

# HAL<sup>ON</sup>

Delivering attractive growth  
in **Asia Pacific**,  
and winning with digital in China

**Keith Choy**

28 February 2022

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Unless otherwise stated, statements of market position are on the basis of sales to consumers in the relevant geographic market or product category in 2020, 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 value of a geographic market or product category and market size are provided on the basis of sales to consumers in 2020 in the relevant 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.

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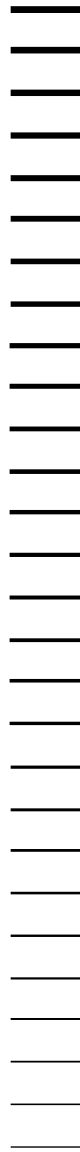
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**Asia Pacific, highly attractive growth opportunity**

**Market leader** with a **focused brand portfolio**

**Positioned to outperform:**

- **Accelerating** Oral Health and VMS growth, leadership in Pain Relief and leveraging local strategic brands and category-driving innovation to drive **household penetration**
- **New and emerging opportunities** for growth through channel expansion with ecommerce and data, particularly China
- **Strong execution** and commercial excellence in the market

## — Asia Pacific: a diverse region with significant growth



Home to:

**51%**

of the world's population; **largest region by population**

---

**36%**

of the world's GDP; **fastest growing region**

# Asia Pacific business overview

**£2.1bn**  
revenue

**5,500**  
employees

**1**  
R&D centre

**Revenue**  
**60%**  
Emerging  
Markets

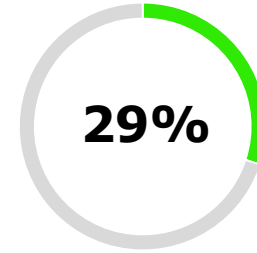
**22%**  
of global  
Haleon  
revenue

**5**  
Business Units  
serving  
**22**  
markets

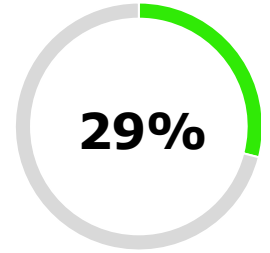
**6**  
manufacturing  
sites

**40%**  
Developed  
Markets

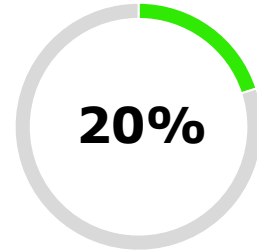
## Haleon revenue by category



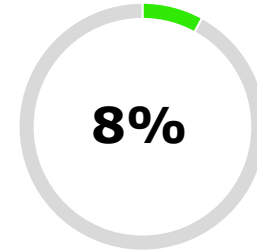
Oral Health



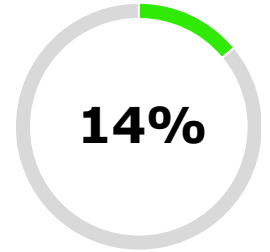
VMS



Pain Relief



Respiratory  
Health














Digestive  
Health & Other

## Key Brands



# A leader in a c.£56bn high growth market: APAC

	Market size % of total	HALEON share %	Key Brands
<b>Oral Health</b>	<b>£10bn</b> 18%	<b>#5</b> 6% share	 
<b>VMS</b>	<b>£19bn</b> 34%	<b>#1</b> 3% share	 
<b>Pain Relief</b>	<b>£5bn</b> 9%	<b>#1</b> 11% share	  
<b>Respiratory Health</b>	<b>£8bn</b> 14%	<b>#3</b> 3% share	  
<b>Digestive Health and other</b>	<b>£5bn</b> 10%	<b>#5</b> 3% share	

- #1** Sensitive Toothpaste brand<sup>3</sup>  
**Sensodyne**
- #1** Denture Care brand  
**Polident**
- #1** Multivitamin brand  
**Centrum**
- #1** Calcium Supplement brand  
**Caltrate**
- #1** Systematic Pain Relief brand  
**Panadol**

<sup>1</sup> Data source for Oral Health is Euromonitor 'Oral Care' 2020, market sizes based on MSP, market share based on RSP. Market size and HALEON share rounded to nearest %. APAC = Euromonitor APAC + Australasia

<sup>2</sup> Data sources for OTC/VMS and subcategories in N. Hall DB6 Consumer Healthcare database (MSP), store and internet sales, 2020; Note difference in total to categories above is Other which comprises smaller dermalogical brands, with a market value of c.£9bn

<sup>3</sup> Sensitive toothpaste/Immune supplement is Company analysis based on IRI (2020) data.



