issuer since 31 December 2021.

There has been no significant change in the financial or trading position of GSK since 31 December 2021.

There has been no significant change in the financial or trading position of Haleon since 31 December 2021.

Documents on Display

For as long as Notes are listed on the Official List of Euronext Dublin and admitted to trading on the GEM, the following documents will be available for inspection in physical form by Noteholders at 980 Great West Road, Brentford, Middlesex, TW8 9GS, during normal business hours:

(i) the constitutional documents of the Issuers and the Guarantors;

(ii) the documents incorporated by reference herein;

(iii) the Indenture; and

(iv) the Registration Rights Agreement.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuers in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on the GEM of Euronext Dublin.

INDEX TO FINANCIAL STATEMENTS

Independent auditor's report to the members of GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited

Report on the audit of the non-statutory consolidated financial statements

Opinion

In our opinion the non-statutory consolidated financial statements of GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited (the 'parent company') and its subsidiaries (the 'CH group'):

- give a true and fair view of the state of the CH group's affairs as at 31 December 2021 and 31 December 2020 and of the CH group's profit for the years then ended;
    - have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) as adopted by the United Kingdom (UK); and
    - have been prepared in accordance with the provisions of the Companies Act 2006 which would have applied if the non-statutory consolidated financial statements were statutory financial statements.

We have audited the non-statutory consolidated financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 39.

The financial reporting framework that has been applied in their preparation is IFRS as adopted by the UK and the provisions of the Companies Act 2006 that would have applied for statutory financial statements

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory consolidated financial statements section of our report.

We are independent of the CH group in accordance with the ethical requirements that are relevant to our audit of the non-statutory consolidated financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

Conclusions relating to going concern

In auditing the non-statutory consolidated financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the non-statutory consolidated financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the CH group's ability to continue as a going concern for a period of at least twelve months from when the non-statutory consolidated financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the non-statutory consolidated financial statements and our auditor's report thereon. The directors are responsible for the other

information contained within the annual report. Our opinion on the non-statutory consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory consolidated financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the non-statutory consolidated financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Shareholders' Agreement and directors' statement of responsibilities in relation to the financial statements, the directors are responsible for the preparation of the non-statutory consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of non-statutory consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory consolidated financial statements, the directors are responsible for assessing the CH group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the CH group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory consolidated 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 (UK) 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 non-statutory consolidated financial statements.

A further description of our responsibilities for the audit of the non-statutory consolidated financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the CH group's industry and its control environment, and reviewed the CH group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

Extent to which the audit was considered capable of detecting irregularities, including fraud *continued*

We obtained an understanding of the legal and regulatory frameworks that the CH group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the non-statutory consolidated financial statements. These included UK Companies Act, pensions legislation and tax legislation; and

- do not have a direct effect on the non-statutory consolidated financial statements but compliance with which may be fundamental to the CH group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the non-statutory consolidated financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing non-statutory consolidated financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the non-statutory consolidated financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with HMRC.

Use of our report

This report is made solely to the members, as a body, of GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited in accordance with the requirements of the Shareholders' Agreement dated 31 July 2019. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
London, United Kingdom
11 March 2022

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated income statement for the years ended 31 December 2021, 2020 and 2019

	Note	2021 £m	2020[1] £m	2019[1] £m
Revenue	6	9,545	9,892	8,480
Cost of sales		(3,595)	(3,982)	(3,678)
Gross profit		**5,950**	**5,910**	**4,802**
Selling, general and administration		(4,086)	(4,220)	(3,596)
Research and development		(257)	(304)	(292)
Other operating income/(expense)	7	31	212	(17)
Operating profit	8	**1,638**	**1,598**	**897**
Finance income	10	17	20	24
Finance expense	11	(19)	(27)	(35)
Net finance costs		**(2)**	**(7)**	**(11)**
Profit before tax		**1,636**	**1,591**	**886**
Income tax	13	(197)	(410)	(199)
Profit after tax for the year		**1,439**	**1,181**	**687**
Profit attributable to shareholders		1,390	1,145	655
Profit attributable to non-controlling interests		49	36	32
Basic earnings per share (pence)	15	**139,000**	**114,500**	**65,500**
Diluted earnings per share (pence)	15	**139,000**	**114,500**	**65,500**

[1] Figures have been restated as described in Note 1

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated statement of comprehensive income for the years ended 31 December 2021, 2020 and 2019

	2021 £m	2020[1] £m	2019[1] £m
Profit after tax for the year	**1,439**	**1,181**	**687**
Other comprehensive expense for the year			
Items that may be subsequently reclassified to income statement:			
Exchange movements on overseas net assets and net investment hedges	(34)	(170)	(708)
Fair value movements on cash flow hedges	11	—	—
Deferred tax on fair value movements on cash flow hedges	(2)	—	—
	(25)	**(170)**	**(708)**
Items that will not be reclassified to income statement:			
Exchange movements on overseas net assets	—	1	—
Remeasurement gains/(losses) on defined benefit plan	27	(13)	(13)
Deferred tax on actuarial movements in defined benefit plans	(12)	13	3
	15	**1**	**(10)**
Other comprehensive expense, net of tax for the year	**(10)**	**(169)**	**(718)**
Total comprehensive income/(expense), net of tax for the year	**1,429**	**1,012**	**(31)**
Total comprehensive income/(expense) for the year attributable to:			
Shareholders	1,380	975	(63)
Non-controlling interests	49	37	32
Total comprehensive income/(expense), net of tax for the year	**1,429**	**1,012**	**(31)**

[1] Figures have been restated as described in Note 1

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated balance sheet as at 31 December 2021, 2020 and 2019

	Note	2021 £m	2020[1] £m	2019[1] £m
Non-current assets				
Property, plant and equipment	16	1,563	1,486	1,470
Right of use assets	17	99	116	151
Intangible assets	18	27,195	27,218	28,012
Deferred tax assets	13	312	251	254
Post-employment benefit assets	25	11	41	3
Derivative financial instruments	33	12	—	—
Other non-current assets		8	10	10
Total non-current assets		**29,200**	**29,122**	**29,900**
Current assets				
Inventories	19	951	949	1,211
Trade and other receivables	20	2,207	2,358	2,479
Loan amounts owing from related parties	30	1,508	1,119	1,461
Cash and cash equivalents and liquid investments	21	414	334	340
Assets held for sale	22	—	68	225
Derivative financial instruments	33	5	6	12
Current tax recoverable		166	174	83
Total current assets		**5,251**	**5,008**	**5,811**
Total assets		**34,451**	**34,130**	**35,711**
Current liabilities				
Short-term borrowings	24	(79)	(82)	(64)
Trade and other payables	23	(3,002)	(3,268)	(3,420)
Loan amounts owing to related parties	30	(825)	(300)	(457)
Liabilities directly associated with assets held for sale	22	—	—	(29)
Derivative financial instruments	33	(18)	(25)	(2)
Current tax payable		(202)	(236)	(196)
Short-term provisions	26	(112)	(103)	(101)
Total current liabilities		**(4,238)**	**(4,014)**	**(4,269)**
Non-current liabilities				
Long-term borrowings	24	(87)	(105)	(121)
Deferred tax liabilities	13	(3,357)	(3,373)	(3,514)
Pensions and other post-employment benefits	25	(253)	(336)	(298)
Derivative financial instruments	33	(1)	—	—
Other provisions	26	(27)	(65)	(76)
Other non-current liabilities		(8)	(14)	(21)
Total non-current liabilities		**(3,733)**	**(3,893)**	**(4,030)**
Total liabilities		**(7,971)**	**(7,907)**	**(8,299)**
Net assets		**26,480**	**26,223**	**27,412**
Equity				
Share capital	28	1	1	1
Share premium	28	—	—	20,842
Other reserves	28	(11,632)	(11,652)	1,372
Retained earnings		37,986	37,763	5,106
Shareholders' equity		**26,355**	**26,112**	**27,321**
Non-controlling interests		125	111	91
Total equity		**26,480**	**26,223**	**27,412**

[1] Figures have been restated as described in Note 1

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated statement of changes in equity for the year ended 31 December 2021

	Note	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Shareholders' equity £m	Non-controlling interests £m	Total Equity £m
At 1 January 2021		**1**	**—**	**(11,652)**	**37,763**	**26,112**	**111**	**26,223**
Profit after tax		—	—	—	1,390	1,390	49	**1,439**
Other comprehensive expenses		—	—	9	(19)	(10)	—	**(10)**
Total comprehensive income		**—**	**—**	**9**	**1,371**	**1,380**	**49**	**1,429**
Contribution from parent	28	—	—	11	—	11	—	**11**
Distributions to non-controlling interests		—	—	—	—	—	(35)	**(35)**
Dividends to shareholders	14	—	—	—	(1,148)	(1,148)	—	**(1,148)**
At 31 December 2021		**1**	**—**	**(11,632)**	**37,986**	**26,355**	**125**	**26,480**

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated statement of changes in equity for the year ended 31 December 2020

	Note	Share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings[1] £m	Shareholders' equity[1] £m	Non-controlling interests £m	Total Equity[1] £m
At 1 January 2020		**1**	**20,842**	**1,372**	**5,106**	**27,321**	**91**	**27,412**
Profit after tax		—	—	—	1,145	1,145	36	**1,181**
Other comprehensive expenses		—	—	—	(170)	(170)	1	**(169)**
Total comprehensive income		**—**	**—**	**—**	**975**	**975**	**37**	**1,012**
Issue of share capital	28	13,166	—	(13,166)	—	—	—	**—**
Capital reduction	28	(13,166)	(20,842)	(45)	34,053	—	—	**—**
Contribution (non-cash) from parent	28	—	—	187	—	187	—	**187**
Acquisition of non-controlling interests	29	—	—	—	—	—	14	**14**
Distributions to non-controlling interests		**—**	**—**	**—**	**—**	**—**	(31)	**(31)**
Dividends to shareholders	14	—	—	—	(2,371)	(2,371)	—	**(2,371)**
At 31 December 2020		**1**	**—**	**(11,652)**	**37,763**	**26,112**	**111**	**26,223**

[1] Figures have been restated as described in Note 1

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated statement of changes in equity for the year ended 31 December 2019

	Note	Share capital £m	Share premium £m	Other reserves[1] £m	Retained earnings[1] £m	Shareholders' equity[1] £m	Non-controlling interests £m	Total Equity[1] £m
At 1 January 2019		**—**	**20,321**	**(14,841)**	**6,321**	**11,801**	**67**	**11,868**
Profit after tax		—	—	—	655	655	32	**687**
Other comprehensive expenses		—	—	—	(718)	(718)	—	**(718)**
Total comprehensive expenses		**—**	**—**	**—**	**(63)**	**(63)**	**32**	**(31)**
Issue of share capital	28	1	521	16,213	—	16,735	**—**	**16,735**
Acquisition of non-controlling interests	29	—	—	—	—	—	20	**20**
Distributions to non-controlling interests		—	—	—	—	—	(28)	**(28)**
Dividends to shareholders	14	—	—	—	(1,152)	(1,152)	—	**(1,152)**
At 31 December 2019		**1**	**20,842**	**1,372**	**5,106**	**27,321**	**91**	**27,412**

[1] Figures have been restated as described in Note 1

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
(Registered number: 11961650)
Consolidated cash flow statement for the years ended 31 December 2021, 2020 and 2019

	Note	2021 £m	2020[1] £m	2019[1] £m
Cash flows from operating activities				
Profit after tax		**1,439**	**1,181**	**687**
Adjustments reconciling profit after tax to cash generated from operations	31	227	780	408
Cash generated from operations	**31**	**1,666**	**1,961**	**1,095**
Taxation paid		(310)	(554)	(309)
Net cash inflow from operating activities		**1,356**	**1,407**	**786**
Cash flows from investing activities				
Purchase of property, plant and equipment		(228)	(222)	(190)
Proceeds from sale of property, plant, and equipment		12	6	51
Purchase of intangible assets		(70)	(96)	(53)
Proceeds from sale of intangible assets		137	924	120
Purchase of business, net of cash acquired	29	—	20	120
Proceeds from sale of businesses	29	—	221	—
Decrease in amounts invested with GSK finance companies		100	158	219
Interest received		16	19	24
Net cash (outflow)/inflow from investing activities		**(33)**	**1,030**	**291**
Cash flows from financing activities				
Repayment of lease liabilities		(38)	(44)	(42)
Interest paid		(15)	(19)	(29)
Dividends paid to shareholders		(1,148)	(2,371)	(1,152)
Distributions to non-controlling interests		(35)	(31)	(28)
Net contribution from parent		4	—	335
Repayment of borrowings		—	(10)	—
Proceeds from borrowings		8	38	1
Other financing cash flows		(12)	—	(10)
Net cash outflow from financing activities		**(1,236)**	**(2,437)**	**(925)**
Increase in cash and bank overdrafts		**87**	**—**	**152**
Cash and bank overdrafts at the beginning of the year		323	329	191
Exchange adjustments		(5)	(6)	(14)
Increase in cash and bank overdrafts		87	—	152
Cash and bank overdrafts at end of year		**405**	**323**	**329**
Cash and bank overdrafts at the end of year comprise:				
Cash and cash equivalents	21	413	333	339
Overdrafts		(8)	(10)	(10)
Cash and bank overdrafts at end of year		**405**	**323**	**329**

[1] Figures have been restated as described in Note 1

1. Presentation of the financial statements

1.1 General information

GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited ("CHHL2") and its subsidiary undertakings (collectively, the "CH Group") is a group of companies focused on developing and marketing a range of Oral Health, Pain Relief, Vitamins, Minerals and Supplements, Respiratory Health, Digestive Health and Other products for people in more than 100 countries. CHHL2 is a private limited company incorporated in the United Kingdom on 24 April 2019 as a subsidiary of GlaxoSmithKline plc. ("GSK Group") and is a limited company registered in England and Wales. The registered office is located at 980 Great West Road, Brentford, Middlesex, TW8 9GS, United Kingdom.

1.2 Perimeter and basis of preparation

The consolidated financial statements comprise the CH Group for the three years ended 31 December 2019, 2020 and 2021. The legal entities contained within the CH Group are set out in Note 38.

On 19 December 2018, GSK Group reached an agreement with Pfizer Inc. ("Pfizer") to combine their respective consumer health businesses into a new world-leading Joint Venture (the "GSK-Pfizer Joint Venture" or the "JV") (the "Pfizer Transaction"). Subsequent to the Pfizer Transaction, GSK Group held and still holds a majority controlling equity interest of 68% in the CH Group whilst Pfizer held and still holds a non-controlling equity interest of 32% in the CH Group.

The Pfizer Transaction was completed on 31 July 2019 and the Pfizer consumer health business was consolidated and included in the CH Group's consolidated financial statements from that date.

Pfizer, GSK Group and CHHL2 entered into a stock and asset purchase agreement as amended on 31 July 2019 (the "SAPA"). The SAPA reflected the fact that the majority of GSK's consumer healthcare business already sat within a relatively standalone corporate structure within GSK Group, and under the terms of the SAPA, Pfizer agreed to transfer its consumer healthcare business into GSK's consumer healthcare business.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB IFRS") and International Financial Reporting Standards as adopted by the United Kingdom ("UK IFRS") (together "IFRS").

The CH Group is comprised predominantly of, but not entirely, a group of legal entities during the periods presented and the consolidated financial statements reflect the assets, liabilities and results of operations that represented Consumer Healthcare within GSK Group ("GSK Consumer Healthcare").

- The following summarises the basis of accounting applied in preparing the consolidated financial statements:
- The CH Group's financial statements have been prepared following the principles of IFRS 10 Consolidated financial statements, and comprise the assets and liabilities, income and expenses, equity and reserves and cash flows for a certain group of legal entities within GSK Consumer Healthcare business, as contemplated by the SAPA, from 1 January 2019 to 31 July 2019 and the newly formed GSK-Pfizer Joint Venture from 1 August 2019 onwards.
- On 20 June 2019, the existing GSK Consumer Healthcare entities identified within the SAPA were transferred from GSK Group to CHHL2. The transfer of these investments to CHHL2 was accounted for as a reorganisation of entities under common control. Accordingly, all assets, liabilities and results of operations are recorded at their carrying values within the GSK Group from 1 January 2019 to 20 June 2019 representing the continuation of GSK's Consumer Healthcare business and hence the financial statements for this period have been prepared on a consolidated basis.
- On 31 July 2019, the Pfizer Transaction closed and CHHL2 acquired Pfizer's consumer healthcare business. The acquired assets and liabilities were accounted for under IFRS 3 at fair value.

- All intercompany transactions have been eliminated between subsidiaries of the CH Group. Transactions and balances between the CH Group and the rest of the GSK Group represent third-party transactions and balances from the perspective of the CH Group. They have been presented alongside third-party transactions and balances in the appropriate financial statement line items of the consolidated financial statements to which such transactions and balances relate as well as being disclosed as related party transactions.

The consolidated financial statements presented herein do not necessarily reflect what the operating results and cash flows would have been had the CH Group been a standalone group for all periods presented.

The consolidated financial statements are presented in Sterling ("GBP", "£"), the functional currency of CHHL2 and presentation currency of the CH Group, and all values stated in millions of GBP ("£m"), except where otherwise indicated, and have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies.

Restatement of Previously Issued Consolidated Financial Statements

Certain amounts previously reported in the consolidated financial statements of the CH Group for 2020 and 2019 have been restated as outlined below:

- The CH Group exercises control over certain businesses through net economic benefit agreements although in legal form these businesses remain within the legal entity structure of GSK Group. As a result, the CH Group recognises the net assets and results of these businesses in its consolidated financial statements. Certain assets, liabilities, and income were incorrectly recognised in equity in 2019 and 2020 and were retrospectively restated into their respective income statement and balance sheet line items.
- Following the completion of the Pfizer Transaction and the accounting of businesses acquired under common control, the CH Group incorrectly recorded a payable to GSK Group instead of recognising this balance as a part of other reserves. Therefore, the consolidated financial statements have been restated to remove the payable and reclassify the balance to other reserves.
- Subsequent to the disposal of certain intellectual property rights, the CH Group entered into transitional service agreements with third-party buyers. Certain receivables related to these transitional service agreements were incorrectly recognised in 2020. As a result, the 2020 comparatives have been restated to reflect the write-off of these receivables along with a corresponding increase in cost of sales.
- The reclassification of liabilities held for sale recorded in assets held for sale to current liabilities on the consolidated balance sheet.
- The CH Group previously accounted for business combinations where common control exists before and after the transaction by recognising all assets and liabilities at their previous carrying values within GSK Group at the transaction date. In 2021, the CH Group changed its accounting policy to recognise such assets and liabilities at their carrying values from the beginning of the earliest period presented in the CH Group's consolidated financial statements, instead of the transaction date. The results of these businesses acquired are also consolidated from the beginning of the earliest period presented.

The table below shows the impact for each financial statement line item affected by the adjustments stated above at 31 December 2020, unaffected line items have not been presented:

	The CH Group as previously reported £m	Effect of correction of errors £m	Effect of change in accounting policy £m	The CH Group as restated £m
Consolidated Income Statement				
Revenue	9,837	—	55	9,892
Cost of Sales	(3,922)	(41)	(19)	(3,982)
Selling, general and administration	(4,188)	(12)	(20)	(4,220)
Research and development	(305)	—	1	(304)
Finance expense	(26)	—	(1)	(27)
Income tax	(409)	3	(4)	(410)
Profit after taxation	**1,219**	**(50)**	**12**	**1,181**
Basic earnings per share[1]	118,300p	(5,000)p	1,200p	114,500p

[1] Basic and diluted earnings are the same for the year ended 31 December 2020

	The CH Group as previously reported £m	Effect of correction of errors £m	Effect of change in accounting policy £m	The CH Group as restated £m
Consolidated Balance Sheet				
Non-current assets				
Property, plant and equipment	1,499	(13)	—	1,486
Rights of use assets	119	(3)	—	116
Deferred tax assets	247	4	—	251
Current assets				
Inventories	961	(12)	—	949
Trade and other receivables	2,256	77	25	2,358
Current liabilities				
Short-term borrowings	(81)	(1)	—	(82)
Trade and other payables	(3,500)	253	(21)	(3,268)
Current tax payables	(245)	9	—	(236)
Non-current liabilities				
Long-term borrowings	(104)	(1)	—	(105)
Post-employment benefit obligations	(334)	(2)	—	(336)
Net assets	**25,908**	**311**	**4**	**26,223**
Other reserves	(11,826)	225	(51)	(11,652)
Retained earnings	37,622	86	55	37,763
Total equity	**25,908**	**311**	**4**	**26,223**
Consolidated Cash flow statement				
Net cash inflow from operating activities	1,419	(12)	—	1,407
Net cash inflow from investing activities	1,018	12	—	1,030

The table below shows the impact for each financial statement line item affected by the adjustments stated above at 31 December 2019, unaffected line items have not been presented:

	The CH Group as previously reported £m	Effect of correction of errors £m	Effect of change in accounting policy £m	The CH Group as restated £m
Consolidated Income Statement				
Revenue	8,305	—	175	8,480
Cost of Sales	(3,624)	(1)	(53)	(3,678)
Selling, general and administration	(3,529)	(6)	(61)	(3,596)
Research and development	(291)	—	(1)	(292)
Finance expense	(34)	—	(1)	(35)
Income tax	(184)	2	(17)	(199)
Profit after taxation	**650**	**(5)**	**42**	**687**
Basic earnings per share[1]	61,800p	(500)p	4,200p	65,500p

1 Basic and diluted earnings are the same for the year ended 31 December 2019

	The CH Group as previously reported £m	Effect of reclassification of liabilities related to Assets held for sale £m	Effect of correction of errors £m	Effect of change in accounting policy £m	The CH Group as restated £m
Non-current assets					
Property, plant and equipment	1,473	—	(3)	—	1,470
Deferred tax assets	250	—	4	—	254
Current assets					
Trade and other receivables	2,410	—	44	25	2,479
Assets held for sale	196	29	—	—	225
Current liabilities					
Short-term borrowings	(63)	—	(1)	—	(64)
Trade and other payables	(3,391)	—	(10)	(19)	(3,420)
Current tax payables	(205)	—	9	—	(196)
Liabilities directly related to assets held for sale	—	(29)	—	—	(29)
Non-current liabilities					
Long-term borrowings	(119)	—	(2)	—	(121)
Post-employment benefit obligations	(297)	—	(1)	—	(298)
Net assets	**27,366**	**—**	**40**	**6**	**27,412**
Other reserves	1,408	—	—	(36)	1,372
Retained earnings	5,024	—	40	42	5,106
Total equity	**27,366**	**—**	**40**	**6**	**27,412**
Consolidated Cash flow statement					
Net cash inflow from operating activities	792	—	(6)	—	786
Net cash inflow from investing activities	285	—	6	—	291

In addition, the following changes have been made in these financial statements for certain matters with respect to 2020 and 2019 related to wording and presentational matters:

- On the balance sheet, Goodwill and other intangible assets have been combined and presented in one line as ‘Intangible assets’ and the associated notes that were previously presented separately are now combined into one note in Note 18 ‘Intangible assets’.
- On the balance sheet, ‘Loan amounts owing from GSK’ and ‘Loan amounts owing to GSK’ have been presented separately as the loans are not trading in nature.