# Well placed for growth; particularly in key markets of China and India



## China

- 20+ regional offices
- 2 manufacturing sites
- 1 customer centre
- 1 R&D centre

**Varied route-to-market** with pharmacy, modern trade, independent trade, ecommerce and hospital

**TSKF Joint Venture** for OTC portfolio (c.38% China business in 2021)<sup>1</sup>

**c.1/3 overall consumer healthcare market growth** 2016-20<sup>2</sup>

**#1 brand** in key categories<sup>3</sup>



Multi-vitamin    Calcium supplement    Systemic pain    Wound healing



## India

**4 million** retail stores

Route-to-market largely through **general trade and pharmacy**

**Hindustan Unilever Commercial Service Agreement (CSA)** for distribution only

**Significant growth opportunity<sup>2</sup>** per capita consumption  
*India £2 vs China £18 and US £98*

**#1 brand** in key categories<sup>4</sup>



Antacid    Sensitivity toothpaste    Nasal decongestant spray

<sup>1</sup> Internal analysis (2021)

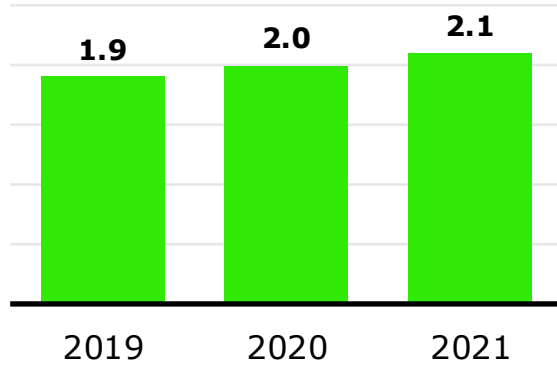
<sup>2</sup> N. Hall DB6 Consumer Healthcare Database at manufacturer's selling prices (2020)

<sup>3</sup> IQVIA (2021)

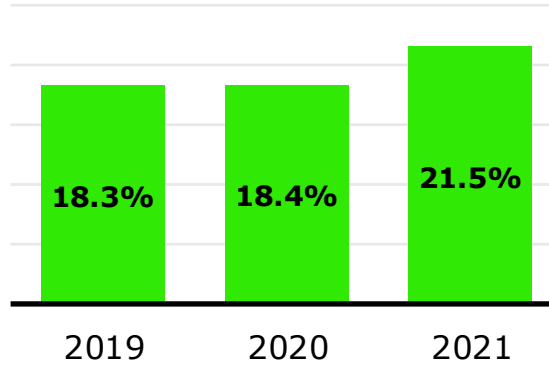
<sup>4</sup> Eno and Otrivin IQVIA (2021); Sensodyne Nielsen (2021)

# APAC 8.2% CAGR with margin expansion

HALEON portfolio revenue<sup>1</sup>  
(£bn)



Regional adjusted operating margin %<sup>3</sup>



Reported (£bn)		
1.7	2.1	2.1

HALEON revenue growth<sup>2</sup>  
(2019-2021 CAGR)

**8.2%**

Net COVID impact  
on revenue  
(2019-2021 CAGR)

**c. + 1pt**

- **Pricing / volume mix 2021** +2pts / +7pts
- **Consistent strong volume growth** driven by VMS (Centrum/ Caltrate), Oral Care (Sensodyne) and Pain (Panadol)
- **Targeted A&P** spend on fewer brands driving share growth and offsetting divestments impact
- **Agile switch of resources** to capitalise VMS offset impact of Cold & Flu
- **Adjusted operating margin improvements** driven by:
  - Rightsizing structure
  - Overhead controls
  - Supply chain network rationalisation

<sup>1</sup>Haleon portfolio revenue. See glossary. 12 months of Pfizer brand revenues included in 2019, 2020 and 2021. Divested brand revenues excluded from 2019, 2020 and 2021.