- On the income statement, Basic and Diluted earnings per share have been included to enhance disclosures in the financial statements.
- On the income statement and associated disclosure notes, 'Turnover' has been renamed to 'Revenue'.
- In Note 6 'Revenue and segment information', operating segment information has been included to enhance disclosures in the financial statements.

Going concern

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, unless otherwise indicated in the accounting policies below. The directors of the CH Group have reviewed cash flow forecasts and trading budgets and after making appropriate enquiries, have formed the view that the CH Group will generate sufficient cash to meet its ongoing requirements for at least the next 12 months; accordingly the going concern basis of preparation has been adopted.

2. Accounting principles and policies

a) Consolidation

Entities over which the CH Group has the power to direct the relevant activities so as to affect the returns to the CH Group, generally through control over the financial and operating policies from either voting or contractual rights, are accounted for as subsidiaries. Interests acquired in entities are consolidated from the date the CH Group acquires control and interests sold are de-consolidated from the date control ceases.

Where, as part of a business combination, the CH Group is not able to exercise control over a particular operation due to the existence of legal or other restrictions, the associated assets and liabilities are not consolidated, and a financial asset or liability is recognised for the economic benefit or obligation to be received under the contribution agreement. The assets and liabilities are consolidated, and the associated financial asset or liability derecognised, on the date at which the CH Group is able to exercise control over these operations.

Transactions and balances between subsidiaries are eliminated and no profit before tax is recognised on sales between subsidiaries until the products are sold to customers outside the CH Group. Transactions with non-controlling interests are recorded directly in equity. Deferred tax relief on unrealised intra-group profit is accounted for only to the extent that it is considered recoverable.

b) Business combinations

Business combinations where common control exists at the time of the transaction relate to businesses that were controlled by a part of the GSK Group, other than the CH Group and then as a result of the combination were transferred into the CH Group at some point during the periods covered by the financial statements. Such business combinations are accounted for by recognising all assets and liabilities acquired at their previous carrying values within the GSK Group with effect from the beginning of the earliest period reported in the financial statements. No new goodwill arises from such transactions.

Business combinations where common control does not exist before the transaction are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill, denominated in the currency of the operation acquired.

The costs related to business combinations are charged to the income statement in the period in which they are incurred. Where not all the equity of a subsidiary is acquired the non-controlling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis.

Changes in the CH Group's ownership percentage of subsidiaries are accounted for within equity.

c) Foreign currency translation

Foreign currency transactions are booked in the functional currency of the relevant company at the exchange rate ruling on the date of transaction. Foreign currency monetary assets and liabilities are retranslated into the functional currency at rates of exchange ruling at the balance sheet date. Exchange differences are included in the income statement.

On consolidation, assets and liabilities, including related goodwill, of overseas subsidiaries are translated into Sterling at rates of exchange ruling at the balance sheet date. The results and cash flows of overseas subsidiaries are translated into Sterling using average rates of exchange.

Exchange adjustments arising when the opening net assets and the profits for the period retained by overseas subsidiaries are translated into Sterling are recognised in Other Comprehensive Income.

d) Revenue

The CH Group receives revenue for supply of goods to external customers against orders received. The majority of contracts that the CH Group enters into relate to sales orders containing single performance obligations for the delivery of consumer healthcare products. The average duration of a sales order is less than 12 months.

Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

Product revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised in full until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Once the uncertainty associated with the returns and rebates is resolved, revenue is adjusted accordingly. Value added tax and other sales taxes are excluded from revenue.

e) Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Manufacturing start-up costs between validation and the achievement of normal production are expensed as incurred. Advertising and promotion expenditure are charged to the income statement as incurred. Shipment costs on intercompany transfers are charged to cost of sales, distribution costs on sales to customers are included in selling, general and administrative ("SG&A") expenditure.

Restructuring costs are recognised and provided for, where appropriate, in respect of the direct expenditure of a business reorganisation where the plans are sufficiently detailed and well advanced, and where a valid expectation to those affected has been created by either starting to implement the restructuring plans or announcing its main features.

f) Research and development

Research and development ("R&D") expenditure is charged to the income statement in the period in which it is incurred. R&D expenditure comprises expenditure that is directly attributable to the research and development of new products, including the costs attributable to the generation of intellectual property and product registrations, depreciation and amortisation of equipment, real estate and IT assets used by the R&D function. Development expenditure is capitalised from when the required regulatory approvals to launch a new product are obtained and the criteria for recognising an asset are met. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the CH Group's policy described below.

g) Legal and other disputes

Provision is made for the anticipated settlement costs of legal or other disputes against the CH Group where an outflow of resources is considered probable and a reliable estimate can be made of the likely outcome.

The CH Group may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, if any, that could result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be included but no provision would be made. Costs associated with claims made by the CH Group against third parties are charged to the income statement as they are incurred.

h) Pensions and other post-employment benefits

The costs of providing pensions under defined benefit schemes are calculated using the projected unit credit method and spread over the period during which benefit is expected to be derived from the employees' services, consistent with the advice of qualified actuaries. Pension obligations are measured as the present value of estimated future cash flows discounted at rates reflecting the yields of high-quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date.

The costs of other post-employment liabilities are calculated in a similar way to defined benefit pension schemes and spread over the period during which benefit is expected to be derived from the employees' services, in accordance with the advice of qualified actuaries. Future cash flows discounted at rates reflecting the yields of high-quality corporate bonds. Pension scheme assets are measured at fair value at the balance sheet date.

Actuarial gains and losses and the effect of changes in actuarial assumptions, are recognised in the statement of comprehensive income in the period in which they arise.

The CH Group's contributions to defined contribution plans are charged to the income statement as incurred.

i) Employee share plans

Incentives, in the form of shares in the CH Group's ultimate parent company, GlaxoSmithKline plc, are provided to employees under share option and share award schemes. These schemes are operated by GSK affiliates.

The fair values of these options and awards are calculated at their grant dates using a Black-Scholes option pricing model and charged to the income statement over the relevant vesting periods. At the end of each reporting period, the GSK Group reviews its charge and revises it accordingly based on the number of options expected to vest.

j) Property, plant and equipment

Property, plant and equipment ("PP&E") is stated at the cost of purchase or construction less provisions for depreciation and impairment. Financing costs are capitalised within the cost of qualifying assets under construction.

Depreciation is calculated to write off the cost less residual value of PP&E, excluding freehold land, using the straight-line basis over the expected useful life. Residual values and lives are reviewed, and where appropriate adjusted, annually. The normal expected useful lives of the major categories of PP&E are:

Freehold buildings	20 to 50 years
Leasehold land and buildings	Lease term or 20 to 50 years
Plant and machinery	10 to 20 years
Equipment and vehicles	3 to 10 years

On disposal of PP&E, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

k) Intangible assets

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the CH Group's share of the identifiable assets and liabilities of the acquired subsidiaries at the date of acquisition. Goodwill is tested annually for impairment, or more frequently where indicators of impairment exist and is carried at cost less any accumulated impairment losses.

Goodwill is allocated to cash generating units ("CGU") for the purpose of impairment testing. A CGU is identified at the lowest aggregation of assets that generate largely independent cash inflows, and that which is looked at by management for monitoring and managing the business. If the recoverable amount of the CGU is less than the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment is immediately recognised in the consolidated income statement and an impairment loss recognised for goodwill is not subsequently reversed.

On disposal, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Other intangible assets

Intangible assets are stated at cost less provisions for amortisation and impairments.

Licences, patents, know-how and marketing rights separately acquired or acquired as part of a business combination are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis from the time they are available for use. The estimated useful lives for determining the amortisation charge consider patent lives, where applicable, as well as the value obtained from periods of non-exclusivity. Asset lives are reviewed and, where appropriate, adjusted annually.

Any development costs incurred by the CH Group and associated with acquired licences, patents, know-how or marketing rights are written off to the income statement when incurred, unless the criteria for recognition of an internally generated intangible asset are met, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

Acquired brands are valued independently as part of the fair value of businesses acquired from third parties where the brand has a value which is substantial and long term and where the brands either are contractual or legal in nature or can be sold separately from the rest of the businesses acquired. Brands are amortised over their estimated useful lives of up to 20 years, except where it is considered that the useful economic life is indefinite.

The costs of acquiring and developing computer software for internal use and internet sites for external use are capitalised as intangible fixed assets where the software or site supports a significant business system and the expenditure leads to the creation of an asset. ERP systems software is amortised over seven to ten years and other computer software over three to five years.

l) Leases

The CH Group recognises right of use assets under lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Rights to use assets owned by third parties under lease arrangements are capitalised at the inception of the lease and recognised on the balance sheet. The corresponding liability to the lessor is recognised as a lease obligation within short and long-term borrowings. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made.

For calculating the discounted lease liability on leases with annual payments of £2 million or more, the implicit rate in the lease is used. If this is not available, the incremental borrowing rate with a lease specific adjustment is used. If neither of these is available, and for leases with annual payments of less than £2 million, the incremental borrowing rate is calculated at the rate of interest at which the CH Group would have been able to borrow for a similar term and with a similar security the funds necessary to obtain a similar asset in a similar market.

Finance costs are charged to the income statement to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Variable rents are not part of the lease liability and the right of use asset. These payments are charged to the income statement as incurred. Short-term and low value leases are not capitalised, and lease rentals are also charged to the income statement as incurred.

Non-lease components are accounted for separately from the lease components in plant and equipment leases but are not separately accounted for in land and buildings or vehicle leases.

If modifications or reassessments occur, the lease liability and right of use asset are re-measured.

Right of use assets where title is expected to pass to the CH Group at a point in the future are depreciated on a basis constant with similar owned assets. In other cases, right of use assets are depreciated over the shorter of the useful life of the asset or the lease term.

m) Impairment of non-current assets

The carrying values of all non-current assets are reviewed for impairment, either on a stand-alone basis or as part of a larger CGU, when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the income statement.

Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

n) Inventories

Inventories are included in the financial statements at the lower of cost (including raw materials, direct labour, other direct costs and related production overheads) and net realisable value. Cost is determined on a first in, first out basis.

o) Trade payables

Trade payables are initially recognised at fair value and then held at amortised cost. Long-term payables are discounted where the effect is material.

p) Taxation

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the balance sheet date. A separate return approach is used for calculating income tax provisions and related deferred tax assets and liabilities.

Deferred tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is provided using rates of tax that have been enacted or substantively enacted by the balance sheet date.

q) Financial instruments

Financial assets

Financial assets are measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). The measurement basis is determined by reference to both the business

model for managing the financial asset and the contractual cash flow characteristics of the financial asset. For financial assets other than trade receivables a 12-month expected credit loss (ECL) allowance is recorded on initial recognition. If there is subsequent evidence of a significant increase in the credit risk of an asset, the allowance is increased to reflect the full lifetime ECL. If there is no realistic prospect of recovery, the asset is written off.

Trade receivables

Trade receivables are measured in accordance with the business model under which each portfolio of trade receivables is held. The CH Group has portfolios in two of the three business models under IFRS 9 to collect the contractual cash flows (measured at amortised cost) and to sell the contractual cash flows (measured at FVTPL).

Trade receivables measured at amortised cost are carried at the original invoice amount less allowances for ECL. ECLs are calculated in accordance with the simplified approach permitted by IFRS 9, using a provision matrix applying lifetime historical credit loss experience to the trade receivables. The ECL rate varies depending on whether and the extent to which settlement of the trade receivables is overdue and it is also adjusted as appropriate to reflect current economic conditions and estimates of future conditions. For the purpose of determining credit loss rates, customers are classified into groupings that have similar loss patterns. The key drivers of the loss rate are the location and type of customer.

When a trade receivable is determined to have no reasonable expectation of recovery it is written off, firstly against any expected credit loss allowance available and then to the income statement.

Subsequent recoveries of amounts previously provided for or written off are credited to the income statement. Long-term receivables are discounted where the effect is material.

Cash and cash equivalents

Cash held in deposit accounts is measured at amortised cost. Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Derivative financial instruments and hedging

Derivative financial instruments are used to manage exposure to market risks. The principal derivative instruments used by the CH Group are forward foreign exchange contracts and swaps. The CH Group does not hold or issue derivative financial instruments for trading or speculative purposes.

Derivative financial instruments are classified as held-for-trading and are measured at fair value. Derivatives designated as hedging instruments are classified on inception as cash flow hedges, net investment hedges or fair value hedges.

Changes in the fair value of derivatives designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedges are effective. Ineffective portions are recognised in profit or loss immediately. Amounts deferred in other comprehensive income are reclassified to the income statement when the hedged item affects profit or loss.

Net investment hedges are accounted for in a similar way to cash flow hedges.

Changes in fair values of derivatives designated as fair value hedges are recorded in the income statement together with the changes in the fair value of the hedged asset or liability. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

3. Key accounting judgements and estimates

In preparing the consolidated financial statements, management is required to make judgements about when or how items should be recognised in the consolidated Financial statements and estimates and assumptions that affect the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements. Actual amounts and results could differ from those estimates. The following are the critical accounting judgements and key sources of estimation uncertainty.

Taxation

Estimates

Management makes the judgement of whether there is sufficient information to be able to make a reliable estimate of the outcome of the dispute. If insufficient information is available, no provision is made.

If sufficient information is available, in estimating a potential tax liability, the CH Group applies a risk-based approach to determine the transactions most likely to be subject to challenge, assuming that the relevant tax authority will review and have full knowledge of all the relevant information, and the probability that the CH Group would be able to obtain compensatory adjustments under international tax treaties. These estimates consider the specific circumstances of each dispute and relevant external advice, are inherently judgemental and could change substantially over time as each dispute progresses and new facts emerge.

Further details and the factors affecting the tax charge in future years are set out in Note 13, ‘Taxation’. Where open tax matters exist, the ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of negotiations with the relevant tax authorities or, if necessary, litigation proceedings. At 31 December 2021, the CH Group had recognised provisions of £150 million in respect of such uncertain tax positions (2020: £124 million and 2019: £123 million). Due to the number of uncertain tax positions held and the number of jurisdictions to which these relate, it is not practicable to give meaningful sensitivity estimates.

Indefinite life brands

Estimates

Estimation of recoverable amount of indefinite life brands. The CH Group tests at least annually whether indefinite life brands have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of indefinite life brands have been determined based on fair value less costs of disposal model. These calculations require the use of estimates and assumptions consistent with the most up to date budgets and plans that have been formally approved by management and are based on discounted cash flow forecasts using estimated long-term growth rates. The key assumptions used and sensitivity analysis are disclosed in Note 18, ‘Intangible assets’.

Legal and other disputes

Judgement and estimates

Management makes a judgement of whether it is remote, possible or probable that an outflow of resources embodying economic benefits will be required to settle legal obligations. To the extent that the potential outflow is assessed as possible but not probable or insufficient information is available to make a judgement on whether a potential outflow is probable, no provision is made and disclosure related to the claim is provided.

For legal obligations that are assessed as leading to a probable outflow and sufficient information is available, the estimated provisions take into account the specific circumstances of each dispute and relevant external advice,

are inherently judgemental and could change substantially over time as each dispute progresses and new facts emerge. Details of the status and various uncertainties involved in the significant unresolved disputes are set out in Note 27, 'Contingent Liabilities. The CH Group's Directors, having taken legal advice, have established provisions after taking into account the relevant facts and circumstances of each matter and in accordance with accounting requirements.

The CH Group may become involved in legal proceedings, in respect of which it is not possible to make a reliable estimate of the expected financial effect, or practicable to give a meaningful range of outcomes that could result from ultimate resolution of the proceedings. In these cases, appropriate disclosure about such cases would be provided, but no provision would be made and no contingent liability can be quantified. The ultimate liability for legal claims may vary from the amounts provided and is dependent upon the outcome of litigation proceedings, investigations, and possible settlement negotiations. The position could change over time and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed the amount of the provisions reported in the Group's financial statements by a material amount.

4. Adoption of new and revised standards

In 2020, the CH Group implemented an amendment to IFRS 3 'Business combinations' which was issued in October 2018. The amendment clarifies the definition of a business and permits a simplified initial assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendment did not have a material impact on the results or financial position of the CH Group in 2020.

'Covid-19-Related Rent Concessions (Amendment to IFRS 16)' was issued in May 2020. It introduces a practical expedient to IFRS 16 'Leases' which permits a lessee to elect not to assess whether a COVID-19-related concession in respect of rent due for periods to 30 June 2021 is a lease modification. The amendment is applicable for annual reporting periods beginning on or after 1 June 2020 and earlier application is permitted. The amendment did not have a material impact on the results or financial position of the CH Group in 2020.

The CH Group previously accounted for SaaS (software as a service) configuration and customisation costs as intangible assets. Following the IFRS IC (Interpretation Committee) agenda decision on SaaS in April 2021, the CH Group has adopted the treatment set out in the IFRS IC agenda decision and expensed configuration and customisation costs where the entity does not control the software being configured. The impact of the change has not had a material impact on the results or financial position of the CH Group.

Where the retirement benefit to which an employee is entitled is capped at a specified number of consecutive years, the CH Group previously accounted for these employee benefits from the employment commencement date. Following the IFRS IC agenda decision on Attributing Benefit to Periods of Service in May 2021, the CH Group has adopted the treatment set out in the IFRS IC agenda decision to account for the employee benefits during the last specified number of years where the employee earn the benefit. The impact of the change has not had a material impact on the results or financial position of the CH Group.

During the year, the CH Group implemented 'Interest Rate Benchmark Reform Phase 2—Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16' which was issued in August 2020. The amendments address issues that arise from implementation of the reforms, including the replacement of one benchmark with an alternative one. A practical expedient is provided such that the change to contractual cash flows for financial assets and liabilities (including lease liabilities) is accounted for prospectively by revising the effective interest rate. In addition, hedge accounting will not be discontinued solely because of the IBOR reform. Further information is provided in note 33.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the CH Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods.

5. Exchange rates

The CH Group operates in many countries and earns revenues and incurs costs in many currencies. The results of the CH Group, as reported in Sterling, are affected by movements in exchange rates between Sterling and other

currencies. Average exchange rates, as modified by specific transaction rates for large transactions, prevailing during the year, are used to translate the results and cash flows of overseas subsidiaries into Sterling. Year-end rates are used to translate the net assets of those entities. The currencies which most influenced these translations and the relevant exchange rates were:

	Average rates			Period end rates		
	2021	2020	2019	2021	2020	2019
Average rates:						
USD/£	1.38	1.29	1.28	1.35	1.36	1.32
Euro/£	1.16	1.13	1.14	1.19	1.11	1.18
Swiss Franc/£	1.25	1.21	1.27	1.23	1.20	1.28
CNY/£	8.86	8.91	8.82	8.56	8.93	9.19

6. Revenue and segment information

Analysis of revenue by geography is included below, the composition of these geographical segments is reviewed on an annual basis.

For management reporting purposes, the CH Group is organised into business units based on geographical areas and has three reportable segments, as follows:

- North America
- Europe, Middle East, Africa and Latin America (EMEA and LatAm)
- Asia Pacific (APAC)

No operating segments have been aggregated to form the above reportable operating segments.

The primary products sold by each of the reportable segments consist of Oral Health, Pain Relief, Vitamins, Minerals and Supplements, Respiratory Health, Digestive Health and Other products and the product portfolio is consistent across the reportable segments.

The Commercial Operations Board is the Chief Operating Decision Maker ("CODM") who monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. The CODM uses a measure of adjusted operating profit to assess the performance of the reportable segments. Adjusted Operating Profit is defined as operating profit less net intangible amortisation and impairment of brands, licenses, and patents, restructuring costs, transaction related costs, separation and admission costs, and disposals and other disposal related adjusting costs. The CODM does not review IFRS operating profit or total assets on a segment basis.

Revenue by segment	2021 £m	2020 £m	2019 £m
North America	3,525	3,779	2,880
EMEA and LatAm	3,877	4,059	3,898
APAC	2,143	2,054	1,702
Total revenue	**9,545**	**9,892**	**8,480**

Adjusted operating profit by segment		2021 £m	2020 £m	2019 £m
North America		828	897	660
EMEA and LatAm		960	857	746
APAC		461	377	311
Corporate and other unallocated		(77)	(57)	(63)
		2,172	**2,074**	**1,654**
Reconciling items between adjusted operating profit and operating profit:				
Net amortisation and impairment of intangible assets	18,8	(16)	(97)	(36)
Restructuring costs	12	(195)	(411)	(330)
Transaction related costs	19	—	(91)	(366)
Separation and admission costs	8	(278)	(66)	—
Disposals and others	29	(45)	189	(25)
Group operating profit		**1,638**	**1,598**	**897**
Net finance costs		(2)	(7)	(11)
Profit before taxation		**1,636**	**1,591**	**886**

Net amortisation and impairment of intangible assets includes amortisation and impairment of intangible assets, excluding computer software, and impairment of goodwill net of reversals of impairment. Transaction related costs relate to transaction related accounting including the unwind of uplift of fair value in inventory.