<sup>2</sup>Haleon reported IFRS revenue.

<sup>3</sup>Haleon portfolio revenue growth. See glossary. 12 months of Pfizer brand revenues included in 2019, 2020 and 2021. Divested brand revenues excluded from 2019, 2020 and 2021.

<sup>4</sup>Haleon reportable segment adjusted operating margin

# — Strategy to outperform in Asia Pacific



Strategy to  
outperform

## Household penetration

**Accelerate** growth in Oral Health and VMS

**Solidify leadership** in Pain Relief

**Extend** leadership of local strategic brands

**Category-driving** innovation

## New and emerging opportunities

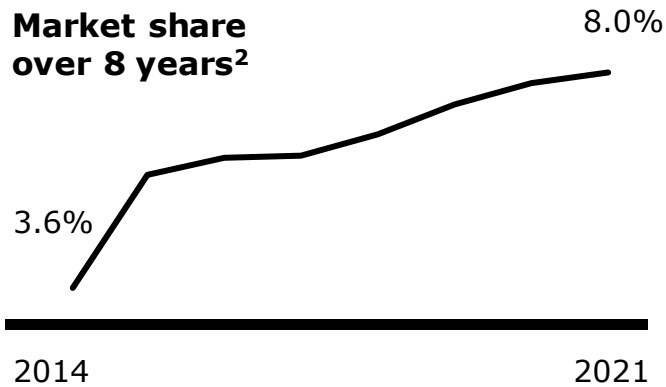
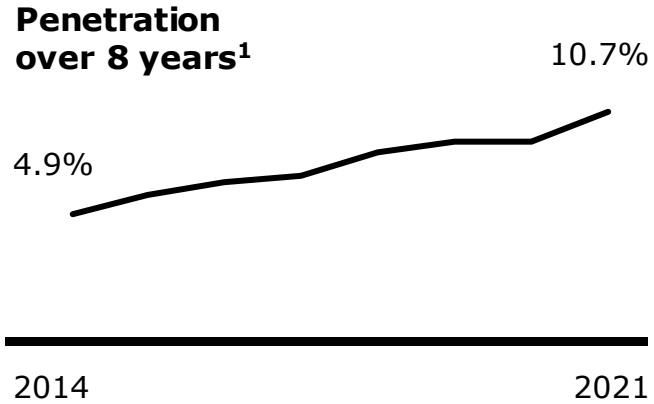
**Channel expansion** through ecommerce and data driven consumer connectivity

## Strong execution and financial discipline

## Responsible business

# Accelerate growth in Oral Health: Sensodyne India

## Delivering strong results



## Driving penetration through innovation and consumer focused campaigns

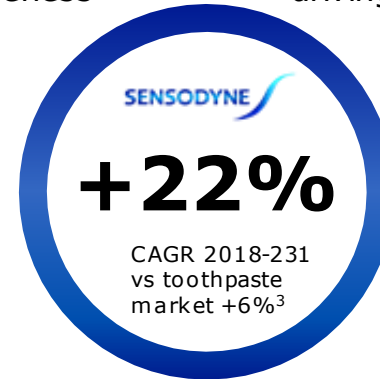


**Meaningful and distinctive brands**

driving sensitivity condition awareness

**Category-driving innovation**

needs based innovation driving expertise



**Commercial excellence**

in-store demonstration

**Expert advocacy**

omnichannel expert engagement



## Solidify leadership in Pain Relief: Panadol Australia

**Trusted leader in Pain Relief,  
in market for >60 years**

**Five year CAGR  
(2017-2021)  
outpacing category**



**+1.8%<sup>1</sup>**



**Australia's most  
trusted Pain Relief brand**

Winner for **12  
consecutive years**

**Recommended by  
Healthcare Professionals**



**Samplesplus**  
Syndicated Sampling Program for GPs

**Post-Vaccination Care**

**Extensive sampling program**

**Deliberately increased GP and  
Pharmacist reach**

Total Reach c.80% of GPs and  
>90% of Pharmacists<sup>2</sup>

**Culturally-relevant  
communication**



**Panadol Care >400 nominations  
received**

**Improved brand association  
and purchase intent**  
(up 20% and 16% respectively)<sup>3</sup>

## Extend leadership of local brands: Caltrate China, Total Mobility Solution



### Opportunity in bone & joint health

Calcium deficiency risk rate c.97%<sup>1</sup>

Caltrate #1 player in bone health<sup>2</sup>  
(c. 14% market share)