Revenue by product category	2021 £m	2020 £m	2019 £m
Oral health	2,724	2,745	2,657
Pain relief	2,237	2,192	1,742
Vitamins, minerals and supplements	1,501	1,494	597
Respiratory health	1,132	1,298	1,318
Digestive health and other	1,951	2,163	2,166
Total revenue	**9,545**	**9,892**	**8,480**

Revenue attributable to the country of domicile and all foreign countries of operation greater than 10% are included below:

Revenue by location of customer	2021 £m	2020 £m	2019 £m
UK	327	374	380
US	3,138	3,360	2,559
China	801	700	474
Rest of the World	5,279	5,458	5,067
Total revenue	**9,545**	**9,892**	**8,480**

Other segmental information	North America £m	Europe, Middle East and Africa, Latin America £m	Asia Pacific £m	Other reconciling items £m	Total CH Group £m
Year ended 31 December 2021					
Impairment charges	5	5	2	25	37
Impairment reversal	—	—	—	(48)	(48)
Year ended 31 December 2020					
Impairment charges	6	10	6	68	90
Impairment reversal	—	—	—	(21)	(21)
Year ended 31 December 2019					
Impairment charges	5	1	—	19	25
Impairment reversal	(9)	—	—	(10)	(19)

Non-current assets attributable to the country of domicile and all foreign countries of operation greater than 10% are included below:

Non-current assets by location of subsidiary	2021 £m	2020 £m	2019 £m
UK	430	410	471
US & Puerto Rico	7,884	7,827	8,262
Rest of the World	20,551	20,593	20,910
Non-current assets	**28,865**	**28,830**	**29,643**

Non-current assets by location excludes derivatives, deferred tax assets and post-retirement benefit assets.

7. Other operating (expense)/ income

In 2021, as part of the continued strategic review of the business, the CH Group sold several assets including *Transderm Scop*, *Acne-Aid* and *Baldriparan*. The CH Group has recognised a total net gain on disposals of £31 million in the year.

In 2020, as a result of the strategic review of the business, the CH Group sold several businesses and assets including *Breathe Right*, *Physiogel*, *Coldrex*, *Venoruton*, certain intellectual property rights of Horlicks and other assets and smaller businesses. *Thermacare* has been disposed in 2020 to meet EMEA anti-trust requirements. The CH Group has recognised a total net gain on disposals of £212 million in the year.

In 2019 Other operating expense includes net losses of £17 million relating to the deal costs incurred for the disposal of intellectual property and businesses, mainly related to deal costs preparing *Thermacare* for the divestment.

Certain Horlicks intellectual property rights amounting to £16 million legally owned by an entity within the CH Group were disposed of in 2020. These intellectual property rights were legally owned by an entity within the CH Group however the GSK Group has the beneficial title to these. The intellectual property rights were sold for £74 million resulting in a gain on disposal of £58 million. The proceeds of the sale were subsequently declared and paid as a dividend to the GSK Group in 2020, refer to note 14 Dividend.

8. Operating profit

The following items have been included in operating profit:	2021 £m	2020[1] £m	2019[1] £m
Advertising and promotion	1,941	2,013	1,772
Distribution costs	209	226	194
Impairment of assets held for sale			
Intangible assets	—	20	—
Property, plant and equipment	—	3	—
Net foreign exchange losses	11	12	7
Short term lease charge	1	1	1
Separation and admission costs	278	66	—

[1] Figures have been restated as described in Note 1

Fees payable to the CH Group's auditors and their associates:	2021 £m	2020 £m	2019 £m
Audit of parent company and consolidated financial statements	5	5	5
Audit of the company's subsidiaries	6	6	5
Audit and audit-related services	11	11	10
Other assurance services	2	—	—
	13	**11**	**10**

Separation and admission costs represent costs incurred in relation to and in connection with the separation and potential listing of the CH Group as a standalone business. These costs are not directly attributable to the sale of the CH Group's products and specifically relate to the activities mentioned above, affecting comparability of the CH Group's financial results in historic and future reporting periods.

Audit fees for the year ended 31 December 2021 include £0.9 million in relation to incremental audit work performed in 2021 for audit opinions issued compliant with PCAOB auditing standards in preparation for the proposed separation of the CH Group from the GSK Group.

Audit related and other assurance services include £2.4 million (2020: nil, 2019: nil) in relation to reporting accountant work performed in preparation for proposed separation of the CH Group from the GSK Group.

There were no material fees paid in 2021 to other auditors in respect of audits of certain of the company's subsidiaries acquired since the year ended 31 December 2019 (2020: – £0.2 million, 2019: £0.8 million).

In addition to the above, the CH Group's auditor did not carry out audits in respect of GSK Consumer Healthcare pension schemes.

9. Employee and Key Management Personnel costs

	2021 £m	2020[1] £m	2019[1] £m
Wages and salaries	1,287	1,362	1,285
Social security costs	147	151	109
Pension and other post-employment costs (Note 25)	30	30	29
Cost of share-based incentive plans (Note 34)	59	63	58
Severance costs from integration and restructuring activities	95	77	89
	1,618	**1,683**	**1,570**

[1] Figures have been restated as described in Note 1

The CH Group provides benefits to employees, commensurate with local practice in individual countries, including, in some markets, healthcare insurance, subsidised car schemes and personal life insurance.

All individuals performing services for the CH Group are employed and remunerated by CH Group companies or other members of the GSK Group. Where a management charge for wages and salaries has been made from entities outside the CH Group, such amounts are not included in wages and salaries above as it is not practical to separate such amounts from other management recharges.

Analysis of monthly average number of employees by region is included below, the split of employees by regions is reviewed on an annual basis:

	2021 '000	2020[1] '000	2019[1] '000
North America	5.8	5.3	4.0
EMEA and LatAm	11.7	10.9	10.0
APAC	5.3	5.7	5.0
	22.8	**21.9**	**19.0**

1 Figures have been restated as described in Note 1

Number of employees in from 2019 to 2021 increased mainly as a result of the integration of employees from the Pfizer Group upon the completion of the Pfizer Transaction. The completion date of the Pfizer Transaction was 31 July 2019 however, the transfer of the employees took place in phases. As markets have been integrated, this has subsequently resulted in employees being transferred to the CH Group during the latter part of 2019 through to 2021. The increase was partially offset by the reduction in employees due to existing restructuring programmes and synergies achieved from the Pfizer Transaction.

Details of Key Management Personnel

Key Management Personnel comprises the Executive board members and the Consumer Healthcare leadership team ("CHLT"). The compensation of Key Management Personnel in respect of their services to the CH Group in aggregate was as follows:

	2021 £m	2020[1] £m	2019[1] £m
Wages and salaries	11.7	13.9	13.8
Social security costs	1.1	1.1	1.1
Pension and other post-employment costs	1.7	1.6	1.4
Cost of share-based incentive plans	6.9	7.8	7.8
	21.4	**24.4**	**24.1**

1 Figures have been restated as described in Note 1

Retirement benefits accrued under defined benefit schemes sponsored by sister companies within the GSK Group for one (2020: two, 2019: two) director. Two (2020: three, 2019: three) directors received share awards under long term incentive plans in respect of qualifying services to the CH Group in 2021.

Directors' remuneration

Two (2020: three, 2019: three) of the GSK Group nominated directors' have responsibility for managing the Consumer Healthcare business and also undertake a variety of work relating to the wider GSK Group. This has been evident during the year where a large amount of focus has been centred on preparing the GSK Group and the CH Group to be 'future ready' for separation. Accordingly, it is not deemed practical to make an apportionment of remuneration for the Company.

The remainder were remunerated as executives of the GSK Group or Pfizer Group and received no remuneration in respect of their services to the Company.

10. Finance income

	2021 £m	2020 £m	2019 £m
Interest income arising from:			
Cash and cash equivalents	3	2	2
Other receivables with GSK Group companies	10	12	18
Derivatives at fair value through profit or loss	4	4	4
Net gains arising from:			
Financial instruments measured at fair value through profit or loss	(35)	(27)	—
Retranslation of loans	35	29	—
	17	**20**	**24**

	2021 £m	2020 £m	2019 £m
Finance income arising from:			
Financial assets measured at amortised cost	13	14	20
Financial assets measured at fair value through profit or loss	4	4	4
Net gains arising from:			
Financial instruments measured at fair value through profit or loss	(35)	(27)	—
Retranslation of loans	35	29	—
	17	**20**	**24**

11. Finance expense

	2021 £m	2020[1] £m	2019[1] £m
Interest expense arising on:			
Financial liabilities at amortised cost	(3)	(2)	(5)
Derivatives at fair value through profit or loss	(5)	(7)	(12)
Loans with GSK Group companies	(4)	(6)	(9)
Net losses arising from:			
Financial instruments measured at fair value through profit or loss	—	—	(4)
Retranslation of loans	—	—	3
Finance expense arising on lease liabilities	(4)	(7)	(4)
Other finance expense	(3)	(5)	(4)
	(19)	**(27)**	**(35)**

[1] Figures have been restated as described in Note 1

12. Restructuring costs

Restructuring costs mainly relate to initiatives announced since formation of the CH Group and include Personnel costs, impairments of tangible assets and computer software relating to restructuring programmes.

Restructuring costs are those mainly related to specific Board-approved restructuring programmes, including integration costs following material acquisitions, which are structural and are of a significant scale in terms of the costs of individual or related projects. In 2021, CH Group defined such programmes to comprise of any projects exceeding £15 million whilst in prior periods, this was determined to be any projects exceeding £25 million. This change did not result in any differences in the nature of restructuring programmes included as part of restructuring costs for 2020 and 2019.

In 2021, Restructuring costs of £195 million (2020: £411 million, 2019: £330 million) have been charged to the income statement and recognised in the expense categories outlined below. Restructuring costs are mainly activities to generate synergies from the integration of Pfizer's Consumer Healthcare business into the CH Group's business, following the Pfizer Transaction completed on 31 July 2019.

The unutilised balances of the restructuring costs as at 31 December 2021, 2020 and 2019 are included in Note 26 'Other provisions'.

	2021 £m	2020 £m	2019 £m
Cost of sales	44	89	69
Selling, general and administration, and other operating expenses	150	314	236
Research and development	1	8	25
	195	**411**	**330**

13. Taxation

The major components of income tax expense are:

Taxation charge/(credit) based on profits for the period	2021 £m	2020[1] £m	2019[1] £m
Current year charge	361	540	196
Charge in respect of prior periods	(50)	11	21
Total current taxation	311	551	217
Total deferred taxation	(114)	(141)	(18)
Total taxation charge	**197**	**410**	**199**

[1] Figures have been restated as described in Note 1

The tax charge on total profits amounted to £197 million (2020: £410 million and 2019: £199 million) and represented an effective tax rate of 12% (2020: 26% and 2019: 23%).

Reconciliation of the taxation rate on the CH Group profits	2021 £m	2020[1] £m	2019[1] £m
Profit before tax	1,636	1,591	886
UK statutory rate of taxation of 19%	311	302	167
Differences in overseas taxation rates	105	124	97
Benefit of substance-based tax rulings	(18)	(70)	(29)
R&D tax credits	(2)	(2)	(2)
Tax losses not recognised	3	8	—
Permanent differences on disposals, acquisitions and transfers	(164)	(20)	—
Items non-deductible/taxable for tax purposes	3	25	(1)
Re-assessment of prior year estimates	(70)	19	(29)
Changes in tax rates	29	24	(4)
Total tax charge	**197**	**410**	**199**

[1] Figures have been restated as described in Note 1

Permanent differences on disposals, acquisitions and transfers in 2021 reflects tax credits arising on the transfer of intellectual property within the CH Group.

Future tax charges, and therefore the effective tax rate, may be affected by factors such as acquisitions, disposals, restructurings, the location of research and development activity, tax regime reforms, agreements with tax authorities and resolution of open matters as the CH Group continue to bring the tax affairs up to date around the

world. The CH Group operates in countries where the tax rate differs from the UK tax rate and the taxable profits earned and tax rates in those countries vary from year to year. The impact of these overseas taxes on the overall rate of tax is shown above.

Taxation matters

The integrated nature of the CH Group's worldwide operations involves significant investment in research and manufacture at a limited number of locations, with consequential cross-border supply routes into numerous end-markets. This gives rise to complexity and delay in negotiations with revenue authorities as to the profits on which individual CH Group companies are liable to tax.

In line with current OECD guidelines, the CH Group base its transfer pricing policy on the 'arm's length' principle. However, different tax authorities may seek to attribute further profit to activities being undertaken in their jurisdiction potentially resulting in double taxation. The CH Group also has open items in several jurisdictions concerning such matters as the deductibility of particular expenses and the tax treatment of certain business transactions. The CH Group applies a risk based approach to determine the transactions most likely to be subject to challenge and the probability that the CH Group would be able to obtain compensatory adjustments under international tax treaties.

The calculation of the CH Group's total tax charge therefore necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process.

Whilst a newly standalone CH Group may be subject to additional and/or different scrutiny from tax authorities than as part of a wider-GSK Group, the CH Group continues to believe that it has made adequate provision for the liabilities it may bear in respect of periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities or litigation where appropriate.

At 31 December 2021, the CH Group had recognised provisions of £150 million in respect of such uncertain tax positions (2020: £124 million and 2019: £123 million).

In 2021, the aggregate amount of unremitted profits at the balance sheet date was approximately £1.7 billion (2020: £1.6 billion and 2019: £1.4 billion). UK legislation relating to company distributions provides for exemption from tax for most repatriated profits, subject to certain exceptions. Provision for deferred tax liabilities of £38 million (2020: £24 million and 2019: £14 million) has been made in respect of withholding taxation that would arise on the distribution of profits by certain overseas subsidiaries. Deferred tax is not provided on temporary differences of £147 million (2020: £135 million and 2019: nil) arising on unremitted profits as management can control any future reversal and does not consider such a reversal to be probable.

Movement in deferred tax assets and liabilities

	Accelerated capital allowances £m	Intangibles £m	Pensions & other post-employment benefits £m	Tax losses £m	Other net temporary differences £m	Total £m
As at 1 January 2021	**(45)**	**(3,451)**	**82**	**26**	**266**	**(3,122)**
Exchange adjustments	(6)	(18)	(8)	—	9	**(23)**
(Charge)/credit to income statement	(15)	31	(12)	(17)	127	**114**
Credit to statement of comprehensive income	—	—	(12)	—	(2)	**(14)**
At 31 December 2021	**(66)**	**(3,438)**	**50**	**9**	**400**	**(3,045)**

	Accelerated capital allowances £m	Intangibles £m	Pensions & other post-employment benefits £m	Tax losses £m	Other net temporary differences £m	Total £m
As at 1 January 2020[1]	**(35)**	**(3,563)**	**64**	**17**	**257**	**(3,260)**
Exchange adjustments	1	11	1	1	—	**14**
(Charge)/credit to income statement	(11)	131	4	8	9	**141**
Credit to statement of comprehensive income	—	—	13	—	—	**13**
Transfers from liabilities directly related to assets held for sale	—	(30)	—	—	—	**(30)**
At 31 December 2020[1]	**(45)**	**(3,451)**	**82**	**26**	**266**	**(3,122)**

[1] Figures have been restated as described in Note 1

	Accelerated capital allowances £m	Intangibles £m	Pensions & other post-employment benefits £m	Tax losses £m	Other net temporary differences £m	Total £m
As at 1 January 2019	**(39)**	**(1,103)**	**61**	**14**	**165**	**(902)**
Exchange adjustments	—	212	(3)	(1)	—	208
(Charge)/credit to income statement	(1)	(51)	(10)	(7)	91	22
Credit to statement of comprehensive income	—	—	1	—	2	3
Additions through business combination	5	(2,621)	15	11	(1)	(2,591)
At 31 December 2019[1]	**(35)**	**(3,563)**	**64**	**17**	**257**	**(3,260)**

[1] Figures have been restated as described in Note 1

Recognised tax losses comprise £9 million (2020: £26 million and 2019: £17 million) in respect of net trading losses. Other net temporary differences include accrued expenses for which a tax deduction is only available on a paid basis and deferred tax on intra-group profits arising on intercompany inventories which are eliminated within the consolidated financial statements. As intra-group profits are not eliminated from the individual entities' tax returns a temporary difference arises that will reverse at the point in time inventory is sold externally. After offsetting deferred tax assets and liabilities where appropriate within territories, the net deferred tax liability comprises:

	2021 £m	2020[1] £m	2019[1] £m
Deferred tax assets	312	251	254
Deferred tax liabilities	(3,357)	(3,373)	(3,514)
	(3,045)	**(3,122)**	**(3,260)**

[1] Figures have been restated as described in Note 1

For the periods presented, US entities within the CH Group remain party to the GSK Group unitary state filing. US temporary differences therefore continue to be valued at the unitary state tax blended rate applicable to the GSK Group. As a result of the demerger, the US entities will no longer be part of the GSK Group unitary state filing and these entities will need to prepare standalone state tax filings. This may result in a higher rate of state taxes applying to the CH Group for both current and deferred tax liabilities.

Unrecognised tax losses	2021 Tax losses £m	2021 Unrecognised asset £m	2020 Tax losses £m	2020 Unrecognised asset £m	2019 Tax losses £m	2019 Unrecognised asset £m
Trading losses expiring:						
Within 10 years	15	3	26	3	6	1
More than 10 years	326	15	335	17	349	24
Available indefinitely	67	10	86	15	—	—
As at 31 December	**408**	**28**	**447**	**35**	**355**	**25**

[1] Figures have been restated as described in Note 1

Deferred tax assets are recognised where it is probable that future taxable profit will be available to utilise losses, as supported by management forecasts.

14. Dividends

During the years ended 31 December 2021, 2020 and 2019, the CH Group declared and paid dividends as set forth below. No further dividends were declared or paid.

	Date paid	£ per share	£'m
Dividends paid in 2021:			
	30 March 2021	621	621
	28 September 2021	49	49
	21 December 2021	478	478
			1,148
Dividends paid in 2020:			
	17 June 2020	54	54
	19 June 2020	1,292	1,292
	22 September 2020	20	20
	23 September 2020	750	750
	9 November 2020	255	255
			2,371
Dividends paid in 2019:			
	28 March 2019	72	43
	24 May 2019	1,127	338
	28 May 2019	75,000	15
	7 June 2019	25,470,588	432
	28 June 2019	1,829,268	300
	28 June 2019	3,199	24
			1,152

15. Earnings per share

	2021 pence	2020[1] pence	2019[1] pence
Basic earnings per share	139,000	114,500	65,500
Diluted earnings per share	139,000	114,500	65,500

[1] Figures have been restated as described in Note 1

Basic earnings per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the period, with 1,000,000 shares outstanding on 1 January 2021, 2020 and 2019.

Diluted earnings per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares. However, since employees' share options are satisfied in shares of GSK Group, there are no dilutive equity instruments. The number of shares in issue above may not be representative of the number of shares in issue in the future.

The numbers of shares used in calculating basic and diluted earnings per share are reconciled below:

Weighted average number of shares in issue	2021 '000	2020 '000	2019 '000
Basic	1,000	1,000	1,000
Dilution for share options and awards	—	—	—
Diluted	1,000	1,000	1,000

16. Property, plant and equipment

	Land and buildings £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Cost at 1 January 2019	**762**	**1,321**	**204**	**2,287**
Exchange adjustments	14	(14)	(13)	**(13)**
Additions	22	62	118	**202**
Additions through business combinations	145	175	34	**354**
Disposals and write-offs	(10)	(174)	(22)	**(206)**
Reclassifications	(4)	102	(102)	**(4)**
Transfer to assets held for sale	—	—	(9)	**(9)**
Cost at 31 December 2019[1]	**929**	**1,472**	**210**	**2,611**
Exchange adjustments	(8)	5	(4)	**(7)**
Additions	4	9	217	**230**
Additions through business combinations	—	6	—	**6**
Disposals and write-offs	(27)	(81)	(11)	**(119)**
Reclassifications	26	96	(130)	**(8)**
Transfer to assets held for sale	(14)	(17)	(4)	**(35)**
Cost at 31 December 2020[1]	**910**	**1,490**	**278**	**2,678**
Exchange adjustments	15	(27)	(3)	**(15)**
Additions	1	13	215	**229**
Disposals and write-offs	(40)	(132)	(7)	**(179)**
Reclassifications	34	150	(184)	**—**
Transfer to assets held for sale	—	(8)	—	**(8)**
Cost at 31 December 2021	**920**	**1,486**	**299**	**2,705**
Depreciation at 1 January 2019	**(195)**	**(803)**	**—**	**(998)**
Exchange adjustments	(43)	(16)	—	**(59)**
Charge for the year	(33)	(134)	—	**(167)**
Disposals and write-offs	6	122	—	**128**
Depreciation at 31 December 2019	**(265)**	**(831)**	**—**	**(1,096)**
Exchange adjustments	1	(3)	—	**(2)**
Charge for the year	(39)	(128)	—	**(167)**
Disposals and write-offs	20	80	—	**100**
Transfer to assets held for sale	10	19	—	**29**

	Land and buildings £m	Plant, equipment and vehicles £m	Assets under construction £m	Total £m
Depreciation at 31 December 2020	**(273)**	**(863)**	**—**	**(1,136)**
Exchange adjustments	—	17	—	**17**
Charge for the year	(32)	(107)	—	**(139)**
Disposals and write-offs	28	114	—	**142**
Transfer to assets held for sale	—	6	—	**6**
Depreciation at 31 December 2021	**(277)**	**(833)**	**—**	**(1,110)**
Impairment at 1 January 2019	**—**	**(54)**	**(8)**	**(62)**
Exchange adjustments	—	2	5	**7**
Impairment losses	(4)	(1)	(1)	**(6)**
Disposals and write-offs	—	6	1	**7**
Reversal of impairments	—	8	1	**9**
Impairment at 31 December 2019	**(4)**	**(39)**	**(2)**	**(45)**
Exchange adjustments	—	1	(1)	**—**
Impairment losses	(8)	(10)	(1)	**(19)**
Disposals and write-offs	3	2	—	**5**
Reversal of impairments	3	—	—	**3**
Impairment at 31 December 2020	**(6)**	**(46)**	**(4)**	**(56)**
Exchange adjustments	(2)	—	—	**(2)**
Impairment losses	(6)	(8)	(3)	**(17)**
Disposals and write-offs	8	20	3	**31**
Reversal of impairments	—	12	—	**12**
Impairment at 31 December 2021	**(6)**	**(22)**	**(4)**	**(32)**
Depreciation and impairment at 31 December 2019	(269)	(870)	(2)	**(1,141)**
Depreciation and impairment at 31 December 2020	(279)	(909)	(4)	**(1,192)**
Depreciation and impairment at 31 December 2021	(283)	(855)	(4)	**(1,142)**
Net book value at 31 December 2019[1]	**660**	**602**	**208**	**1,470**
Net book value at 31 December 2020[1]	**631**	**581**	**274**	**1,486**
Net book value at 31 December 2021	**637**	**631**	**295**	**1,563**

[1] Figures have been restated as described in Note 1

For the three years ended 31 December 2021, the impairment losses principally arise from decisions to rationalise facilities and are calculated based on higher of fair value less costs of disposal and value in use. The fair value less costs of disposal valuation methodology uses significant inputs which are not based on observable market data, and therefore this valuation technique is classified as level 3 of the fair value hierarchy. These calculations determine the net present value of the projected risk-adjusted, post-tax cash flows of the relevant asset or cash generating unit, applying a discount rate of the CH Group's post-tax weighted average cost of capital ("WACC") of 6%, adjusted where appropriate for relevant specific risks. For value in use calculations, where an impairment is indicated and a pre-tax cash flow calculation is expected to give a materially different result, the test would be re-performed using pre-tax cash flows and a pre-tax discount rate.

Impairment losses of £2 million for 2021 (2020: £11 million and 2019: £3 million) have been charged to cost of sales and £15 million for 2021 (2020: £8 million and 2019: £3 million) have been charged to selling, general and administration expenses respectively.

Reversals of impairment arise from subsequent reviews of the impaired assets where the conditions which gave rise to the original impairments are deemed no longer to apply. All of the reversals have been credited to cost of sales.

Reclassifications of £8 million for 2020 (2019: £4 million) relating to assets under construction that have been reclassified to computer software in intangible assets during the year. No reclassifications were made in 2021.

Certain assets were transferred from property, plant and equipment to assets held for sale and subsequently disposed of during the year. There were no assets and liabilities held for sale remaining as at 31 December 2021.

17. Right of use assets

	Land and buildings £m	Plant and equipment £m	Vehicles £m	Total £m
Net book value at 1 January 2019	**104**	**2**	**13**	**119**
Exchange adjustments	(4)	(1)	(1)	**(6)**
Additions through business combinations	27	10	2	**39**
Additions	20	1	10	**31**
Depreciation	(22)	(2)	(7)	**(31)**
Disposals	—	(1)	—	**(1)**
Net book value at 31 December 2019	**125**	**9**	**17**	**151**
Exchange adjustments	(3)	—	—	**(3)**
Additions	28	1	10	**39**
Depreciation	(39)	(1)	(8)	**(48)**
Disposals and write-offs	(14)	(4)	(5)	**(23)**
Net book value at 31 December 2020[1]	**97**	**5**	**14**	**116**
Exchange adjustments	1	—	(1)	**—**
Additions	27	4	6	**37**
Depreciation	(27)	—	(8)	**(35)**
Disposals and write-offs	(10)	(8)	(1)	**(19)**
Net book value at 31 December 2021	**88**	**1**	**10**	**99**

[1] Figures have been restated as described in Note 1

An analysis of lease liabilities is set out in Note 24, 'Borrowings'. The total cash outflow for leases amounted to £38 million for 2021 (2020: £44 million and 2019: £42 million). There were no significant lease commitments for leases not commenced at year-ends.

18. Intangible assets

	Goodwill £m	Indefinite life brands £m	Amortised brands, licences and patents £m	Computer Software £m	Total £m
Cost at 1 January 2019	**2,613**	**8,524**	**401**	**279**	**11,817**
Exchange adjustments	(100)	(1,035)	(10)	(8)	**(1,153)**
Additions through business combinations	5,658	12,357	—	31	**18,046**
Other additions	—	—	11	42	**53**
Disposals and asset write-offs	—	—	(2)	(2)	**(4)**
Reclassification	—	(18)	18	4	**4**
Transfer to assets held for sale	—	(227)	(14)	—	**(241)**
Cost at 31 December 2019	**8,171**	**19,601**	**404**	**346**	**28,522**
Exchange adjustments	(29)	(82)	(9)	(3)	**(123)**
Additions through business combinations	124	—	—	2	**126**
Other additions	—	—	7	89	**96**
Disposals and asset write-offs	(1)	—	(9)	(13)	**(23)**
Reclassification	—	(572)	572	8	**8**

	Goodwill £m	Indefinite life brands £m	Amortised brands, licences and patents £m	Computer Software £m	Total £m
Transfer to assets held for sale	—	(635)	(253)	—	**(888)**
Cost at 31 December 2020	**8,265**	**18,312**	**712**	**429**	**27,718**
Exchange adjustments	(19)	65	(2)	(3)	**41**
Other additions	—	—	7	66	**73**
Disposals and asset write-offs	—	—	(23)	(20)	**(43)**
Reclassification	—	(9)	9	—	**—**
Transfer to assets held for sale	**—**	(43)	(6)	—	**(49)**
Cost at 31 December 2021	**8,246**	**18,325**	**697**	**472**	**27,740**
Amortisation at 1 January 2019	**—**	**—**	**(143)**	**(105)**	**(248)**
Exchange adjustments	—	—	5	(1)	**4**
Charge for the period	—	—	(27)	(35)	**(62)**
Disposals and asset write-offs	—	—	1	1	**2**
Transfer to assets held for sale	—	—	3	—	**3**
Amortisation at 31 December 2019	**—**	**—**	**(161)**	**(140)**	**(301)**
Exchange adjustments	—	—	2	—	**2**
Charge for the period	—	—	(50)	(40)	**(90)**
Disposals and asset write-offs	—	—	5	12	**17**
Transfer to assets held for sale	—	—	44	—	**44**
Amortisation at 31 December 2020	**—**	**—**	**(160)**	**(168)**	**(328)**
Exchange adjustments	—	—	1	—	**1**
Charge for the period	—	—	(40)	(54)	**(94)**
Disposals and asset write-offs	—	—	—	3	**3**
Transfer to assets held for sale	—	—	2	—	**2**
Amortisation at 31 December 2021	**—**	**—**	**(197)**	**(219)**	**(416)**
Impairment at 1 January 2019	**—**	**(240)**	**(17)**	**(2)**	**(259)**
Exchange adjustments	—	1	1	(1)	**1**
Impairment losses	—	(2)	(17)	—	**(19)**
Reversal of impairment losses	—	—	10	—	**10**
Transfer to assets held for sale	—	53	5	—	58
Impairment at 31 December 2019	**—**	**(188)**	**(18)**	**(3)**	**(209)**
Exchange adjustments	—	1	4	—	**5**
Impairment losses	—	(10)	(35)	—	**(45)**
Reversal of impairment losses	—	—	18	—	**18**
Reclassification	—	39	(39)	—	**—**
Transfer to assets held for sale	—	—	59	—	59
Impairment at 31 December 2020	**—**	**(158)**	**(11)**	**(3)**	**(172)**
Exchange adjustments	—	—	—	—	**—**
Impairment losses	—	—	(12)	(8)	**(20)**
Reversal of impairment losses	—	36	—	—	**36**
Disposals and asset write-offs	—	—	23	4	27
Impairment at 31 December 2021	—	**(122)**	**—**	**(7)**	**(129)**
Amortisation and impairment at 31 December 2019	—	(188)	(179)	(143)	**(510)**
Amortisation and impairment at 31 December 2020	—	(158)	(171)	(171)	**(500)**
Amortisation and impairment at 31 December 2021	—	(122)	(197)	(226)	(545)
Net book value at 31 December 2019	**8,171**	**19,413**	**225**	**203**	**28,012**
Net book value at 31 December 2020	**8,265**	**18,154**	**541**	**258**	**27,218**
Net book value at 31 December 2021	**8,246**	**18,203**	**500**	**246**	**27,195**

The net book value of computer software included £130 million (2020: £124 million and 2019: £8 million) of internally generated costs.

Goodwill

Goodwill mainly arose from the Novartis transaction in 2015 (£2.6 billion) and the Pfizer transaction in 2019 (£5.6 billion).

Goodwill is allocated to the CH Group's CGUs as follows:

	2021 £m	2020 £m	2019 £m
Asia Pacific	2,127	2,132	2,015
Europe, Middle East and Africa, and Latin America	2,902	2,908	2,919
North America	3,217	3,225	3,237
Net book value at 31 December	**8,246**	**8,265**	**8,171**

The CH Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are assessed using a fair value less costs of disposal model. Fair value less costs of disposal is calculated using a discounted cash flow approach, with a post-tax discount rate applied to the projected risk-adjusted post-tax cash flows and terminal value.

The discount rate used is based on the CH Group's post-tax WACC of 6%, as most cash generating units have integrated operations across large parts of the CH Group. The discount rate is adjusted where appropriate for specific segment, country or currency risks. The valuation methodology uses significant inputs which are not based on observable market data, therefore this valuation technique is classified as level 3 in the fair value hierarchy.

Details relating to the discounted cash flow model used in the impairment tests of the Asia Pacific ("APAC"), Europe, Middle East and Africa and Latin America ("EMEA and LatAm"), and North America ("N America") cash generating units are as follows:

Valuation basis	Fair value less costs of disposal
Key assumptions	Sales growth rates Profit margins Terminal growth rate Discount rate Taxation rate
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information. Margins reflect past experience, adjusted for expected changes. Terminal growth rates based on management's estimate of future long-term average growth rates. Discount rates based on the CH Group WACC, adjusted where appropriate. Taxation rates based on appropriate rates for each region.
Period of specific projected cash flows	Five years

Terminal growth rate

	2021	2020	2019
APAC	4.5% p.a.	4.5% p.a.	4.5% p.a.
EMEA and LatAm	3.5% p.a.	3.5% p.a.	3.5% p.a.
N America	2.5% p.a.	2.5% p.a.	2.5% p.a.

Discount rate (post tax)

	2021	2020	2019
APAC	6.7%	7.1%	6.8%
EMEA and LatAm	7.6%	7.9%	7.5%
N America	6.0%	6.0%	6.0%

The terminal growth rate does not exceed the long-term projected growth rate for the CH Group, reflects the impact of future competition and takes account of new product launches. Goodwill is monitored for impairment at the segmental level. In each case the valuation indicated sufficient headroom such that a reasonably possible change to key assumptions is unlikely to result in an impairment of goodwill.

Indefinite life brands and other amortised brands

Indefinite life brands comprise a portfolio of Consumer Healthcare products primarily acquired from GlaxoSmithKline legacy entities, Novartis businesses acquired in 2015 and Pfizer businesses acquired in 2019. The indefinite life brands are valued at historical acquisition date. The net book value of the major brands are as follows:

	2021 £m	2020 £m	2019 £m
Advil	3,362	3,349	3,408
Voltaren	2,725	2,725	2,725
Centrum	1,828	1,824	1,808
Caltrate	1,731	1,678	1,648
Otrivin	1,385	1,385	1,385
Preparation H	1,152	1,139	1,171
Robitussin	1,126	1,111	1,138
Nexium	670	668	682
Fenistil	598	598	598
ChapStick	521	512	523
Emergen-C	439	433	447
Theraflu	436	433	438
Panadol	395	396	397
Lamisil	—	—	291
Sensodyne	270	270	270
Breathe Right	—	—	251
Nicotinell	246	246	246
Excedrin	177	174	180
Vitasprint	117	122	135
Biotene	121	120	123
Physiogel	—	—	114
Polident	114	114	114
Corega	102	102	102
Be-total	85	89	99
Other brands	603	666	1,120
	18,203	**18,154**	**19,413**

Robitussin and *Preparation H* were affected by lower cold & flu incidence resulting from the COVID-19 social distancing measures and by supply chain issues respectively which has resulted in a reduced level of headroom. The CH Group has performed a sensitivity analysis based on changes in key assumptions considered to be reasonably possible by management leaving all other assumptions unchanged. Sensitivity analysis for the year ended 31 December 2021 has identified these two brands as being sensitive to reasonably possible changes in key assumptions. In order for the recoverable amount to be equal to the carrying values of *Robitussin* and *Preparation H*, either the discount rate would have to be increased by 0.5% and 0.1%, or the operating margin decreased by 4.1% and 1.5%, or the long term growth rate decreased by 0.7% and 0.2% respectively. Sensitivity analysis for the year ended 31 December 2020 only identified *Robitussin* as being sensitive to reasonably possible changes in key assumptions. In order for the recoverable amount to be equal to the carrying value, the discount rate would have to be increased by 0.3% or operating margin decreased by 2.7% or the long term growth rate decreased by 0.4%. The CH Group considers that changes in key assumptions of this magnitude are reasonably possible in the current environment.

During the year ended 31 December 2020, *Breathe Right* and *Physiogel* were transferred to Assets Held for Sale and subsequently disposed of. In addition, certain brands including *Lamisil*, were reclassified from indefinite life brands to amortised brands following a review by the CH Group on the useful life of these brands. As at 31 December 2021, *Lamisil* had a carrying value of £259 million (2020: £275 million and 2019: £291 million) with a remaining amortisation period of 18 years.

Except as set out above, each of these brands is considered to have an indefinite life, given the strength and durability of the brand and the level of marketing support. The brands are in relatively similar, stable and profitable market sectors, with similar risk profiles, and their size, diversification and market shares mean that the risk of market-related factors causing a reduction in the lives of the brands is considered to be relatively low. The CH Group is not aware of any material legal, regulatory, contractual, competitive, economic or other factor which could limit their useful lives. Accordingly, they are not amortised.

Each brand is tested annually for impairment and other amortised intangible assets are tested when indicators of impairment arise. This testing applies a fair value less costs of disposal methodology, generally using post- tax cash flow forecasts with a terminal value calculation and a discount rate equal to the CH Group post-tax WACC of 6% for 2020 and 2019 adjusted where appropriate for country and currency specific risks. This valuation methodology uses significant inputs which are not based on observable market data, and therefore this valuation technique is classified as level 3 of the fair value hierarchy. The main assumptions include future sales price and volume growth, product contribution and the future expenditure required to maintain the product's marketability and registration in the relevant jurisdictions. These assumptions are based on past experience and are reviewed as part of management's budgeting and strategic planning cycle for changes in market conditions and sales erosion through competition. The terminal growth rates applied of between -3% and 3% are management's estimates of future long-term average growth rates of the relevant markets.

Other than as disclosed above, the directors do not consider that any reasonably possible changes in the key assumptions would cause the fair value less cost of sale of the individually significant brands disclosed above to fall below their carrying values.

For 2021, the income statement charge for net impairment losses includes impairments of *Zyrtec*, *Treely* and capitalised costs for a discontinued research and development project, netted off by reversal of impairments in relation to *Alvedon, Abreva* and *Solpadeine*.

Certain assets were transferred from intangible assets to assets held for sale and subsequently disposed of during the year. There were no assets and liabilities held of sale remaining as at 31 December 2021.

For 2020, the income statement charge for net impairment losses mainly includes impairments of *Zyrtec*, capitalised costs for a discontinued oral care project and a discontinued pain relief device, netted off by reversal of impairments in relation to *Transderm Scop*.

For 2019, the income statement charge for net impairment losses includes impairments of *Savlon, Eurax* and *Abreva*, netted off by reversal of impairments in *Prevacid*.

	Amortisation			Net impairment (reversals)/losses		
	2021 £m	2020 £m	2019 £m	2021 £m	2020 £m	2019 £m
Cost of sales	57	62	38	(32)	11	9
Selling, general and administration	37	25	24	8	—	—
Research and development	—	3	—	8	16	—
	94	**90**	**62**	**(16)**	**27**	**9**

19. Inventories

	2021 £m	2020[1] £m	2019 £m
Raw materials and consumables	233	231	240
Work in progress	47	70	147
Finished goods	671	648	824
	951	**949**	**1,211**

[1] Figures have been restated as described in Note 1

The total cost of inventories recognised as an expense and included in cost of sales amounted to £3,462 million in 2021 (2020: £3,666 million and 2019: £3,143 million). This includes inventory write-down of £174 million (2020: £141 million and 2019: £132 million).

The reversals of prior year write-downs of inventories in 2021 is £63 million (2020: £43 million and 2019: £24 million) and principally arise from the reassessment of usage or demand expectations prior to inventory expiration.

Included in the balance as at 31 December 2019 is an uplift of the fair value of the inventory acquired from Pfizer as part of the Pfizer transaction of £91 million. The uplift of the fair value was fully unwound as at 31 December 2020. For the year ended 31 December 2019, the amount of uplift of the fair value unwound was £366 million.

20. Trade and other receivables

	2021 £m	2020[1] £m	2019[1] £m
Trade receivables, net of expected credit loss allowance	1,318	1,348	1,397
Other prepayments and accrued income	56	61	29
Interest receivable	1	1	2
Employee loans and advances	4	2	4
Other third-party receivables	286	452	592
Other receivables with Pfizer Group companies	—	2	14
Other receivables with GSK Group companies	542	492	441
	2,207	**2,358**	**2,479**

Expected credit loss allowance	2021 £m	2020[1] £m	2019 £m
At 1 January	51	35	19
Exchange adjustments	(1)	(1)	(2)
Charge for the year	33	24	19
Subsequent recoveries of amounts provided for	(30)	(5)	—
Utilised	—	(2)	(1)
At 31 December	**53**	**51**	**35**

[1] Figures have been restated as described in Note 1

Details of other receivables with Pfizer and GSK Group companies can be found in Note 30, ‘Related party transactions’.

Set out below is the information about the credit risk exposure on the CH Group's trade receivables using a provision matrix:

	Trade receivable						
		Days past due					
Year ended 31 December 2021	Current £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m	Total £m
Expected credit loss rate	1%	2%	17%	100%	100%	100%	
Estimated total gross carrying amount at default	1,255	46	30	16	7	17	1,371
Expected credit loss	7	1	5	16	7	17	53

	Trade receivable						
		Days past due					
Year ended 31 December 2020	Current £m	0-30 days £m	31-90 days £m	91-180 days £m	181 days-1 year £m	Greater than 1 year £m	Total £m
Expected credit loss rate	1%	3%	18%	55%	100%	100%	
Estimated total gross carrying amount at default	1,298	30	28	20	12	11	1,399
Expected credit loss	11	1	5	11	12	11	51

[1] Figures have been restated as described in Note 1.

21. Cash and cash equivalents and liquid investments

	2021 £m	2020 £m	2019 £m
Cash at bank and in hand	413	333	339
Liquid investments	1	1	1
	414	**334**	**340**

Cash and cash equivalents include £67 million in 2021 (2020: £53 million and 2019: £17 million) not available for general use due to restrictions applying in the subsidiaries where it is held. Restrictions include exchange controls and taxes on repatriation.

22. Assets and liabilities held for sale

	2021 £m	2020 £m	2019 £m
Plant, equipment and vehicles	—	—	23
Other intangibles	—	62	189
Inventory	—	6	13
Other liabilities	—	—	(29)
	—	**68**	**196**

Non-current assets and non-current liabilities are transferred to assets held for sale and liabilities held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered highly probable. They are held at the lower of carrying amount and fair value less costs to sell.

Assets of £47 million were transferred from Intangible assets and subsequently disposed of during the year. There were no assets and liabilities held of sale remaining as at 31 December 2021.

Assets held for sale as at 31 December 2020, which were after impairment reversals and exchange impact, were subsequently disposed of in 2021.

Assets held for sale and liabilities held for sale in 2019 primarily reflect the *Thermacare* disposal group, which was acquired from Pfizer as part of its Consumer Healthcare business but had to be sold by the CH Group in 2020 to meet anti-trust requirements.

Included within assets held for sale as at 31 December 2020 were inventory assets which were written down to fair value less costs to sell of £6 million (2019: £13 million). The valuation methodology uses significant inputs which are not based on observable market data; therefore, this valuation is classified as level 3 in the fair value hierarchy.

23. Trade and other payables

	2021 £m	2020[1] £m	2019[1] £m
Trade payables	1,369	1,340	1,201
Customer return and rebate accruals	661	594	506
Other accruals	434	459	564
Wages and salaries	237	259	254
Other payables	—	—	79
Social security	45	76	82
VAT payables	35	42	30
Deferred income	11	11	7
Other payables with Pfizer Group companies	7	26	40
Other payables with GSK Group companies	203	461	657
	3,002	**3,268**	**3,420**

[1] Figures have been restated as described in Note 1

Customer return and rebate accruals are provided for by the CH Group at the point of sale in respect of the estimated rebates, discounts or allowances payable to customers. Accruals are made at the time of sale but the actual amounts paid are based on claims made some time after the initial recognition of the sale. As the amounts are estimated they may not fully reflect the final outcome and are subject to change dependent upon, amongst other things, the types of buying group and product sales mix. The level of accrual is reviewed and adjusted quarterly in the light of historical experience of actual rebates, discounts or allowances given and returns made and any changes in arrangements. Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the CH Group.

Details of payables with Pfizer and GSK Group companies can be found in Note 30, ‘Related party transactions’.

24. Borrowings

	2021 £m	2020[1] £m	2019[1] £m
Short-term borrowings			
Loan and overdrafts	(49)	(48)	(24)
Lease liabilities	(30)	(34)	(40)
	(79)	**(82)**	**(64)**
Long-term borrowings			
Lease liabilities	(87)	(105)	(121)
	(87)	**(105)**	**(121)**
Total borrowings	**(166)**	**(187)**	**(185)**

[1] Figures have been restated as described in Note 1

As at 31 December 2021, the CH Group had a short-term bank loan of £42 million (2020: £37 million and 2019: £13 million). The weighted average interest rate on the short-term bank loan as at 31 December 2020 and 2021 was 3.7% (2019: 3%).