### Omni-channel brand building

Award-winning Guqi Women campaign

c.35% growth, across bone health & joint health<sup>3</sup>

Ecommerce growth c.3x market<sup>3</sup>



### Innovation backed by science

Caltrate for gender: best selling gender calcium supplement<sup>4</sup>

Caltrate Bone and Joint Health: 3 in 1 solution for bone strength and joint flexibility<sup>5</sup>



<sup>1</sup> China CDC 2021

<sup>2</sup> IQVIA, YTD Nov 21

<sup>3</sup> E com sales only, IQVIA, YTD Nov 21

<sup>4</sup> in the gender calcium supplement sub-category male positioning for performance, female for skin health

<sup>5</sup> C contains calcium and UCII collagen as key ingredients

## Extend leadership of local brands: Eno India, Rural Markets

# ENO

### Continued growth to solidify leadership position

**2 Year CAGR**  
2019-21 **+10%**<sup>1</sup>



**#1 antacid**<sup>1</sup>

### Targeted culturally relevant communication

Digital platforms and local language **engagement**

Volume share in **rural markets**  
**c.37%**<sup>2</sup> (+280bps vs 2019)

### Differentiated claims backed by science

**Top of Mind Brand Recall**  
**6X OTC competition**<sup>2</sup>



## Category-driving innovation: Centrum

Leveraging human understanding and trusted science

**Centrum**

### Achieving multivitamin growth

#### Premiumisation & Personalisation



**Life-stage:**  
Young Adults,  
50+ & Children

**Gender:**  
Specially formulated  
for Men & Women

### Enhanced benefits expansion

#### Addressing specific consumer benefit needs

##### Australia Benefits Blend

+83% incremental to Centrum<sup>1</sup>



##### Taiwan Probiotic Powder & Capsules

+34% incremental to Centrum<sup>2</sup>





# Channel expansion through e-commerce and data-driven consumer connectivity in China

## Accelerating e-commerce

**20%**

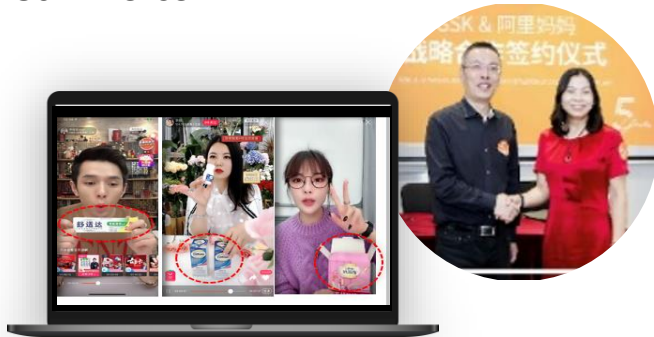
E-commerce % sales<sup>1</sup>

**+41%**

YOY growth e-commerce sales<sup>1</sup>

**Joint Business Plan / Digital Captaincy partnerships** with key retailers e.g. T-mall, Ali & JD

Incubating **new emerging channels** of Online to Offline and Social Commerce



## Increasing Healthcare Professionals and Consumer connectivity

### Proprietary engagement platforms

Omni-channel **Consumer Relations Management Platform**

**WeChat** with Healthcare Professional and webinars

**Advanced media targeting** through strategic data partnerships

**Dedicated production team** to plan and optimise content in house at scale



# Delivering integrated digital campaigns in China

## 1<sup>st</sup> Sensodyne challenge on TikTok<sup>1</sup>



KOL endorsement



User-generated content



## Centrum precision marketing<sup>2</sup>



Tailoring content and messaging for different audiences

**44%** new user growth vs. 2020 D11

## Voltaren collab with leading social sports platform KEEP<sup>3</sup>



Posture APP – engagement & education

Online & offline content & experience with KEEP



**13%** consumption growth<sup>4</sup>

1 TikTok + databank data. Time period Y21 Oct-Nov D11 campaign  
 2 Ali databank. C campaign Y21 Nov D11  
 3 Campaign Apr – Jun '21  
 4 IQIVA Apr – Jun 21 vs Apr-Jun 20