Lease liabilities

The maturity analysis of lease liabilities recognised on the CH Group balance sheet is as follows:

	2021 £m	2020[1] £m	2019[1] £m
Rental payments due within one year	(30)	(34)	(40)
Rental payments due between one and two years	(22)	(33)	(45)
Rental payments due between two and three years	(15)	(14)	(16)
Rental payments due between three and four years	(13)	(12)	(15)
Rental payments due between four and five years	(10)	(12)	(10)
Rental payments due after five years	(27)	(34)	(35)
	(117)	**(139)**	**(161)**

[1] Figures have been restated as described in Note 1

25. Pensions and other post-employment benefits

Defined benefit pension and other post-employment costs	2021 £m	2020 £m	2019 £m
German pension schemes	4	3	4
Swiss pension schemes	5	7	12
Irish pension schemes	6	4	7
Other overseas pensions schemes	5	7	4
Unfunded post-retirement healthcare schemes	10	9	2
	30	**30**	**29**
Analysed as:			
Defined benefit schemes	22	26	26
Defined contribution pensions schemes	8	4	3

The costs of the defined benefit pension and post-retirement healthcare schemes are charged in the income statement as follows:

	Net pensions total £m	Other post retirement obligations total £m	Total post retirement obligations £m
2021			
Cost of sales	10	10	**20**
Research and development	—	—	**—**
Selling, general and administration	2	—	**2**
31 December 2021	**12**	**10**	**22**
2020			
Cost of sales	14	9	**23**
Research and development	—	—	—
Selling, general and administration	3	—	**3**
31 December 2020	**17**	**9**	**26**
2019			
Cost of sales	13	2	**15**
Research and development	2	—	**2**
Selling, general and administration	9	—	**9**
31 December 2019	**24**	**2**	**26**

GSK Consumer Healthcare Holdings (No.2) Limited entities operate pension arrangements which cover the CH Group's material obligations to provide pensions to retired employees. These arrangements have been developed in accordance with local practices in the countries concerned. Pension benefits can be provided by state schemes, by defined contribution schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee, or by defined benefit schemes, whereby retirement benefits are based on employee pensionable remuneration and length of service.

Pension costs of defined benefit schemes for accounting purposes have been calculated using the projected unit method. In certain countries pension benefits are provided on an unfunded basis, some administered by trustee companies. Formal, independent, actuarial valuations of the CH Group's main plans are undertaken regularly, normally at least every three years.

Actuarial movements in the period are recognised through the statement of comprehensive income. Discount rates are derived from AA rated corporate bond yields except in countries where there is no deep market in corporate bonds where government bond yields are used. Discount rates are selected to reflect the term of the expected benefit payments. Projected inflation rate and pension increases are long-term predictions based on the yield gap between long-term index-linked and fixed interest Gilts.

In addition, GlaxoSmithKline plc affiliates operate certain pension schemes in which the CH Group's UK and US employees participate. These schemes include defined benefit arrangements where the assets are held independently of the CH Group's finances and which are funded partly by contributions from members and partly by contributions from the GlaxoSmithKline plc affiliates at rates advised by independent professionally qualified actuaries.

For the UK plans, there is an interest rate and inflation hedging strategy in place. The targets are based on an economic measure of the plan liabilities. Furthermore, the plans also currently hedge a portion of their equity exposure with a staggered maturity profile. The interest rate risk and credit rate risk in the US plans are partially hedged. The targets are based on an accounting measure of the plan liabilities.

In the UK, the defined benefit pension schemes operated for the benefit of former Glaxo Wellcome employees and former SmithKline Beecham employees remain separate. These schemes were closed to new entrants in

2001 and subsequent UK employees, including employees of the CH Group, are entitled to join a defined contribution scheme.

Following a period of consultation with impacted employees, it was announced on 17 December 2020 that the UK defined benefit plans would be closed to future accrual effective from 31 March 2022. As a result, post closure the accrued benefits of active participants will be revalued in line with inflation (RPI for the legacy Glaxo Wellcome plans and CPI for the legacy SmithKline Beecham plans subject to the relevant caps for each arrangement) rather than capped pay increases. In addition, all defined benefit plan participants who are still active at 1 April 2022, including participants of the CH Group, will receive a defined pension contribution of £10,000 each.

With respect to the US cash balance pension plans, it was announced on 9 September 2020 that they would be closed to future accrual from 1 January 2021.

In addition, there are a number of post-retirement healthcare schemes, the principal one of which is in the US.

The management fee from GlaxoSmithKline plc group companies includes an element relating to the pension arrangements for the CH Group's UK and US employees calculated as if the arrangements were on a defined contribution basis. The underlying assets and liabilities of the schemes cover a number of UK and US undertakings and cannot readily be split between each Group undertaking on a consistent and reliable basis. The cost of such defined contribution arrangements is not included in the 12 million (2020: £17 million and 2019: £24 million) charge analysed above.

The average life expectancy assumed now for an individual at the age of 60 and projected to apply in the years stated below for an individual then at the age of 60 is as follows:

As at 31 December 2021	Germany		Switzerland		Ireland		Rest of World	
	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years
Current	25.4	29.2	26.6	28.5	26.7	29.3	27.2	28.5
Projected for 2041	28.4	31.5	28.4	30.2	29.2	31.5	28.7	30.0

As at 31 December 2020	Germany		Switzerland		Ireland		Rest of World	
	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years
Current	25.4	29.2	26.6	28.8	26.6	29.1	26.8	28.2
Projected for 2040	28.4	31.5	28.4	30.4	29.0	31.3	28.4	29.7

As at 31 December 2019	Germany		Switzerland		Ireland		Rest of World	
	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years	Male Years	Female Years
Current	25.3	29.1	26.5	28.7	26.5	29.1	27.1	28.8
Projected for 2039	28.3	31.4	28.4	30.4	29.0	31.3	28.8	30.4

The assets of funded schemes are generally held in separately administered trusts, either as specific assets or as a proportion of a general fund or are insurance contracts. Assets are invested in different classes in order to maintain a balance between risk and return. Investments are diversified to limit the financial effect of the failure of any individual investment.

The Pension Plans are exposed to risk that arises because the estimated market value of the Plans' assets might decline, the investment returns might reduce, or the estimated value of the Plans' liabilities might increase.

In line with the agreed mix of return seeking assets to generate future returns and liability matching assets to better match future pension obligations, the CH Group has defined an overall long-term investment strategy for the Plans, with investments across a broad range of assets. The main market risks within the asset and hedging portfolio are against credit risk, interest rates, long-term inflation, equities, property, and bank counterparty risk.

The Plan liabilities are a series of future cash flows with relatively long duration. On an IAS 19 basis, these cash flows are sensitive to changes in the expected long-term inflation rate and the discount rate (AA corporate bond yield curve) where an increase in long-term inflation corresponds with an increase in the liabilities, and an increase in the discount rate corresponds with a decrease in the liabilities.

The CH Group has applied the following financial assumptions in assessing the defined benefit liabilities:

	2021 % pa	2020 % pa	2019 % pa
Germany			
Rate of increase of future earnings	3.00	3.00	3.00
Discount rate	1.10	0.50	1.10
Expected pension increases	2.10	1.40	1.50
Inflation rate	2.10	1.40	1.50
Switzerland			
Rate of increase of future earnings	1.80	1.80	2.00
Discount rate	0.20	0.10	0.10
Expected pension increases	—	—	—
Inflation rate	1.00	1.00	1.00
Ireland			
Rate of increase of future earnings	2.00	2.00	2.00
Discount rate	1.30	0.80	1.30
Expected pension increases	3.00	—	—
Inflation rate	2.10	1.50	1.60
Rest of World			
Rate of increase of future earnings	N/A	N/A	N/A
Discount rate	2.70	1.45	1.85
Expected pension increases	N/A	N/A	N/A
Inflation rate	2.25	1.50	1.63

The amounts recorded in the income statement and statement of comprehensive income in relation to the defined benefit pension and post-retirement healthcare schemes were as follows:

	Pensions £m	Other post-employment benefits £m	Total £m
31 December 2021			
Amounts charged to operating profit:			
Current service cost	18	8	**26**
Past service cost/(credit)	(4)	—	**(4)**
Gain from settlement	(3)	—	**(3)**
Net interest cost	1	2	**3**
	12	**10**	**22**
Re-measurements recorded in the statement of comprehensive income	**(8)**	**(19)**	**(27)**
31 December 2020			
Amounts charged to operating profit:			
Current service cost	24	6	**30**
Past service cost/(credit)	(7)	—	**(7)**
Net interest cost	—	3	**3**
	17	**9**	**26**
Re-measurements recorded in the statement of comprehensive income	**5**	**8**	**13**

	Pensions £m	Other post-employment benefits £m	Total £m
31 December 2019			
Amounts charged to operating profit:			
Current service cost	21	2	**23**
Net interest cost	3	—	**3**
	24	**2**	**26**
Re-measurements recorded in the statement of comprehensive income	**5**	**8**	**13**

The fair values of the assets and liabilities of the German, Swiss and Irish defined benefit pension schemes, together with aggregated data for other defined benefit pension schemes in the CH Group are as follows:

31 December 2021		Germany £m	Switzerland £m	Ireland £m	Rest of World £m	Total £m
Equities:	-Listed	54	98	102	6	**260**
Property:	-Unlisted	—	52	—	—	**52**
Bonds:	-Listed	55	89	130	19	**293**
Insurance contracts		27	55	—	—	**82**
Other assets		—	6	1	12	**19**
		136	**300**	**233**	**37**	**706**
Asset ceiling restriction		—	(26)	—	—	**(26)**
Fair value of assets		**136**	**274**	**233**	**37**	**680**
Present value of scheme obligations		(246)	(274)	(254)	(48)	**(822)**
Recognised on the balance sheet		**(110)**	**—**	**(21)**	**(11)**	**(142)**
Included in post-employment benefits assets		—	—	11	—	**11**
Included in post-employment benefits obligations		(110)	—	(32)	(11)	**(153)**
		(110)	—	(21)	(11)	**(142)**
Actual return (loss) on plan assets		**15**	**(14)**	**(4)**	**1**	**(2)**

31 December 2020[1]		Germany £m	Switzerland £m	Ireland £m	Rest of World £m	Total £m
Equities:	-Listed	49	91	80	9	**229**
Property:	-Unlisted	—	45	—	—	**45**
Bonds:	-Listed	52	80	167	25	**324**
Insurance contracts		29	12	—	1	**42**
Other assets		—	17	—	6	**23**
Fair value of assets		**130**	**245**	**247**	**41**	**663**
Present value of scheme obligations		(262)	(212)	(306)	(65)	**(845)**
Recognised on the balance sheet		**(132)**	**33**	**(59)**	**(24)**	**(182)**
Included in post-employment benefits assets		—	33	8	—	**41**
Included in post-employment benefits obligations		(132)	—	(67)	(24)	**(223)**
		(132)	**33**	**(59)**	**(24)**	**(182)**
Actual return on plan assets		**—**	**15**	**20**	**1**	**36**

31 December 2019[1]		Germany £m	Switzerland £m	Ireland £m	Rest of World £m	Total £m
Equities:	-Listed	50	83	70	8	**211**
Property:	-Unlisted	—	45	—	—	**45**
Bonds:	-Listed	49	70	141	25	**285**
Insurance contracts		23	8	—	1	**32**
Other assets		—	16	—	7	**23**
Fair value of assets		**122**	**222**	**211**	**41**	**596**
Present value of scheme obligations		(239)	(232)	(245)	(58)	**(774)**
Recognised on the balance sheet		**(117)**	**(10)**	**(34)**	**(17)**	**(178)**
Included in post-employment benefits assets		—	—	—	3	**3**
Included in post-employment benefits obligations		(117)	(10)	(34)	(20)	**(181)**
		(117)	**(10)**	**(34)**	**(17)**	**(178)**
Actual return on plan assets		**16**	**44**	**31**	**—**	**91**

[1] Figures have been restated as described in Note 1

The defined benefit pension obligation is analysed as follows:

	2021 £m	2020[1] £m	2019[1] £m
Funded	(812)	(834)	(709)
Unfunded	(10)	(11)	(65)
	(822)	**(845)**	**(774)**

[1] Figures have been restated as described in Note 1

The movement in the net defined benefit liability is as follows:

	Fair value of assets £m	Present value of obligation £m	Net pensions total £m	Net post retirement obligations £m
At 1 January 2019[1]	**503**	**(658)**	**(155)**	**(56)**
Exchange adjustments	(17)	34	**17**	(4)
Additions through business combinations	5	(45)	**(40)**	(50)
Service cost	—	(21)	**(21)**	(2)
Interest income/(cost)	5	(8)	**(3)**	—
Re-measurements:				
Return on plan assets, excluding amounts included in interest	86	—	**86**	—
Gain from change in demographic assumptions	—	7	**7**	—
Gain from change in financial assumptions	—	(88)	**(88)**	(8)
Experience losses	—	(10)	**(10)**	—
Employers contributions	30	—	**30**	3
Scheme participants' contributions	7	(7)	**—**	—
Benefits paid	(23)	22	**(1)**	—
At 31 December 2019[1]	**596**	**(774)**	**(178)**	**(117)**

	Fair value of assets £m	Present value of obligation £m	Net pensions total £m	Net post retirement obligations £m
Exchange adjustments	33	(44)	**(11)**	20
Service cost	—	(23)	**(23)**	(6)
Past service cost	—	7	**7**	—
Interest income/(cost)	5	(6)	**(1)**	(3)
Settlements and curtailments	(19)	19	**—**	—
Re-measurements:				
Return on plan assets, excluding amounts include in interest	31	—	**31**	—
Gain from change in demographic assumptions	—	26	**26**	—
Gain from change in financial assumptions	—	(59)	**(59)**	(8)
Experience losses	—	(3)	**(3)**	—
Employers contributions	28	—	**28**	1
Scheme participants' contributions	8	(7)	**1**	—
Benefits paid	(19)	19	**—**	—
At 31 December 2020[1]	**663**	**(845)**	**(182)**	**(113)**
Exchange adjustments	(34)	48	**14**	(2)
Service cost	—	(18)	**(18)**	(8)
Past service cost	—	4	**4**	—
Interest income/(cost)	4	(5)	**(1)**	(2)
Settlements and curtailments	(5)	8	**3**	—
Assets acquired/(liability assumed) from GSK Group[1]	39	(39)	**—**	—
Re-measurements:				
Return on plan assets, excluding amounts include in interest	(6)	—	**(6)**	—
Gain from change in demographic assumptions	—	7	**7**	—
Gain from change in financial assumptions	—	33	**33**	19
Experience losses	—	(26)	**(26)**	—
Employers contributions	30	—	**30**	—
Scheme participants' contributions	7	(7)	**—**	—
Benefits paid	(18)	18	**—**	6
At 31 December 2021	**680**	**(822)**	**(142)**	**(100)**

1 Figures have been restated as described in Note 1

A reconciliation of the net post-employment benefit to the balances recognised on the consolidated balance sheet is as follows:

	2021 £m	2020[1,2] £m	2019[1,2] £m
Net Pensions total	(142)	(182)	(178)
Net post retirement obligations	(100)	(113)	(117)
Net post-employment benefit	**(242)**	**(295)**	**(295)**
Post-employment benefit assets recognised on the consolidated balance sheet	11	41	3
Post-employment benefit obligations recognised on the consolidated balance sheet	(253)	(336)	(298)
Net post-employment benefit	**(242)**	**(295)**	**(295)**

1 Figures have been restated as described in Note 1

2 There were £39 million of assets acquired and £39 million of liabilities assumed from the GSK Group during the year ended 31 December 2021, as a result of the separation of the existing GSK Group Pension

Fund in Switzerland into two independent schemes for the Biopharma and Consumer Healthcare businesses in preparation of the proposed separation of the CH Group from the GSK Group. Under local plan rules the new GSK Group Scheme covering the Biopharma businesses could not accept any retired members and therefore these members were included in the CH Group scheme.

Employer contributions for 2022 are estimated to be approximately £28 million in respect of defined benefit pension schemes and £6 million in respect of post-retirement medical benefits.

The defined benefit pension and post-retirement obligations analysed by membership category is as follows:

	Pension obligations			Post-retirement obligations		
	2021 £m	2020 £m	2019 £m	2021 £m	2020 £m	2019 £m
Active	(418)	(462)	(388)	(97)	(107)	(117)
Retired	(237)	(202)	(195)	(3)	(3)	—
Deferred	(167)	(181)	(191)	—	(3)	—
	(822)	**(845)**	**(774)**	**(100)**	**(113)**	**(117)**

Sensitivity analysis

The approximate effect of changes in assumptions used on the benefit obligations and on the annual defined benefit and post-retirement costs are detailed below. This information has been determined by taking into account the duration of the liabilities and the overall profile of the plan membership.

	2021 £m	2020 £m	2019 £m
A 0.25% decrease in discount rate:			
Increase in annual pension cost	0.8	0.8	1.2
Decrease in annual post-retirement benefits cost	0.1	0.1	0.1
Increase in pension obligation	34.8	39.4	37.7
Increase in post-retirement benefits obligation	2.9	3.4	3.1
A 0.25% increase in discount rate:			
Decrease in annual pension cost	(0.9)	(1.0)	(1.2)
Increase in annual post-retirement benefits cost	(0.1)	(0.1)	(0.1)
Decrease in pension obligation	(32.6)	(37.0)	(34.6)
Decrease in post-retirement benefits obligation	(2.8)	(3.2)	(3.0)
A 0.25% increase in inflation:			
Increase in annual pension cost	0.2	0.2	0.2
Increase in pension obligation	11.0	12.9	12.6
A 0.25% decrease in inflation:			
Decrease in annual pension cost	(0.2)	(0.2)	(0.2)
Decrease in pension obligation	(10.7)	(12.7)	(12.3)
A one year increase in life expectancy:			
Increase in annual pension cost	0.9	1.0	1.1
Increase in annual post-retirement benefits cost	0.2	0.2	0.2
Increase in pension obligation	27.8	31.9	28.6
Increase in post-retirement benefits obligation	2.0	2.4	2.2

The weighted average duration of the defined benefit obligation is as follows:

	2021 years	2020 years	2019 years
Pension benefits	18	19	20
Post-retirement benefits	16	17	16

26. Other provisions

	Restructuring programmes £m	Other provisions £m	Total £m
Cost at 1 January 2019	**(85)**	**(38)**	**(123)**
Exchange adjustments	3	3	**6**
Charge for the period	(92)	(10)	**(102)**
Reversed unused	22	4	**26**
Utilised	21	6	**27**
Additions through business combination	—	(13)	**(13)**
Other movements	(2)	4	**2**
As at 31 December 2019	**(133)**	**(44)**	**(177)**
Exchange adjustments	(1)	—	**(1)**
Charge for the period	(139)	(10)	**(149)**
Reversed unused	45	4	**49**
Utilised	100	13	**113**
Other movements	(4)	1	**(3)**
As at 31 December 2020	**(132)**	**(36)**	**(168)**
Exchange adjustments	3	1	**4**
Charge for the period	(52)	(9)	**(61)**
Reversed unused	9	4	**13**
Utilised	68	9	**77**
Other movements	(8)	4	**(4)**
As at 31 December 2021	**(112)**	**(27)**	**(139)**

	2021 £m	2020 £m	2019 £m
To be settled within one year	(112)	(103)	(101)
To be settled after one year	(27)	(65)	(76)
Total provision	**(139)**	**(168)**	**(177)**

Other provisions include employee-related, legal, environmental, and other provisions. Details of restructuring provisions can be found in Note 12, 'Restructuring costs'.

27. Contingent Liabilities

	2021 £m	2020 £m	2019 £m
Contingent Liabilities	33	28	47

At 31 December 2021, contingent liabilities, comprising guarantees and other items arising in the normal course of business, amounted to £33 million (2020: £28 million and 2019: £47 million).

Contingent liabilities arise when the CH Group has a present obligation as a result of a past event and comprise guarantees and other items arising in the normal course of business.

Provision is made for the outcome of tax, legal and other disputes where it is both probable that the CH Group will suffer an outflow of funds and it is possible to make a reliable estimate of that outflow.

The CH Group is involved in significant legal and administrative proceedings, principally product liability. The most significant of these matters, other than tax matters, are described below.

Legal proceedings

The CH Group makes provision for these proceedings on a regular basis as summarised in Note 2 'Accounting principles and policies' and Note 26 'Other provisions'.

The CH Group may become involved in significant legal proceedings in respect of which it is not possible to determine whether a potential outflow is probable. In these cases, appropriate disclosures about such cases would be included in this note, but no provision would be made for the cases.

With respect to each of the legal proceedings described below, other than those for which a provision has been made, the CH Group is unable to make a reliable estimate of the expected financial effect at this stage. The CH Group does not believe that information about the amount sought by the plaintiffs, if that is known, would be meaningful with respect to those legal proceedings. This is due to a number of factors, including, but not limited to, the stage of proceedings, the entitlement of parties to appeal a decision and clarity as to theories of liability, damages and governing law.

The CH Group's position could change over time, and, therefore, there can be no assurance that any losses that result from the outcome of any legal proceedings will not exceed by a material amount the amount of the provisions reported in the CH Group's financial statements. If this were to happen, it could have a material adverse impact on the results of operations of the CH Group in the reporting period in which the judgements are incurred or the settlements entered into.

***Zantac* Litigation**

GSK Group and/or the Pfizer Group have been named as a defendant (alongside other manufacturers of ranitidine, as well as retailers and distributors) in approximately 2,150 US personal injury lawsuits involving *Zantac*, the bulk of which are pending in a Multidistrict Litigation ("MDL") in the Southern District of Florida. There are also numerous unfiled claims registered in a census required by the court presiding over the MDL. Class actions alleging economic injury and medical monitoring have also been filed in federal court. In addition to the product liability cases filed in the MDL, cases have been filed in several State Courts, including a consolidated action in California State Court. Outside the USA, there are four class actions pending against the GSK Group and the Pfizer Group in Canada, along with a class action pending against the GSK Group in Israel. The GSK Group has also received notice of a civil investigation opened by the Department of Justice (the "DOJ") into allegation of False Claims Act violations by the GSK Group related to *Zantac*. The New Mexico Attorney General filed a lawsuit against multiple defendants, including the GSK Group and the Pfizer Group, alleging violations of state consumer protection and false advertising statutes, among other claims.

Under the Pfizer SAPA, the CH Group is required to indemnify the GSK Group and the Pfizer Group in respect of "Purchaser Liabilities" and "Assumed Liabilities", which may include liabilities related to OTC *Zantac*. Whilst Pfizer and GSK have each served the CH Group with notice of potential claims under the relevant indemnification provisions in the Pfizer SAPA in relation to possible liabilities connected with OTC *Zantac*, it is not possible, at this stage, to meaningfully assess whether the outcome will result in a probable outflow, or to quantify or reliably estimate the liability (if any) that the CH Group may have to the GSK Group and/or the Pfizer Group under the relevant indemnities.

***Proton Pump Inhibitor* litigation**

The CH Group is a defendant in the ongoing *proton pump inhibitor ("PPI")* litigation, in which plaintiffs allege that their use of *PPIs* caused serious bodily injuries, including acute kidney injury, chronic kidney disease and end-stage renal failure. As of June 2021, there are approximately 1,500 *Prevacid24HR* personal injury lawsuits and approximately 2,300 *Nexium24HR* cases pending against the CH Group, nearly all of which are pending in a Multidistrict Litigation ("MDL") proceeding in the District of New Jersey. Manufacturers of other *PPIs*, including both prescription and OTC products, also are named as co-defendants in the MDL. The CH Group has filed motions to dismiss several hundred cases, but the MDL court has not yet ruled on those motions. In addition to the MDL cases, a small number of cases are pending in state courts. The CH Group is unable to determine whether the outcome will result in a probable outflow.

German Competition Litigation

In 2013, the CH Group and other members of a working group, Körperpflege, Wasch- und Reinigungsmittel ("KWR"), of a German trademark association were fined by the Federal Cartel Office of Germany, as a result of the exchange of certain information during meetings from 2004 to 2006. The information exchanged related primarily to annual terms negotiations with retailers and to the timing and the order of magnitude of list price increases. Following the fine imposed by the Federal Cartel Office in 2013, the CH Group is party to eight active civil proceedings in Germany for damages against the CH Group and other manufacturers of branded drugstore products. The claimants allege that the exchange of information within KWR led to higher purchase prices being paid by the retailers, and therefore the Group and other KWR members are jointly and severally liable for potential damages. The proceedings are taking place in different courts across Germany and are at different stages.

Separate proceedings have been brought against the CH Group and certain other members of KWR by the insolvency administrator of Schlecker (formerly a large drugstore retailer in Germany) and other retailers. Two of these actions have been dismissed in lower courts but are subject to appeal. Additionally, the CH Group has intervened as a third party on the defendants' side in three other separate proceedings. The CH Group is unable to determine whether the outcome will result in a probable outflow.

28. Share capital, share premium and other reserves

		At 1 January 2019	Issue of share capital	At 31 December 2019
Ordinary A shares at	Number	—	680,000	**680,000**
£1.00 each	£'000	—	680	**680**
Ordinary B shares at	Number	—	320,000	**320,000**
£1.00 each	£'000	—	320	**320**
Non redeemable	Number	—	300,000	**300,000**
Preference shares at £1.00 each	£'000	—	300	**300**
C Deferred share at	Number	—	—	**—**
£13,166,038,547.00	£'000	—	—	**—**
Share capital	**£'000**	**—**	**1,300**	**1,300**
Share premium	£'000	20,321	521	20,842

		At 31 December 2019	Issue of share capital	Capital Reduction	At 31 December 2020
Ordinary A shares at	Number	**680,000**	—	—	**680,000**
£1.00 each	£'000	**680**	—	—	**680**
Ordinary B shares at	Number	**320,000**	—	—	**320,000**
£1.00 each	£'000	**320**	—	—	**320**
Non redeemable	Number	**300,000**	—	—	**300,000**
Preference shares at £1.00 each	£'000	**300**	—	—	**300**
C Deferred share at	Number	**—**	1	(1)	**—**
£13,166,038,547.00	£'000	**—**	13,166,039	(13,166,039)	**—**
Share capital	**£'000**	**1,300**	**13,166,039**	**(13,166,039)**	**1,300**
Share premium	£'000	20,842	—	(20,842)	**—**

		At 31 December 2020	Issue of share capital	Capital Reduction	At 31 December 2021
Ordinary A shares at	Number	**680,000**	—	—	**680,000**
£1.00 each	£'000	**680**	—	—	**680**
Ordinary B shares at	Number	**320,000**	—	—	**320,000**
£1.00 each	£'000	**320**	—	—	**320**
Non redeemable	Number	**300,000**	—	—	**300,000**
Preference shares at	£'000	**300**	—	—	**300**
£1.00 each					
C Deferred share at	Number	**—**	—	—	**—**
£13,166,038,547.00	£'000	**—**	—	—	**—**
Share capital	**£'000**	**1,300**	—	—	**1,300**
Share premium	£'000	**—**	**—**	**—**	**—**

Ordinary A shares and Ordinary B shares carry equal rights. Share premium was recognised on shares issued by CHHL2 except where CHHL2 has applied to take merger relief under Section 612 of the Companies Act 2006. In such cases the excess of the fair value of the assets and liabilities recognised into the CH Group, over the nominal value of the share issued has been added to the merger reserve as per table disclosed below.

During the year ended 31 December 2019, CHHL2 allotted 680,000 ordinary A shares of £1 each to GlaxoSmithKline Consumer Healthcare Holdings Limited and 320,000 ordinary B shares of £1 each to PF Consumer Healthcare Holdings LLC. All these shares were allotted with £1 million nominal value and £20,842 million share premium.

In addition, CHHL2 also issued 300,000 preference shares of £1 each to GlaxoSmithKline Consumer Healthcare Holdings Limited during the year. The preference shares are non-redeemable with a discretionary right to receive conditional dividends in which 0.01% of the aggregate amount of dividend shall be payable to the holders of the preference shares, therefore the preference shares are classified as equity.

During the year ended 31 December 2020, CHHL2 issued one C Deferred share of £13,166,038,547 to GlaxoSmithKline Consumer Healthcare Holdings Limited. The C Deferred share is non-redeemable and does not carry any voting rights, dividend rights or rights in the event of a return of capital.

Subsequently during 2020, CHHL2 cancelled and extinguished in its entirety the share premium balance of £20,842 million in accordance with section 642 of the Companies Act. CHHL2 also cancelled and extinguished the fully paid up C Deferred share of £13,166 million in the share capital of CHHL2 held by GlaxoSmithKline Consumer Healthcare Holdings Limited. Details of other reserves are included below:

Other reserves	2021 £m	2020[1] £m	2019[1] £m
As at 1 January	(11,652)	1,372	(14,841)
Other comprehensive income	9	—	—
Issue of share capital	—	(13,166)	16,213
Capital reduction	—	(45)	—
Contribution from parent	11	—	—
Contribution (non-cash) from parent	—	187	—
As at 31 December	(11,632)	**(11,652)**	**1,372**

[1] Figures have been restated as described in Note 1

Other Reserves include a merger reserve that arises as a result of acquisition of business.

29. Acquisitions and disposals

2020

Business acquisitions

On 28 September 2020, the CH Group completed the acquisition of legal ownership of approximately 55% equity interests in the legal entity that holds the Hsinchu site in Taiwan from the Pfizer Group in a non-cash transaction, whereby the CH Group has acquired the business as part of the completion of the Pfizer Transaction on 31 July 2019. The CH Group has measured the business at fair value.

Goodwill of £124m, which is not expected to be deductible for tax purpose, has been recognised. The goodwill represents the potential for future synergies arising from combining the acquired businesses with the CH Group's existing business together with the value of the workforce acquired.

The non-controlling interest for this acquisition recorded in the CH Group, calculated applying the proportionate interests' method, represents Pfizer Group's share of the net assets of the CH Group, excluding goodwill.

The majority of the Hsinchu site's revenue was generated through manufacturing of Consumer Healthcare products for companies within the CH Group and was eliminated on consolidation. Therefore, the external revenue arising from the Hsinchu site since the acquisition on 28 September 2020 was immaterial and would remain immaterial if the business had been acquired at the beginning of the year. The business has been integrated into the CH Group's existing activities and it is not practicable to identify the impact on the CH Group profit in the period.

The fair value of the assets acquired in business combinations, including goodwill, are set out in the table below.

	Taiwan Hsinchu site business £m
Net assets acquired:	
Intangible assets	2
Property, plant and equipment	6
Inventory	5
Cash and cash equivalents	20
Other assets	6
Other liabilities	(21)
Non-controlling interests	(14)
Goodwill	124
Total	**128**
Consideration settled by shares in CHHL2	128
Cash consideration paid	—
Total consideration	**128**

2020

Business disposals

In 2020, the CH Group made several business disposals, resulting in the CH Group receiving net cash consideration of £221 million. The business disposals mainly related to the divestment of EMEA rights of *Thermacare*, which was acquired from Pfizer as part of its Consumer Healthcare business following the completion of the Pfizer Transaction on 31 July 2019 and was disposed by the CH Group on 30 March 2020 to meet anti-trust requirements.

The gain on the disposals of businesses in the year of £69 million was calculated as follows:

	Total £m
Cash consideration received	221
Net assets sold:	
Goodwill	(1)
Intangible assets	(125)
Property, plant and equipment	(12)
Inventory	(5)
Other net assets	(1)
	(144)
Transaction costs	(8)
Total gain on disposal	**69**

2019

Business acquisitions

The Pfizer Transaction was completed on 31 July 2019.

The GSK Group and Pfizer have contributed their respective Consumer Healthcare businesses into the CH Group to form a new Consumer Healthcare Joint Venture in a non-cash transaction, whereby the CH Group has acquired Pfizer's Consumer Healthcare business in return for shares in the CH Group. CHHL2 is the parent holding company of the new Joint Venture and the CH Group is being held by the GSK Group with an equity interest of 68% and Pfizer with an equity interest of 32%.

Goodwill of £5.6 billion, which is not expected to be deductible for tax purpose, has been recognised. The goodwill represents the potential for future synergies arising from combining the acquired businesses with the CH Group's existing business together with the value of the workforce acquired. Total transaction costs for the acquisition amounted to £77 million.

Since the acquisition on 31 July 2019, revenue of £1.2 billion arising from the Pfizer Consumer Healthcare business has been included in CH Group revenue in 2019. If the business had been acquired at the beginning of the year, CH Group revenue in 2019 would have been £1.5 billion higher. The business has been integrated into the CH Group's existing activities and it is not practical to identify the impact on the CH Group profit in the period.

The fair value of the assets acquired in business combinations, including goodwill, are set out in the table below.

	Pfizer Consumer Healthcare business £m
Net assets acquired:	
Intangible assets (indefinite life brands)	12,357
Property, plant and equipment	354
Rights of use assets	39
Inventory	986
Trade and other receivables	546
Other assets including cash and cash equivalents	302
Trade and other payables	(779)
Net deferred tax liabilities	(2,591)
Other liabilities	(99)
Non-controlling interests	(20)
Goodwill	5,658
Total	**16,753**
Consideration settled by shares in CHHL2	16,753
Cash consideration paid	—
Total consideration	**16,753**

2019

Business disposals

There were no business disposals during the year ended 31 December 2019.

30. Related party transactions

The CH Group undertook significant transactions with entities from within the GSK Group during the years ended 31 December 2021, 31 December 2020 and 31 December 2019 and with entities from within the Pfizer Group for the period from 1 August 2019 to 31 December 2019 and for the years ended 31 December 2020 and 2021.

Entities from within the GSK Group supplied goods to and purchased goods from the CH Group during the period. The CH Group supplies goods to companies within the GSK Group under Distribution Agreements in those countries where the CH Group does not have its own local operating company. In addition, entities from within the GSK Group were engaged to provide support function services to the CH Group under Support Services Agreements (''SSA'') including: regulatory and safety services, financial management and reporting, human resources, payroll services, IT support, property management, legal services, contract manufacturing, management of the CH Group's UK and US pension schemes, and management of the CH Group's employee share schemes. In addition, the CH Group operates separate agreements with GSK affiliates for the provision of research and development and for toll-manufacturing services. Cash amounts are also held with GSK financing companies. Entities from within the Pfizer Group supplied services and goods to and purchased goods and services from the CH Group via the Transitional Services Agreement during the period. All related party transactions are undertaken at arm's length in accordance with the CH Group transfer pricing policy.

Where the legal completion of local transfer of assets and liabilities has been delayed, but the CH Group is able to exercise control over the relevant activities, the relevant net assets and profits have been recognised in the results.

Comparative disclosures included related party transactions with entities within the Pfizer Group for the period from 1 August 2019 to 31 December 2019. Following the completion of the Pfizer Transaction on 31 July 2019, transactions between the CH Group and Pfizer Group are deemed related party transactions and are disclosed below for the period from 1 August 2019 onwards.

	Pfizer Companies		
	2021 £m	2020 £m	2019 £m
Sales of goods	—	17	2
Purchases of goods	—	(11)	(1)
Services and royalty income	—	17	6
Services and royalty expense	(68)	(121)	(62)
Dividend paid	367	735	—
Other amounts owing to related parties	(7)	(26)	(40)
Other amounts owing from related parties	—	2	14

	GlaxoSmithKline Companies		
	2021 £m	2020[1] £m	2019[1] £m
Sales of goods	114	397	179
Purchases of goods	(81)	(81)	(48)
Services and royalty income	20	49	80
Services and royalty expense	(354)	(384)	(346)
Interest income	10	12	18
Interest expense	(4)	(6)	(9)
Dividend paid	781	1,636	—
Other amounts owing to related parties	(203)	(461)	(657)
Other amounts owing from related parties	542	483	429
Loan amounts owing to related parties	(825)	(300)	(457)
Loan amounts owing from related parties	1,508	1,119	1,461

[1] Figures have been restated as described in Note 1

£825 million (2020: £300 million and 2019: £457 million) loan amounts owing to related parties is held with GSK Financing companies as part of the CH Group's banking arrangements. These balances are unsecured with interest largely paid at the new risk free benchmark rates +0.10% (2020: LIBOR + 0.25% and 2019: LIBOR + 0.25%) and are repayable on demand.

£1,508 million (2020: £1,119 million and 2019: £1,461 million) loan amounts owing from related parties is held with GSK Financing companies as part of the CH Group's banking arrangements. These balances are unsecured with interest largely received at the new risk free benchmark rate -0.05% (2020: LIBOR –0.125% and 2019: LIBOR – 0.125%) and are repayable on demand.

31. Adjustments reconciling profit after tax to operating cash flow

	2021 £m	2020[1] £m	2019[1] £m
Profit after tax	**1,439**	**1,181**	**687**
Taxation charge	197	410	199
Net finance costs	2	7	11
Depreciation of property, plant and equipment and rights of use assets	174	215	198
Amortisation of intangible assets	94	90	62
Impairment and assets written off, net of reversals	1	88	12
(Gain)/loss on sale of intangible assets	(27)	(143)	5
Loss on sale of property, plant and equipment	—	3	6
Gain on sale of business	(4)	(69)	—
Fair value adjustment from Pfizer transaction	—	91	366
Other non-cash movements	(22)	100	(6)
Increase in other non-current financial liabilities	—	—	(9)
(Decrease)/increase in pension and other provisions	(36)	(27)	25
Changes in working capital:			
(Increase)/decrease in inventories	(17)	130	232
Decrease/(increase) in trade receivables	14	18	(57)
Increase/(decrease) in trade payables	41	140	(256)
Net change in other receivables and payables	(190)	(273)	(380)
	227	**780**	**408**
Cash generated from operations	**1,666**	**1,961**	**1,095**

[1] Figures have been restated as described in Note 1

32. Commitments

	2021 £m	2020 £m	2019 £m
Contracted for but not provided in the financial statements:			
Intangible assets	68	36	48
Property, plant and equipment	80	90	62
Purchase commitments	410	745	1,035
Future finance charges on leases	12	16	20
Investments	49	53	78
	619	**940**	**1,243**

Purchase commitments mainly include amounts committed for contract manufacturing agreements.

33. Financial instruments and related disclosures

The CH Group reports in Sterling and paid dividends out of cash in Sterling. During the periods presented, GSK Group's Treasury function has been employed as a service provider to manage and monitor the CH Group's

external and internal funding requirements and financial risks in support of the CH Group's strategic objectives. Treasury activities are governed by policies approved by the CH Group Board of Directors.

The CH Group operates on a global basis, through a number of subsidiary companies and the existing sales networks of the GSK Group.

A Treasury meeting, chaired by the GlaxoSmithKline Consumer Healthcare Chief Financial Officer (CFO), takes place on a regular basis to review Treasury activities. Its members receive management information relating to Treasury activities. The GSK Group's internal auditors review the Treasury internal control environment regularly as part of their review of the GSK Group's Treasury function.

The CH Group may use a variety of financial instruments to finance its operations and derivative financial instruments to manage market risks from these operations. Derivatives principally comprise of foreign exchange forward contracts and swaps which are used to swap borrowings and liquid assets into currencies required for group purposes.

Derivatives are used exclusively for hedging purposes in relation to underlying business activities and not as trading or speculative instruments.

Capital management

During the periods presented, the CH Group managed its capital to ensure that entities in the CH Group were able to operate as going concerns whilst availing themselves of intercompany funding where appropriate. The capital structure of the CH Group consists wholly of shareholders' equity as well as short-term bank loans (see "consolidated statement of changes in equity" and Note 24 'Borrowings'). The Board reviews the CH Group's dividend policy which is established in accordance with parameters set in the Shareholders Agreement between the GSK Group and the Pfizer Group.

Selling margins are sufficient to cover normal operating costs and operations are cash generative.

Operating cash flow is used to fund investment in research and development of new products. It is also used to make routine outflows of capital expenditure, tax and dividends.

Liquidity risk

The CH Group benefits from strong positive cash flow from its operating units and has substantial cash and cash equivalents, which amounted to £413 million at 31 December 2021 (2020: £333 million and 2019: £339 million).

Market risk

Interest rate risk management

The CH Group has no significant external debt and therefore its interest expense is not exposed to changes in interest rates. The CH Group earns interest income on its cash and therefore benefits from an increase in interest rates. The impact of a decrease in interest rates is limited (see interest rate sensitivity).

Forward starting interest rate swaps

The forward starting interest rate contracts, exchanging floating interest for fixed interest, have been designated as cash flow hedges to hedge the interest variability of the interest cash flows associated with the future fixed rate debt.

The critical terms of the forward starting interest rate swap contracts and their corresponding hedged items are materially the same. A qualitative assessment of effectiveness is performed, and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite directions in response to movements in the underlying interest rates. The main sources of ineffectiveness in these hedge relationships are the effects of the Group's own credit risk on the fair value of the interest rate swap contracts, which are not reflected in the fair value of the hedged item attributable to the change in interest rates. No other material sources of ineffectiveness emerged from these hedging relationships.

The following tables provide information regarding forward starting interest rate swap contracts outstanding and the related hedged items at 31 December 2021. Interest rate swap contract assets and liabilities are presented in the line 'Derivative financial instruments' (either as assets or liabilities) on the Consolidated balance sheet.

	2021			
Hedging instruments	**Average contracted fixed rate %**	**Notional principal value £m**	**Change in fair value for recognising hedge ineffectiveness £m**	**Fair value assets/ (liabilities) £m**
5-10 years	1.1038%	668	4	4
10-30 years	1.3385%	935	3	3
>30 years	1.4515%	393	4	4

2021

Hedged items	**Change in value used for calculating hedge ineffectiveness £m**	**Balance in cash flow hedge reserve for continuing hedges £m**
Pre-hedging of long-term interest rate	(11)	(9)

The following table details the effectiveness of the hedging relationships and the amounts reclassified from the hedging reserve to profit or loss:

				2021		
				Amount reclassified to profit or loss		
Hedging gains/(losses) recognised in other comprehensive income £m	**Amount of hedge ineffectiveness recognised in profit or loss £m**	**Line item in profit or loss in which hedge ineffectiveness is included**	**Hedged future cash flows no longer expected to occur £m**	**As hedged item affects profit or loss £m**	**Line item in which reclassification adjustment is included**
Cash flow hedges					
Pre-hedging of long-term interest rates					
5-10 years		Finance (income)/			Finance (income)/
4	—	expense	—	—	expense
10-30 years		Finance (income)/			Finance (income)/
3	—	expense	—	—	expense
>30 years		Finance (income)/			Finance (income)/
4	—	expense	—	—	expense

Interest rate benchmark reform

Interest rate benchmark reform – Amendments to IFRS 9, IAS 39, IFRS 4, IFRS 7 and IFRS 16' Phase I and Phase II were issued by the IASB in September 2019 and August 2020. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing interest rate benchmark reforms. Phase II also provides that, for financial instruments measured using amortised cost measurement, changes to the basis for determining the contractual cash flows required by interest rate benchmark reform should be reflected by adjusting their effective interest rate and no immediate gain or loss should be recognised.

The CH Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by LIBOR regulators, including the Financial Conduct Authority (FCA) and the US Commodity Futures Trading

Commission, regarding the transition away from LIBOR (including GBP LIBOR, USD LIBOR and EURIBOR) to the Sterling Overnight Index Average Rate (SONIA), the Secured Overnight Financing Rate (SOFR), and the Euro Short-Term Rate (€STR) respectively.

At 31 December 2021, the CH Group was not directly exposed to interest rate benchmark reform as it held no interest rate derivatives or floating rate debt that referenced to LIBOR. The CH Group did not transition any material derivatives or floating rate debt into a new index as all of the instruments referencing LIBOR matured before December 2021 and new derivative instruments are referenced to SOFR.

Foreign exchange risk management

Foreign currency transaction exposures arising on internal and external trade flows are selectively hedged. The CH Group's objective is to minimise the exposure of overseas operating subsidiaries to transaction risk by matching local currency income with local currency costs where possible and by maintaining intercompany payment terms of 30 days or less. Foreign currency cash flows may be hedged selectively as approved by the CFO. Cash surpluses or borrowing requirements of subsidiary companies are usually managed centrally using foreign exchange forward contracts and swaps to hedge future repayments back into the originating currency.

Derivative financial instruments and hedging program

Derivative financial instruments are used to mitigate exposure to foreign exchange transactional risks of the CH Group and are classified as a current asset or liability. The fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity is more than 12 months and as a current asset or liability if the maturity is less than 12 months. All foreign exchange contracts are for periods of 12 months or less.