# Commercial execution in the market to drive outperformance

## Net Revenue Management

Optimise revenue for CH and retailers

Improved portfolio mix

Improved pricing

Pack price architecture

Better promotional management and trade terms

Incremental sales growth over last few years

## Customer Management

Partnerships with shopper and retailer

### Southeast Asia & Taiwan

Increasing share in key regional accounts (c.90%<sup>1</sup>)



AI-enhanced Shopper Materials



Eye tracking in online navigation

## Retail execution

Strong brand and category visibility in market

### Japan

Planogram compliance through image recognition technology (72% to 94%<sup>2</sup>)



Trax Home Screen

Stores to visit/visited  
• Find all the stores currently assigned to you.

Status bar  
• Follow the upload status of your photos.

## Strong go to market

Maximising shopper reach at the right time

### China

Increasing O2O market share to 22%<sup>3</sup>



<sup>1</sup> GSK internal data (Aug 2020 vs Aug 2021)

<sup>2</sup> GSK internal with Trax (July to Nov 2020)

Planogram: schematic drawing displaying where merchandise should be placed to maximise purchases

<sup>3</sup> EDGE, Nov 21 YTD

# Running a responsible business, integral to all we do

## Suzhou manufacturing site - China

**50% lower water** use in 2020 vs 2009<sup>1</sup>

**40% lower carbon** emission in 2020 vs 2009<sup>1</sup>



## No Waste to landfill

At **all manufacturing sites**<sup>2</sup>



## Recycled packaging

Sensodyne cartons using **100% recycled** board in Japan<sup>3</sup>



## Air purifiers

Installed air purifiers at **65 traffic junctions in India** in partnership with the Haryana government



<sup>1</sup> Per million tablets

<sup>2</sup> See KPI definitions in our ESG Performance Summary 2020 for exceptions

<sup>3</sup> Saving >22,000 trees, 1620MT paper

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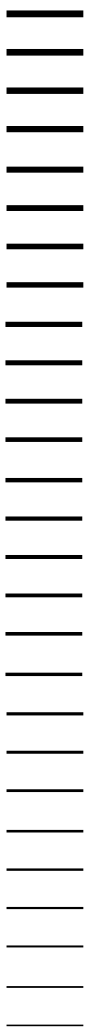


Thank you



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# Appendix

## Assumptions and cautionary statement and regarding forward-looking statements

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In outlining the medium term outlooks, growth ambitions and 2022 considerations for Haleon, GSK has made certain assumptions about the consumer healthcare sector, the different geographic markets and product categories in which Haleon operates and the delivery of revenues and financial benefits from its current product range, pipeline and integration and restructuring programmes. These assumptions, as well as the outlooks, ambitions or considerations (as applicable) for organic annual sales growth, adjusted operating margin expansion, dividend payout ratio, cash generation/conversion and deleveraging, assume, among other things, no material interruptions to the supply of Haleon's products, no material mergers, acquisitions or disposals, no material litigation or investigation costs (save for those that are already recognised or for which provisions have been made), no material changes in the regulatory framework for developing new products and retaining marketing approvals, no material changes in the healthcare environment, no unexpected significant changes in Haleon's end markets, no unexpected significant changes in pricing as a result of government, customer or competitor action, and no material changes in the impacts of the COVID-19 pandemic. These outlooks, ambitions and considerations also assume the successful delivery of the separation programme to deliver the demerger of Haleon and the realisation of its anticipated benefits. The outlook, growth ambitions and 2022 considerations are given at constant exchange rates.