	2021 Fair value		2020 Fair value		2019 Fair value	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m	Assets £m	Liabilities £m
Non-current						
Cash flow hedges – Interest rate swap contracts (principal amount – £1,996 million (2020 - £nil, 2019 - £nil)	12	(1)	—	—	—	—
Current						
Cash flow hedges – Interest rate swap contracts (principal amount – £nil million (2020 – £nil, 2019 - £nil)	—	—	—	—	—	—
Derivatives designated and effective as hedging instruments	12	(1)	—	—	—	—
Non-current						
Embedded and other derivatives	—	—	—	—	—	—
Current						
Foreign exchange contracts (principal amount – £1,854 million (2020 – £2,318 million, 2019 – £1,668 million)	5	(18)	6	(25)	12	(2)
Embedded and other derivatives	—	—	—	—	—	—
Derivatives classified as held for trading	5	(18)	6	(25)	12	(2)
Total derivative instruments	17	(19)	6	(25)	12	(2)

Wholesale and retail credit risk

The CH Group employs the GSK Group as a service provider to monitor credit risk relating to key wholesalers. These activities include a review of their quarterly financial information and Standard & Poor's credit ratings,

development of internal risk ratings, and the establishment and periodic review of credit limits. The results of these reviews are submitted to GlaxoSmithKline Consumer Healthcare's local management to support the risk management process. No customer accounts for more than 5% of the CH Group's trade receivables balance.

All new customers are subject to a credit vetting process and existing customers will be subject to a review at least annually. The vetting process and subsequent reviews involve obtaining information including the customer's status as a government or private sector entity, audited financial statements, credit bureau reports, debt rating agency (e.g. Moody's, Standard & Poor's) reports, payment performance history (from trade references, industry credit groups) and bank references.

Historical and forward-looking information is considered to determine the appropriate expected credit loss allowance.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and arises on cash and cash equivalents and favourable derivative financial instruments held with banks and financial institutions as well as credit exposures to wholesale and retail customers, including outstanding receivables.

The CH Group considers its maximum credit risk to be £3,894 million (2020: £3,588 million and 2019: £4,100 million) which is the total of the CH Group's financial assets, excluding Other investments which bear equity risk rather than credit risk. See next page for details on the CH Group's total financial assets.

The CH Group's greatest concentration of credit risk at 31 December 2021 is £456 million (2020: £412 million and 2019: £260 million) with GSK LLC (A/A2), and £229 million (2020: £138 million and 2019: £254 million) with GSK IHC Ltd (A+/A2).

As at 31 December 2020, there was also credit risk of £313 million (£2019: £nil) with GlaxoSmithKline (China) R&D Company Limited (A/A2). As at 31 December 2019, the CH Group was also exposed to concentration risk of £222 million with GSK Finance plc. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for financial assets at amortised cost since the adoption of IFRS 9.

Treasury-related credit risk

The CH Group has continued to maintain its conservative approach to counterparty risk throughout 2021. The aggregate credit risk in respect of financial instruments that the CH Group may have with one counterparty is limited by reference to the long-term credit ratings assigned for that counterparty by Moody's Investors Service ("Moody's") and Standard and Poor's. The table below sets out the credit ratings of counterparties for cash and cash equivalents.

2021	AAA/Aaa £m	AA/Aa £m	A/A £m	BBB/Baa £m	BB+/Ba1 and below or unrated £m	Total £m
Bank balances and deposits	—	—	393	14	3	**410**
Money Market Funds	3	—	—	—	—	**3**
Government securities	—	1	—	—	—	**1**
Third party financial derivatives	—	—	17	—	—	**17**
	3	**1**	**410**	**14**	**3**	**431**

2020	AAA/Aaa £m	AA/Aa £m	A/A £m	BBB/Baa £m	BB+/Ba1 and below or unrated £m	Total £m
Bank balances and deposits	—	—	289	36	8	**333**
Third party financial derivatives	—	—	6	—	—	**6**
	—	**—**	**295**	**36**	**8**	**339**

2019	AAA/Aaa £m	AA/Aa £m	A/A £m	BBB/Baa £m	BB+/Ba1 and below or unrated £m	Total £m
Bank balances and deposits	—	27	279	27	6	**339**
Third party financial derivatives	—	12	—	—	—	**12**
	—	**39**	**279**	**27**	**6**	**351**

The credit ratings in the above tables are as assigned by Moody's and Standard and Poor's. Where the opinion of the two rating agencies differs, the lower rating of the two is assigned to the counterparty. Where local rating or Fitch data is the only source available, the ratings are converted to global ratings equivalent to those of Standard and Poor's or Moody's using published conversion tables.

The cash balances are used by subsidiary entities in funding their working capital requirements. The £3 million (2020: £8 million and 2019: £6 million) of cash categorised as held with unrated or sub-investment grade counterparties (lower than BBB-/Baa3) includes £2 million (2020: £3 million and 2019: £3 million) held with BTV (unrated) in Austria and £1 million (2020: £nil and 2019:£nil) held with Banco Popular (unrated) in Puerto Rico.

Global counterparty limits are assigned to each of GlaxoSmithKline Consumer Healthcare's banking and investment counterparties based on long-term credit ratings from Moody's and Standard and Poor's. The CH Group's usage of these limits is monitored daily by GSK Group's Corporate Compliance Officer ("CCO") who operates independently from GSK Group's Treasury. Any breach of these limits would be reported to the CFO immediately. The CCO also monitors the credit rating of these counterparties and, when changes in ratings occur, notifies GSK Group's Treasury so that changes can be made to investment levels or authority limits as appropriate.

Financial assets and financial liabilities

	2021		2020[1]		2019[1]	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial assets measured at amortised cost:						
Cash and cash equivalents	410	410	333	333	339	339
Liquid investments	1	1	1	1	1	1
Financial assets at fair value through profit or loss:						
Trade and other receivables and certain other non-current assets	1,955	1,955	2,129	2,129	2,287	2,287
Loan amounts owing from related parties	1,508	1,508	1,119	1,119	1,461	1,461
Held for trading derivatives that are not in a designated and effective hedging relationship	5	5	6	6	12	12
Cash and cash equivalents (Money Market Funds)	3	3	—	—	—	—
Financial assets at fair value through other comprehensive income:						
Derivatives designated and effective as hedging instruments	12	12	—	—	—	—
Total financial assets	**3,894**	**3,894**	**3,588**	**3,588**	**4,100**	**4,100**

Financial assets and financial liabilities (continued)

	2021		2020[1]		2019[1]	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial liabilities measured at amortised cost:						
Short term loans and overdrafts	(49)	(49)	(48)	(48)	(24)	(24)
Total borrowings excluding lease liabilities	**(49)**	**(49)**	**(48)**	**(48)**	**(24)**	**(24)**
Trade and other payables, Other provisions and certain other non-current liabilities in scope of IFRS 9	(2,673)	(2,673)	(2,888)	(2,888)	(3,056)	(3,056)
Loan amounts owing to related parties	(825)	(825)	(300)	(300)	(457)	(457)
Financial liabilities at fair value through profit or loss:						
Held for trading derivatives that are not in a designated and effective hedging relationship	(18)	(18)	(25)	(25)	(2)	(2)
Financial assets at fair value through other comprehensive income:						
Derivatives designated and effective as hedging instruments	(1)	(1)	—	—	—	—
Total financial liabilities	**(3,566)**	**(3,566)**	**(3,261)**	**(3,261)**	**(3,539)**	**(3,539)**
Net financial assets and financial liabilities	**328**	**328**	**327**	**327**	**561**	**561**

[1] Figures have been restated as described in Note 1

The table above presents the carrying amounts and the fair values of the CH Group's financial assets and liabilities. The fair values of the financial assets and liabilities are included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents - approximates to the carrying amount
- Short-term loans and overdrafts - approximates to the carrying amount because of the short maturity of these instruments
- Forward exchange contracts - based on present value of contractual cash flows using market sourced data (exchange rates)
- Receivables and payables - approximates to the carrying amount

Trade and other receivables, Other non-current assets, Trade and other payables, Other provisions and Other non-current liabilities are reconciled to the relevant balance sheet amounts in tables below.

Financial instruments held at fair value

Financial assets and liabilities held at fair value are categorised by the valuation methodology applied in determining their fair value. Where possible, quoted prices in active markets are used (Level 1). Where such prices are not available, the asset is classified as Level 2, provided all significant inputs to the valuation model used are based on observable market data. If one or more of the significant inputs to the valuation model is not based on observable market data, the instrument is classified as Level 3.

At 31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	5	—	5
Cash and cash equivalents (money market funds)	3	—	—	3
Financial assets at fair value through other comprehensive income				
Derivatives designated and effective as hedging instruments		12		**12**
	3	**17**	**—**	**20**

At 31 December 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial liabilities at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	(18)	—	(18)
Financial assets at fair value through other comprehensive income				
Derivatives designated and effective as hedging instruments	—	(1)	—	(1)
	—	**(19)**	**—**	**(19)**

At 31 December 2020	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	6		**6**
	—	**6**	**—**	**6**
Financial liabilities at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	(25)		(25)
	—	**(25)**	**—**	**(25)**

At 31 December 2019	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	12		**12**
	—	**12**	**—**	**12**
Financial liabilities at fair value through profit or loss:				
Held for trading derivatives that are not in a designated and effective hedging relationship	—	(2)		**(2)**
	—	**(2)**	**—**	**(2)**

Trade and other receivables and Other non-current assets in scope of IFRS 9

The following table reconciles financial instruments within Trade and other receivables and Other non-current assets which fall within the scope of IFRS 9 to the relevant balance sheet amounts. The financial assets are predominantly non-interest earning. Non-financial instruments include tax receivables and prepayments, which are outside the scope of IFRS 9.

	At 31 December 2021		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other receivables (Note 20)	1,947	260	**2,207**
Loans amount owing from related parties	1,508	—	**1,508**
Other non-current assets	8	—	**8**
	3,463	**260**	**3,723**

	At 31 December 2020[1]		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other receivables (Note 20)	2,120	238	**2,358**
Loans amount owing from related parties	1,119	—	**1,119**
Other non-current assets	9	1	**10**
	3,248	**239**	**3,487**

	At 31 December 2019[1]		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other receivables (Note 20)	2,278	201	**2,479**
Loans amount owing from related parties	1,461	—	**1,461**
Other non-current assets	9	1	**10**
	3,748	**202**	**3,950**

[1] Figures have been restated as described in Note 1

Trade and other payables, Other provisions and Other non-current liabilities in scope of IFRS9

The following table reconciles financial liabilities within Trade and other payables, Other provisions and Other non-current liabilities which fall within the scope of IFRS 9 to the relevant balance sheet amounts. Accrued wages and salaries are included within financial liabilities. Non-financial instruments include payments on account, tax and social security payables and provisions which do not arise from contractual obligations to deliver cash or another financial asset, which are outside the scope of IFRS 9.

	At 31 December 2021		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other payables (Note 23)	(2,671)	(331)	**(3,002)**
Loan amounts owing to related parties	(825)	—	**(825)**
Other provisions (Note 26)	—	(139)	**(139)**
Other non-current liabilities	(2)	(6)	**(8)**
	(3,498)	**(476)**	**(3,974)**

	At 31 December 2020[1]		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other payables (Note 23)	(2,881)	(387)	**(3,268)**
Loan amounts owing to related parties	(300)	—	**(300)**
Other provisions (Note 26)	—	(168)	**(168)**
Other non-current liabilities	(7)	(7)	**(14)**
	(3,188)	**(562)**	**(3,750)**

	At 31 December 2019[1]		
	Financial instruments £m	Non-financial instruments £m	Total £m
Trade and other payables (Note 23)	(3,044)	(376)	**(3,420)**
Loan amounts owing to related parties	(457)	—	**(457)**
Other provisions (Note 26)	(3)	(174)	**(177)**
Other non-current liabilities	(9)	(12)	**(21)**
	(3,513)	**(562)**	**(4,075)**

[1] Figures have been restated as described in Note 1

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. There are also arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or the termination of a contract.

The following tables set out the financial assets and liabilities that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2021, 31 December 2020 and 31 December 2019. The column 'Net amount' shows the impact on the CH Group's balance sheet if all offset rights were exercised.

At 31 December 2021	Gross financial assets / (liabilities) £m	Gross financial assets / (liabilities) set off £m	Net financial assets/ (liabilities) per balance sheet £m	Related amounts not offset £m	Net amount £m
Financial assets					
Derivative financial assets	17	—	17	(9)	8
Financial liabilities					
Derivative financial liabilities	(19)	—	(19)	9	(10)

At 31 December 2020	Gross financial assets / (liabilities) £m	Gross financial assets / (liabilities) set off £m	Net financial assets/ (liabilities) per balance sheet £m	Related amounts not offset £m	Net amount £m
Financial assets					
Derivative financial assets	6	—	6	(6)	—
Financial liabilities					
Derivative financial liabilities	(25)	—	(25)	6	(19)

At 31 December 2019	Gross financial assets / (liabilities) £m	Gross financial assets / (liabilities) set off £m	Net financial assets/ (liabilities) per balance sheet £m	Related amounts not offset £m	Net amount £m
Financial assets					
Derivative financial assets	12	—	12	(1)	11
Financial liabilities					
Derivative financial liabilities	(2)	—	(2)	1	(1)

Amounts which do not meet the criteria for offsetting on the balance sheet but could be settled net in certain circumstances principally relate to derivative transactions under ISDA (International Swaps and Derivatives Association) agreements where each party has the option to settle amounts on a net basis in the event of default of the other party. As there is presently not a legally enforceable right of offset, these amounts have not been offset in the balance sheet but have been presented separately in the tables above.

Sensitivity analysis

The sensitivity analysis has been prepared on the assumption that the amount of net cash (cash and cash equivalents less overdrafts), the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant. Financial instruments affected by market risk include borrowings, cash and deposits and derivative financial instruments. The tables below illustrate the estimated impact on the income statement and equity as a result of hypothetical market movements in foreign exchange and interest rates in relation to the CH Group's financial instruments. The range of variables chosen for the sensitivity analysis reflects management's view of changes which are reasonably possible over a one-year period.

Foreign exchange sensitivity

The two major foreign currencies in which the CH Group's financial instruments are denominated are US Dollars and Euros. The CH Group has considered movements in these currencies over the last three years and has concluded that a 10-cent movement in rates is a reasonable benchmark. Financial instruments are only considered sensitive to foreign exchange rates where they are not in the functional currency of the entity that holds them. Intercompany loans which are fully hedged to maturity with a currency swap have been excluded from this analysis.

	2021 Increase/ (decrease) in income £m	2020 (Decrease)/ increase in income £m	2019 (Decrease)/ increase in income £m
10 cent appreciation of the US dollar	2	(14)	(1)
10 cent depreciation of the US dollar	(2)	12	1
10 cent appreciation of the Euro dollar	(5)	(7)	(5)
10 cent depreciation of the Euro dollar	4	6	4

Interest rate sensitivity

The CH Group is exposed to interest rate risk on its outstanding borrowings and investments where any changes in interest rates will affect future cash flows or the fair values of financial instruments.

The table below shows the CH Group's hypothetical sensitivity to changes in interest rates in relation to Sterling, US dollar, Euro and Swiss franc variable rate financial assets and liabilities, including derivatives. If the interest rates applicable to floating rate financial assets and liabilities were to have increased by 1% (100 basis points), and assuming other variables had remained constant, it is estimated that the CH Group's finance income for 2021 would have increased by approximately £1 million (2020: £3 million increase and 2019: £13 million increase). A 1% (100 basis points) movement in US interest rates would cause an increase of £197 million to equity (2020 – nil and 2019- nil). A 1% (100 basis points) movement in interest rates in relation to Sterling or Euro is not deemed to have a material effect on equity.

	2021 (Decrease)/ increase in income £m	2020 (Decrease)/ increase in income £m	2019 Increase/ (decrease) in income £m
1% (100 basis points) increase in Sterling interest rates	(13)	(15)	16
1% (100 basis points) increase in US dollar interest rates	8	14	4
1% (100 basis points) increase in Euro interest rates	6	4	(6)
1% (100 basis points) increase in Swiss franc interest rates	—	—	(1)

Contractual cash flows for non-derivative financial liabilities and derivative instruments

The following table provides an analysis of the anticipated contractual cash flows including interest payable for the CH Group's non-derivative financial liabilities on an undiscounted basis. Cash flows in foreign currencies are translated using spot rates at 31 December. Cash flows associated with onerous contracts have not been included in this disclosure as the maturity of these cash flows is included in Note 32 'Commitments'.

At 31 December 2021	Debt £m	Lease liabilities £m	Trade payables and other liabilities not in net debt £m	Total £m
Due in less than one year	49	30	3,496	**3,575**
Between one and two years	—	22	2	**24**
Between two and three years	—	15	—	**15**
Between three and four years	—	13	—	**13**
Between four and five years	—	10	—	**10**
After five years	—	27	—	**27**
Gross contractual cash flows	**49**	**117**	**3,498**	**3,664**

At 31 December 2020[1]	Debt £m	Lease liabilities £m	Trade payables and other liabilities not in net debt £m	Total £m
Due in less than one year	48	34	3,181	**3,263**
Between one and two years	—	33	7	**40**
Between two and three years	—	14	—	**14**
Between three and four years	—	12	—	**12**
Between four and five years	—	12	—	**12**
After five years	—	34	—	**34**
Gross contractual cash flows	**48**	**139**	**3,188**	**3,375**

At 31 December 2019[1]	Debt £m	Lease liabilities £m	Trade payables and other liabilities not in net debt £m	Total £m
Due in less than one year	24	40	3,501	**3,565**
Between one and two years	—	45	9	**54**
Between two and three years	—	16	—	**16**
Between three and four years	—	15	—	**15**
Between four and five years	—	10	—	**10**
After five years	—	35	—	**35**
Gross contractual cash flows	**24**	**161**	**3,510**	**3,695**

1 Figures have been restated as described in Note 1

The table below provides an analysis of the anticipated contractual cash flows for the CH Group's derivative instruments, using undiscounted cash flows. Cash flows in foreign currencies are translated using spot rates at 31 December. The gross cash flows of foreign exchange contracts are presented for the purposes of this table although, in practice, the CH Group uses standard settlement arrangements to reduce its liquidity requirements on these instruments.

	Years ended 31 December					
	2021		2020		2019	
	Receivables £m	Payables £m	Receivables £m	Payables £m	Receivables £m	Payables £m
Foreign exchange contracts						
Due in less than one year	1,852	(1,865)	2,321	(2,340)	1,668	(1,660)
Interest rate swap contracts						
Due in less than one year	—	(13)	—	—	—	—
Between one and two years	12	(26)	—	—	—	—
Between two and three years	24	(26)	—	—	—	—
Between three and four years	28	(26)	—	—	—	—
Between four and five years	28	(26)	—	—	—	—
After five years	260	(221)	—	—	—	—
Gross contractual cash flows	**2,204**	**(2,203)**	**2,321**	**(2,340)**	**1,668**	**(1,660)**

34. Employee share schemes

Incentives in the form of shares in the CH Group's ultimate parent company, GlaxoSmithKline plc, are provided to employees under the following share option and share award schemes. The share-based compensation charge for the above schemes has been recorded in the income statement as administrative expenses of £59 million (2020: £63 million and 2019: £58 million). This expense is incurred in the form of a charge from GlaxoSmithKline Services Unlimited, as calculated under IFRS 2 "Share-Based Payments".

Performance Share Plan Awards and Share value plan

The GSK Group operates a Performance Share Plan whereby share awards are granted to senior executives at no cost. The percentage of each award that vests is based upon the performance of the GSK Group and the CH Group over a three-year measurement period. Grants of Performance Share Plan awards normally vest at the end of the three-year vesting and performance period and are available for sale at that time. The GSK Group operates a Share Value Plan whereby share awards are granted to employees at no cost. There are no performance criteria attached. Grants of Share Value Plan Awards normally vest at the end of the three-year vesting period and are available for sale at that time.

35. Principal CH group companies

The following represent the principal subsidiaries of the CH Group at 31 December 2021. The equity share capital of these entities is wholly owned by the CH Group except where its percentage interest is shown. All companies are incorporated in their principal country of operation except where stated. A full list of CHHL2's subsidiaries is available in Note 38 which forms part of these financial statements.

England

GlaxoSmithKline Consumer Healthcare (Overseas) Limited
GlaxoSmithKline Consumer Healthcare (UK) Trading Limited
GlaxoSmithKline Consumer Healthcare (UK) IP Limited
GlaxoSmithKline Consumer Healthcare Finance Limited
GlaxoSmithKline Consumer Healthcare Finance No. 2 Limited
GlaxoSmithKline Consumer Trading Services Limited
Consumer Healthcare Holdings Limited
Consumer Healthcare Intermediate Holdings Limited
GlaxoSmithKline Consumer Healthcare Holdings (No.2) Limited
PRISM PCH Limited

Europe

Novartis Consumer Health S.A. (Switzerland)
GlaxoSmithKline Healthcare GmbH & Co. KG (Germany)
Stafford-Miller (Ireland) Limited

USA

Block Drug Company, Inc.
GlaxoSmithKline Consumer Healthcare Holdings (US) LLC
GlaxoSmithKline Consumer Healthcare, L.P. (88%)
PF Consumer Healthcare 1 LLC
Consumer Healthcare Intermediate Holdings LLC
PRISM PCH LLC
GSK Consumer Healthcare Holdings No. 1 LLC
GSK Consumer Healthcare Holdings No. 2 LLC
GlaxoSmithKline Consumer Healthcare Holdings (US) Inc.

Other

Pfizer Biotech Corporation (55%)
Sino-American Tianjin Smith Kline & French Laboratories Ltd (China) (55%)
Puerto Rico Consumer Branch
Wyeth Pharmaceutical Co. Ltd.
GlaxoSmithKline Consumer Healthcare Pte. Ltd. (Singapore)

36. Non-controlling interests

Non-controlling interests comprises interests in entities, of which the CH Group's non-controlling interests are individually not material.

37. Post balance sheet events

On 11 March 2022, the Company's Directors approved the interim dividends totalling £421 million to be paid to the Company's equity shareholders on 30 March 2022. Out of the total dividends of £421 million, £286 million is to be paid to GlaxoSmithKline Consumer Healthcare Holdings Limited, and £135 million is to be paid to PF Consumer Healthcare Holdings LLC.