# Haleon financial reporting considerations<sup>1</sup>

## IFRS Income Statement

### Reportable segments

#### North America

2021	£m
Revenue <sup>2</sup>	3,525
Adj. Op. Margin	23.5%

#### EMEA & LatAm

2021	£m
Revenue <sup>2</sup>	3,877
Adj. Op. Margin	24.8%

#### APAC

2021	£m
Revenue <sup>2</sup>	2,143
Adj. Op. Margin	21.5%

#### Corporate & Unallocated

2021	£m
Adj. Op. Profit	(77)
Adjusting items	(534)

## Revenue<sup>2</sup> on a Category basis

# Comparison of Haleon to GSK segment financials

Whilst a part of GSK, Haleon has historically been reported as an operating segment under IFRS 8 in GSK's annual report and interim financial reporting (the "CH Segment"). The **financial information presented above** has been prepared in a manner consistent with the Historical Financial Information prepared in connection with the anticipated demerger and separation of Haleon from GSK and therefore **differs both in purpose and basis of preparation to the CH Segment as presented historically in GSK's financial reporting**. As a result, **whilst the two sets of financial information are similar, they are not the same because of certain differences in accounting and disclosure under IFRS**.

## These differences primarily include:

- (1) the inclusion in GSK's segment reporting of certain **distribution and local commercial activities performed by a limited number of other GSK Group entities** in relation to Consumer Healthcare products
- (2) the basis of **allocation of certain cost-sharing and royalty agreements as attributed by a limited number of other GSK Group entities** for the purposes of GSK segment reporting
- (3) **the inclusion of Horlicks and other Consumer Healthcare nutrition products in India and certain other markets** in GSK segment reporting
- (4) **the sale of Thermacare products** until their disposal in 2020 which have been excluded from GSK segment reporting

## Key figures (£m)

	Haleon <sup>1</sup>			GSK CH segment <sup>2</sup>		
	2019	2020	2021	2019	2020	2021
<b>Revenue</b>	8,480	9,892	9,545	8,995	10,033	9,607
<b>Adjusted Operating Profit<sup>3</sup></b>	1,654	2,074	2,172	1,874	2,213	2,239
<b>Adjusted Operating margin<sup>3</sup></b>	19.5%	21.0%	22.8%	20.8%	22.1%	23.3%

# Revenue Reconciliation<sup>1</sup>

Haleon portfolio growth reflects the growth of Haleon's brands during the track record period

	2019	2020	2021		2020	2021
Revenue £bn	8.5	9.9	9.5	<b>Revenue growth %</b>	<b>16.7%</b>	<b>(3.5%)</b>
Growth %	n/a	<b>16.7%</b>	<b>(3.5%)</b>	Organic growth adjustments of which:	(16.6%)	2.7%
Growth CER %	n/a	19.3%	1.0%	Effect of acquisitions	(19.7%)	-
<b>Organic revenue growth %</b>	n/a	<b>2.8%</b>	<b>3.8%</b>	Effect of divestments	3.2%	2.7%
				Effect of manufacturing service agreements (MSAs) <sup>2</sup>	(0.1%)	0.0%
				Effect of exchange rates	2.7%	4.6%
				<b>Organic revenue growth %</b>	<b>2.8%</b>	<b>3.8%</b>
				Haleon portfolio revenue growth adjustments of which:	2.3%	0.1%
				Effect of acquisitions	1.6%	0.0%
				Effect of divestments	0.7%	0.1%
				Effect of manufacturing service agreements (MSAs) <sup>2</sup>	-	-
				Effect of exchange rates	(0.2%)	0.0%
				<b>Haleon portfolio revenue growth %</b>	<b>4.9%</b>	<b>3.9%</b>

Haleon portfolio revenue £bn	9.3	9.6	9.5
Growth %	n/a	2.6%	(0.7%)
Growth CER %	n/a	<b>4.9%</b>	<b>3.9%</b>

Haleon portfolio revenue and growth illustrate the performance of the brands that make up the portfolio at spin to provide the best understanding of the size and growth of Haleon's brands during the track record period.

Haleon portfolio revenue and growth are presented here to aid understanding but become unnecessary going forward. Instead revenue, revenue growth, revenue growth at CER and organic growth will be used.

Source: Company analysis

Haleon portfolio growth converges with organic growth in 2021.