38. Subsidiaries

The full list of subsidiaries and other significant holdings of CHHL2 as at 31 December 2021 are as follows:

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
Wholly owned subsidiaries				
GlaxoSmithKline Consumer Healthcare SRL	—	100	Ordinary	1-5 Costache Negri Street, Opera Center One, 6th floor (Zone 2), District 5, Bucharest, Romania
GlaxoSmithKline Consumer Healthcare, Produtos para a Saude e Higiene, Lda	—	100	Ordinary Euro Quota 1	Rua Dr Antonio Loureiro Borges No 3, Arquiparque, Miraflores, Alges, 1495-131, Portugal
	—	100	Ordinary Euro Quota 2	
	—	100	Ordinary Euro Quota 4	
GlaxoSmithKline Healthcare Ukraine O.O.O.	—	100	Ownership interest	Pavla Tychyny avenue, 1-V, Kiev 02152, Ukraine

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Panama S.A.	100	—	Ordinary	Urbanizacion Industrial Juan D, Calles A Y B, Republic of Panama, Panama
GSK CH Caricam Sociedad de Responsabilidad Limitada	—	100	Participation	Urbanizacion Industrial Juan D, Calles A Y B, Republic of Panama, Panama
GlaxoSmithKline Paraguay S.A.	—	100	Ordinary	Oficial Gilberto Aranda 333, Planta Alta Casi Salvador del Mundo, Asuncion, Paraguay
GSK Consumer Healthcare Holdings (US) Inc.	—	100	Common	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Alacer Corp.	—	100	Common	CSC – 2710 Gateway Oaks Drive, Suite 150N, Sacramento, California, 95833-3505, United States
GlaxoSmithKline Consumer Healthcare Holdings (US) LLC	—	100	LLC Interests	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Block Drug Company, Inc.	—	100	Common	Corporation Service Company, Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey, 08628, United States
Block Drug Corporation	—	100	Common	Corporation Service Company, Princeton South Corporate Center, Suite 160, 100 Charles Ewing Blvd, Ewing, New Jersey, 08628, United States
Stafford-Miller Limited (in liquidation)	—	100	Ordinary	55 Baker Street London W1U 7EU England
GlaxoSmithKline Consumer Healthcare (US) IP LLC	—	100	LLC Interests	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
GlaxoSmithKline Consumer Healthcare L.L.C.	—	100	Limited Liability Company - Interests	Corporation Service Company, 2595 Interstate Drive, Suite 103, Harrisburg, Pennsylvania, 17110, United States
GSK Consumer Health, Inc.	—	100	Common - no par value	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
GSK Consumer Healthcare Services, Inc.	—	100	Common Stock	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
PF Consumer Healthcare 1 LLC	—	100	Membership Interest	Corporate Service Company, 251 Little Falls Drive Wilmington DE 19808 USA
Wyeth Consumer Healthcare LLC	—	100	Membership Interest	CT Corporation System, 600 N 2nd St, Suite 401, Harrisburg, Pennsylvania, 17101, United States
Pfizer PFE Colombia S.A.S	100	—	Common	Carrera 7 No.113-43 Piso 4 Colombia
PT GSK Consumer Healthcare Indonesia	—	100	Ordinary	Graha Paramita Building, 5th F, Jalan Denpasar Raya Blok D-2, Kuningan, JAKARTA SELATAN, 12940, Indonesia
Consumer Healthcare Holdings Limited	100	—	Ordinary	980 Great West Road Brentford Middlesex TW8 9GS England
Consumer Healthcare Intermediate Holdings Limited	—	100	Ordinary	980 Great West Road Brentford Middlesex TW8 9GS England
GSK Consumer Healthcare Capital NL B.V.	—	100	Shares	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Capital UK PLC	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.1) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.3) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.4) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.5) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.6) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.7) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Holdings (No.8) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Capital US LLC	—	100	LLC Interests	Corporation Service Company, 251 Little Falls Drive, Wilmington DE 19808, United States

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GSK Consumer Healthcare Chile SpA	—	100	TBC	Av. Andrés Bello N°2687, 25th floor, Las Condes, Chile
GSK Consumer Healthcare Egypt Limited	—	100	Ordinary	North 90th street, Boomerang building, 5th District, Cairo, Egypt
GSK Consumer Healthcare Egypt LLC	—	100	Quotas	North 90th street, Boomerang building, 5th District, Cairo, Egypt
GSK Consumer Healthcare Peru S.R.L	—	100	Ordinary	Av Jorge Basadre 349, piso 5,San Isidro, Lima, 05W-109, Peru
GSK Consumer Healthcare S.A.	—	100	Ordinary	Route de l'Etraz, 1197 Prangins, Switzerland
GSK Consumer Healthcare Schweiz AG	—	100	Ordinary	Suurstoffi 14, Rotkreuz, 6343, Switzerland
PRISM PCH Limited	—	100	Voting Shares Non Voting Shares	980 Great West Road Brentford Middlesex TW8 9GS
Ferrosan S.R.L.	—	100	Registered Capital	178/C Calea Turzii, Cluj-Napoca, Cluj County, Romania
Pfizer Consumer Healthcare GmbH	—	100	Ordinary	Linkstrasse 10, 10785 Berlin, Germany
Pfizer Consumer Manufacturing Italy S.r.l.	—	100	Quota	90, Via Nettunese, 04011, Aprilia (Prov. di Latin), Italy
Ferrosan ApS	—	100	A-Share Capital: B-Share Capital	Nykaer 68, Brondby, DK-26 05, Denmark
Ferrosan International ApS (merged into Ferrosan ApS with effect 1 Jan 2021)	—	100	Ordinary	Nykaer 68, Brondby, DK-26 05, Denmark
GlaxoSmithKline Consumer Healthcare (Ireland) Limited	—	100	Ordinary Euro Redenominated	12 Riverwalk Citywest Business Campus, Dublin, 24, Ireland
GlaxoSmithKline Consumer Healthcare (UK) (No.1) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare (UK) IP Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare Finance Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare Investments (Ireland) (No.2) Unlimited Company	—	100	Ordinary	Knockbrack, Dungarvan, Co Waterford, X35 RY76, Ireland
GlaxoSmithKline Consumer Trading Services Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Dungarvan Limited	—	100	Ordinary (Euro)	Knockbrack, Dungarvan, Co Waterford, X35 RY76, Ireland
GSK Consumer Healthcare Holdings No. 2 LLC	—	100	Unit	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, DE, 19808, United States
GSK Consumer Healthcare Insurance Limited	—	100	Ordinary	Dorey Court, Admiral Park, St Peter Port, GY1 4AT, Guernsey
GlaxoSmithKline Consumer Healthcare Pte. Ltd	—	100	Ordinary	23 Rochester Park, 139234, Singapore
P.T. Sterling Products Indonesia	—	100	A Shares B Shares	Graha Paramita Building, 5th F, Jalan Denpasar Raya Blok D-2, Jakarta, 12940, Indonesia
GSK Consumer Healthcare Singapore Pte. Ltd.	—	100	Ordinary	23 Rochester Park, 139234, Singapore
GSK Consumer Healthcare Trinidad and Tobago Limited	—	100	Ordinary	5th Floor Algico Plaza, 91-93 St. Vincent Street, Port of Spain, Trinidad and Tobago
PF Consumer Healthcare Brazil Importadora e Distribuidora de Medicamentos Ltda	—	100	Quota	Barueri, State of Sao Paulo, at Avenida Ceci, No.1900, Block lll, Part 67, Tambore District, Zip Code 06460-120, Brazil
PF Consumer Healthcare Singapore Pte. Ltd	—	100	Ordinary	23 Rochester Park 139234 Singapore
PF Consumer Healthcare UK Limited	—	100	Ordinary	980 Great West Road Brentford Middlesex TW8 9GS
PF Consumer Ireland Company Limited	—	100	Ordinary	9 Riverwalk, National Digital Park, Citywest Business Park, Dublin, 24, Ireland
Pfizer Laboratories PFE (Pty) Ltd.	—	100	Common	Flushing Meadows Building, The Campus, 57 Sloane, Bryanston 2021, South Africa
SmithKline Beecham Research Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
Stafford-Miller (Ireland) Limited	—	100	Ordinary	Clocherane, Youghal Road, Dungarvan, Co. Waterford, Ireland
Stiefel Consumer Healthcare (UK) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
Stiefel Laboratories (Ireland) Limited (in liquidation)	—	100	Ordinary	Finisklin Business Park, County Sligo, Ireland
GlaxoSmithKline Consumer Healthcare Chile SpA	—	100	Joint Stock	Av. Andrés Bello N°2687 25th floor Las Condes Chile
Treerly Health Co., Ltd	—	100	Capital Contribution	Unit 01A, Room 3901, No 16. East Zhujiang Road,Tianhe District, Guangzhou City, the PRC, China

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GSK Consumer Healthcare Export Limited	—	100	Ordinary	980 Great West Road Brentford Middlesex TW8 9GS England
Wyeth Pharmaceutical Co. Ltd	—	100	Registered Capital	4 Baodai West Road, Suzhou, Jiangsu Province, 215128, China
GlaxoSmithKline Consumer Healthcare (UK) Trading Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare S.A.	—	100	Ordinary	Site Apollo, Avenue Pascal 2-4-6, Wavre, 1300, Belgium
GlaxoSmithKline Consumer Healthcare (Thailand) Limited	—	100[1]	Ordinary	13th Floor, Unit 13.05 and 13.06 Wave Place, 55 Wireless Road, Lumpini, Pathumwan, Bangkok, 10330, Thailand
GlaxoSmithKline Consumer Healthcare (Overseas) Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GSK Consumer Healthcare Levice s.r.o.	—	100	Ordinary	Priemyselny Park Gena, Ul. E. Sachsa 4-6, 934 01, Levice, Slovakia
Duncan Consumer Healthcare Philippines Inc	—	100	Common	23rd Flr The Finance Centre 26th Street Corner 9th Avenue Bonifacio Global City Taguig City 1634 Philippines
Ex-Lax, Inc.	—	100	Common	The Prentice Hall Corporation System, Puerto Rico, Inc., c/o Fast Solutions, LLC, Citi Tower, 252 Ponce de Leon Avenue, Floor 20, San Juan, 00918, Puerto Rico
GlaxoSmithKline Brasil Produtos para Consumo e Saude Ltda	—	100[1]	Quotas	Av des Americas 3500, 4th Floor, Rooms 407-420, Riode Janeiro-RJ, 22621-000, Brazil
GlaxoSmithKline Consumer Healthcare (China) Co. Ltd	—	100	Ordinary	Floor 8, 168 Xizangzhong Road, Huangpu District, Shanghai, China
GlaxoSmithKline (Suzhou) Trading Co., Ltd	—	100	Registered Capital	No.699 Gangpu Road, Wusongjiang Science and Technology Industrial Park, Wuzhong Economic & Technical Development Zone, Suzhou, China
GlaxoSmithKline Consumer Healthcare (Hong Kong) Limited	—	100	Ordinary	23/F., Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon , Hong Kong
GlaxoSmithKline Consumer Healthcare A/S	—	100	Ordinary	Nykaer 68, Brondby, DK-2605, Denmark
GlaxoSmithKline Consumer Healthcare AB	—	100	Ordinary	Nykaer 68, DK-2605, Brondby, Denmark
GlaxoSmithKline Consumer Healthcare Aps	—	100	Ordinary	Delta Park 37, 2665, Vallensbæk Strand, Denmark
GlaxoSmithKline Consumer Healthcare Australia Pty ltd	—	100	Ordinary	82 Hughes Avenue, Ermington, NSW, 2115, Australia

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Consumer Healthcare B.V.	—	100	Ordinary	Van Asch van Wijckstraat 55G Amersfoot 3811 LP, Netherlands
GlaxoSmithKline Consumer Healthcare Colombia SAS	—	100	Ordinary	Carrera 7 No. 113 – 43 Piso 4, Colombia
GlaxoSmithKline Consumer Healthcare Czech Republic s.r.o.	—	100	Ordinary	Hvezdova 1734/2c, Prague, 4 140 00, Czech Republic
GlaxoSmithKline Consumer Healthcare Finance No.2 Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare Finland Oy	—	100	Ordinary	Piispansilta 9A, Fin-02230, Espoo, Finland
GlaxoSmithKline Consumer Healthcare GmbH	—	100	Ordinary	Wagenseilgasse 3, Euro Plaza, Gebaude I, 4. Stock, Vienna, A-1120, Austria
GlaxoSmithKline Consumer Healthcare Hellas Single Member Societe Anonyme	—	100	Ordinary	274 Kifissias Avenue Halandri, Athens, 152 32, Greece
GlaxoSmithKline Consumer Healthcare Investments (Ireland) (No.3) Limited (in liquidation)	—	100	Ordinary	Knockbrack, Dungarvan, Co Waterford, X35 RY76, Ireland
GlaxoSmithKline Consumer Healthcare Japan K.K.	—	100	Ordinary	1-8-1 Asasaka Minato-ku, Tokyo, Japan
GlaxoSmithKline Consumer Healthcare Korea Co., Ltd.	—	100	Ordinary	9F LS Yongsan Tower, 92, Hangang-daero, Yongsan-gu, Seoul, 140-702, Republic of Korea
GlaxoSmithKline Consumer Healthcare Mexico, S. De R.L. de C.V.	—	100	Ordinary	Calzada Mexico-Xochimilco 4900, Colonia San Lorenzo Huipulco, Delegacion Tlalpan, Mexico, D.F. 14370, Mexico
GlaxoSmithKline Consumer Healthcare New Zealand ULC	—	100	Ordinary	Level 11, Zurich House, 21 Queen Street, Auckland, 1010, New Zealand
GlaxoSmithKline Consumer Healthcare Norway AS	—	100	Ordinary	Drammensveien 288, Lysaker, 1326 Norway
GlaxoSmithKline Consumer Healthcare Philippines Inc	—	100	Common	23rd Flr The Finance Centre 26th Street Corner 9th Avenue Bonifacio Global City Taguig City 1634 Philippines
GlaxoSmithKline Consumer Healthcare S.A.	—	100	Ordinary	Severo Ochoa, 2, Parque Tecnologico de Madrid, Tres Cantos, Madrid, 28760, Spain
GlaxoSmithKline Consumer Healthcare Sdn. Bhd.	—	100	Ordinary	Lot 89, Jalan Enggang, Ampang/ Ulu Kelang Industrial Estate, Selangor, 54200, Malaysia
GlaxoSmithKline Consumer Healthcare Slovakia s. r. o.	—	100	Ownership interest	Galvaniho 7/A, Bratislava, 821 04, Slovakia

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Consumer Healthcare South Africa (Pty) Ltd	—	100	Ordinary	Flushing Meadows Building, The Campus, 57 Sloane Street, Bryanston 2021, South Africa
GlaxoSmithKline Consumer Healthcare Sp.z.o.o.	—	100	Ordinary	Ul. Grunwaldzka 189, Poznan, 60-322, Poland
GlaxoSmithKline Consumer Healthcare Sri Lanka Holdings Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
GlaxoSmithKline Consumer Healthcare S.r.l	—	100	Ordinary	Via Zambeletti snc Baranzate 20021 Milan Italy
GlaxoSmithKline Consumer Healthcare Vietnam Company Limited	—	100	Charter Capital	Floor 16, Metropolitan, 235 Dong Khoi, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
GlaxoSmithKline Consumer Private Limited	—	100	Equity	Patiala Road, Nabha 147201, Dist Patiala, Punjab, India
GlaxoSmithKline Costa Rica S.A.	—	100	Ordinary	San Jose 300 Este de la Rotonda Betania, Carretera a Sabanilla, Costa Rica
GlaxoSmithKline Healthcare AO	—	100	Ordinary	Premises III, Room 9, floor 6, Presnenskaya nab. 10, Moscow, 123112, Russian Federation
GlaxoSmithKline Healthcare GmbH	—	100	Ordinary	Barthstr. 4, Munchen, 80339, Germany
GlaxoSmithKline Consumer Healthcare GmbH & Co. KG	—	100	Partnership Capital	Barthstr. 4, Munchen, 80339, Germany
Panadol GmbH	—	100	Ordinary	Barthstr. 4, Munchen, 80339, Germany
Kuhs GmbH	—	100	Ordinary	Barthstr. 4, Munchen, 80339, Germany
GlaxoSmithKline Limited	—	100	Ordinary	Likoni Road, PO Box 78392, Nairobi, Kenya
GlaxoSmithKline Sante Grand Public SAS	—	100	Ordinary	23 rue Francois Jacob, 92500, Rueil-Malmaison, France
GlaxoSmithKline Technology (Taizhou) Co., Ltd	—	100	Ordinary	Room 708 in Building D, Phase II of New Drug Innovation Base, Taizhou, 225300, Jaingsu, Province, China
GlaxoSmithKline Tuketici Sagligi Anonim Sirketi	—	100	Nominative	Buyukdere Caddesi No. 173, 1.Levent Plaza B Blok 1.Levent, Istanbul, 34394, Turkey
GlaxoSmithKline-Consumer Hungary Limited Liability Company	—	100	Membership	H-1124, Csorsz utca 43, Budapest, Hungary
GSK Canada Holding Company Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
PF Consumer Healthcare Canada ULC/ PF Soins De Sante SRI	—	100	Common	595 Burrad Street, Three Bentall Centre, P.O Box 49314, Suite 2600, Vancouver, British Columbia Canada V7X 1L3
GSK CH Kazakhstan LLP	—	100	Charter Capital	32 A Manasa Str., Bostandyk District, Almaty, 050008, Kazakhstan
GSK Consumer Healthcare Israel Ltd	—	100	Ordinary	25 Basel Street, Petech Tikva 49510, Israel
GSK New Zealand Holding Company Limited	—	100	Ordinary	980 Great West Road, Brentford, Middlesex, TW8 9GS, England
Iodosan S.p.A.	—	100	Ordinary	Via Zambeletti snc,Baranzate, Milan, 20021, Italy
PF Consumer Healthcare B.V.	—	A - 100	Class A:	Van Asch Van Wjckstaat 55G, 3811 LP Amersfoort, Netherlands
		B - 100	Class B	
PF Consumer Healthcare Holding B.V.	—	100	Ordinary	Van Asch Van Wjckstaat 55G, 3811 LP Amersfoort, Netherlands
Pfizer Consumer Healthcare AB Wyeth Pharmaceuticals Company	—	100	Ordinary	Vetenskapsvagen 10, SE-191 90, Sollentuna, Sweden State Road No. 3 Kilometer 142.1, Guayama, 00784, Puerto Rico
	—	100	Partnership shares	
SmithKline Beecham S.A.	—	100	Ordinary	Ctra de Ajalvir Km 2.500, Alcala de Henares, Madrid, 28806, Spain
Sterling Drug (Malaya) Sdn Berhad	—	100	Ordinary	Lot 89, Jalan Enggang, Ampang/ Ulu Kelang Industrial Estate, Selangor, 54200, Malaysia
GlaxoSmithKline Consumer Healthcare Saudi Limited	—	100	Ordinary	603 Salamah Tower, 6th Floor, Madinah Road, Al-Salamah District, Jeddah, 21425, Saudi Arabia
Vog AU PTY Ltd	—	100	Ordinary, Redeemable Preference	82 Hughes Avenue, Ermington, NSW, 2115, Australia
NCH - Nutrition Consumer Health Ltd	—	100	Ordinary	14 Hamephalsim St, Petach Tikva, Israel
PT BINA Dentalindo (in liquidation)	—	100	Ordinary	Gedung Graha Ganesha Lantai 3, JI Raya Bekasi Km 17, No5, Jakarta Timur, 13930, Indonesia
Sterling products international, Incorporated	—	100	Common	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Consumer Healthcare ULC / GlaxoSmithKline Soins De Sante Aux Consommateurs SRI	—	100	A Class Preference Common	595 Burrard Street Suite 2600 Three Bentall Centre P.O. Box 49314 Vancouver BC V7X 1L3 Canada
PF Consumer Healthcare Poland sp. z.o.o	—	100	Ordinary	Rzymowskiego 53 street 02-697 Warsaw Poland
PF Consumer Taiwan LLC	100	—	Common interests	The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington DE 19801 United States
Subsidiaries where the effective interest is less than 100%				
Glaxo Wellcome Ceylon Limited	—	Ordinary: 99.9995 Ordinary B: 100	Ordinary Ordinary B	121 Galle Road, Kaldemulla, Moratuwa, Sri Lanka
SmithKline Beecham (Private) Limited	—	99.6462	Ordinary	World Trade Center, Level 34, West Tower, Echelon Square, Colombo 1, Sri Lanka
GlaxoSmithKline Consumer Healthcare, L.P.	—	88	Partnership Capital - General Partner/ Limited Partner	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
Beecham Enterprises Inc.	—	88	Common	Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware, 19808, United States
GlaxoSmithKline Consumer Healthcare Pakistan Limited	—	85.79	Ordinary	The Sykes Building, 35 Dockyard Road, West Wharf, Karachi, 74000, Pakistan
GSK-Gebro Consumer Healthcare GmbH	—	60	Ordinary	Bahnhofbichl 13, 6391 Fieberbrunn, KitzbUhel, Austria
Sino-American Tianjin Smith Kline & French Laboratories Ltd	—	55	Ordinary	Cheng Lin Zhuang Industrial Zone, Dong Li District, Tianjin, 300163, China
Pfizer Biotech Corporation	54.98	—	Ordinary	24F, No.66, Sec 1, Zhong Xiao W. Rd, Taipei 100, Taiwan
Other significant shareholdings				
Duncan Pharmaceuticals Philippines Inc	—	23.27	Common	23rd Flr The Finance Centre 26th Street Corner 9th Avenue Bonifacio Global City Taguig City 1634 Philippines
GlaxoSmithKline Philippines Inc	—	23.27	Ordinary	23rd Floor, The Finance Centre, 26th Street Corner 9th Avenue, Bonifacio Global City, Taguig City, 1634, Philippines

Company	Direct shares held (%)	Indirect shares held (%)	Security	Address of the registered office
GlaxoSmithKline Landholding Company Inc	—	9.29	Common	23rd Floor, The Finance Centre 26th Street Corner 9th Avenue Bonifacio Global City Taguig City 1634 Philippines

[1] The Company holds a direct shareholding in these subsidiaries of less than 0.01%

39. Ultimate parent undertaking

GlaxoSmithKline plc (Registered number: 03888792), a company registered in England, is the CH Group's ultimate parent undertaking and controlling party. The only group of undertakings for which Group financial statements are prepared and which include the results of the Company and the CH Group are the consolidated financial statements of GlaxoSmithKline plc. Copies of the consolidated financial statements can be obtained from the Company Secretary, GlaxoSmithKline plc, 980 Great West Road, Brentford, Middlesex TW8 9GS. The immediate parent undertaking of the CH Group is GlaxoSmithKline Consumer Healthcare Holdings Limited (Registered number: 08998608).

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