Haleon portfolio growth differs from organic growth in two key respects:  
 (1) By including 12 months of Pfizer brand sales in all years (including 2019)  
 (2) By completely excluding all sales of brands divested from all years

<sup>1</sup> See glossary for definitions

<sup>2</sup> Manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands

# IFRS and Adjusted Income Statement<sup>1</sup>

## 2020 (£m)

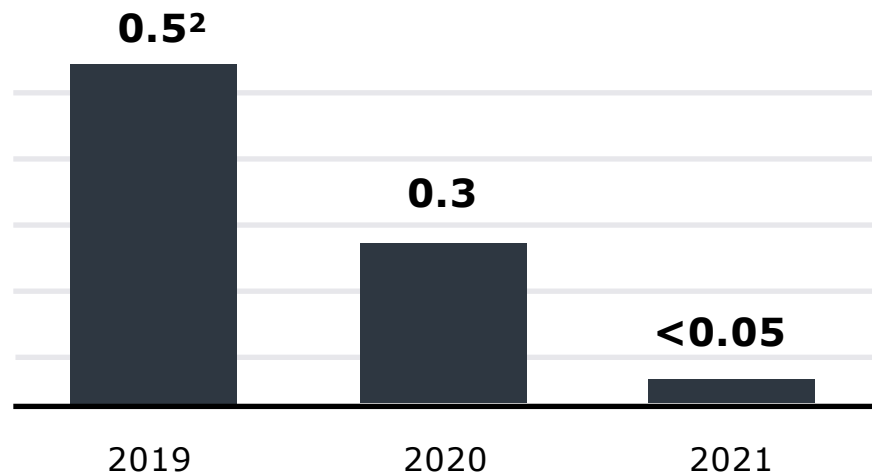
	IFRS Result	Net Intangible Amortisation and Impairment	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposal and others	Adjusted Result
<b>Revenue</b>	<b>9,892</b>						<b>9,892</b>
<b>Cost of Sales</b>	<b>(3,982)</b>	81	89	91		2	<b>(3,719)</b>
<b>Gross Profit</b>	<b>5,910</b>	<b>81</b>	<b>89</b>	<b>91</b>		<b>2</b>	<b>6,173</b>
<i>% Gross Margin</i>	59.7%						62.4%
<b>Selling, general and admin</b>	<b>(4,220)</b>		314		66	21	<b>(3,819)</b>
<b>Research and development</b>	<b>(304)</b>	16	8				<b>(280)</b>
<b>Other operating income</b>	<b>212</b>					(212)	<b>0</b>
<b>Operating Profit</b>	<b>1,598</b>	97	411	91	66	(189)	<b>2,074</b>
<i>% Margin</i>	16.2%						21.0%
<b>Finance income</b>	<b>20</b>						<b>20</b>
<b>Finance expense</b>	<b>(27)</b>						<b>(27)</b>
<b>Profit before taxation</b>	<b>1,591</b>	97	411	91	66	(189)	<b>2,067</b>
<b>Taxation</b>	<b>(410)</b>	(19)	(90)	(20)	(13)	69	<b>(483)</b>
<i>Tax rate %</i>	25.8%						23.4%
<b>Profit after tax for the year</b>	<b>1,181</b>	<b>78</b>	<b>321</b>	<b>71</b>	<b>53</b>	<b>(120)</b>	<b>1,584</b>

## 2021 (£m)

	IFRS Result	Net Intangible Amortisation and Impairment	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposal and others	Adjusted Result
<b>Revenue</b>	<b>9,545</b>						<b>9,545</b>
<b>Cost of Sales</b>	<b>(3,595)</b>	8	44				<b>(3,543)</b>
<b>Gross Profit</b>	<b>5,950</b>	<b>8</b>	<b>44</b>				<b>6,002</b>
<i>% Gross Margin</i>	62.3%						62.9%
<b>Selling, general and admin</b>	<b>(4,086)</b>		150		278	76	<b>(3,582)</b>
<b>Research and development</b>	<b>(257)</b>	8	1		-	-	<b>(248)</b>
<b>Other operating income</b>	<b>31</b>					(31)	<b>-</b>
<b>Operating Profit</b>	<b>1,638</b>	16	195		278	45	<b>2,172</b>
<i>% Margin</i>	17.2%						22.8%
<b>Finance income</b>	<b>17</b>						<b>17</b>
<b>Finance expense</b>	<b>(19)</b>						<b>(19)</b>
<b>Profit before taxation</b>	<b>1,636</b>	16	195		278	45	<b>2,170</b>
<b>Taxation</b>	<b>(197)</b>	8	(36)		(47)	(197)	<b>(469)</b>
<i>Tax rate %</i>	12.0%						21.6%
<b>Profit after tax for the year</b>	<b>1,439</b>	<b>24</b>	<b>159</b>		<b>231</b>	<b>(152)</b>	<b>1,701</b>

# Haleon divestments

Revenue of divested brands (£bn; 2019-2021)<sup>1</sup>



## Brands divested 2019-2021<sup>3</sup>

### 2019

Bialcol, Ceridal, Cibalgina, Eurax, Keri, Magnesia Bisurada<sup>4</sup>, Oilatum, Polytar/Tarmed, Prevacid, Savlon, Tixylix

### 2020

Alavert, Anbesol, Argus, Boost<sup>5</sup>, Breathe Right, Capent, Cetebe, Cholinex, Clindo, Coldrex, Dimetapp, Dristan, Duofilm, Eclipsol, Fibercon, Hinds<sup>3</sup>, Horlicks<sup>5</sup>, KCI-retard<sup>6</sup>, Lemocin, Mebucaine, Omega/Fri-Flyt, Orofar, Physiogel, Primatene, Pulmex, Resyl, Sunmax, Sweatosan, Synthol, Tavegyl, Thermacare, Tossamin, Trofolastin, Venoruton, Viva/Maltova

### 2021

Acne-Aid, Baldriparan, Formigran, Kamol, KCI-retard<sup>6</sup>, Spalt, Spectraban, Transderm scop

<sup>1</sup> Excludes revenue of Horlicks / Boost, which were excluded from the Haleon perimeter

<sup>2</sup> On a reported basis including 5 months' August-December revenue of Pfizer brands

<sup>3</sup> Brands are listed by year of closing of divestment

<sup>4</sup> Partial divestment

<sup>5</sup> Horlicks / Boost was excluded from the Haleon perimeter and financials but was included in GSK plc's CH segment reporting. Horlicks revenue was £ 0.5bn in 2019

<sup>6</sup> Partly divested across 2020 - 2021

# Glossary

A number of Adjusted measures are used to report the performance of our business which are non-IFRS measures. Adjusted results, CER 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. These measures are defined and set out below. Reconciliations to the nearest IFRS measure will be provided as part of the Historical Financial Information as part of the Prospectus.

**Adjusted EBITDA** is defined as profit after tax for the year excluding income tax, finance income, finance expense, Adjusting Items (as defined below), 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.

**Adjusting Items** include the following:

- **Net amortisation and impairment of intangible assets:** Intangible amortisation and impairment of goodwill, brands, licenses and patents net of impairment reversals.
- **Restructuring costs:** include personnel costs associated with restructuring programs, impairments of tangible assets and computer software relating to specific programmes approved by the Board from time to time that are structural and of a significant scale, where the costs of individual or related projects exceed £15 million. These costs also include integration costs following an acquisition.
- **Separation and admission costs:** costs incurred in relation to and in connection with the demerger, separation, admission and registration of Haleon Shares.
- **Transaction related costs:** Accounting or other adjustments related to significant acquisitions.
- **Disposal and other adjusting items:** Gains and losses on disposals of assets and businesses, tax indemnities related to business combinations, and other items.

**Adjusted Operating Profit** is defined as operating profit less Adjusting Items as defined above.

**Compound Annual Growth Rate (CAGR)** represents the annualised average rate of growth between two given years assuming growth takes place at a compounded rate.

**Free cash flow** is defined 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.

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

**Haleon portfolio revenue** represents the revenue of the brands that make up the Company's portfolio at separation from GSK. The measure includes 12 months revenue of Pfizer brands in all years including 2019 and excludes all revenue of divested / closed brands from all years. It also excludes revenue attributable to manufacturing service agreements ("MSAs") relating to divestments and the closure of sites or brands. Haleon portfolio revenue is presented here to aid understanding but will not be used going forward.

**Haleon portfolio revenue growth** represents the growth in Haleon portfolio revenue excluding the impact of exchange movements.

**Organic revenue growth** represents revenue growth, 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.

**Organic sales growth** is the same as organic revenue growth (as defined above) and the terms are used interchangeably in these materials

**Sales** is the same as revenue and the terms are used interchangeably in these materials