



# HALEON

Delivering attractive growth  
in **North America**,  
and building winning partnerships  
with mass retail

**Lisa Paley**

28 February 2022

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All outlooks, targets, ambitions and expectations regarding future performance and the dividend, as well as the medium term outlooks and 2022 considerations, should be read together with this disclaimer and the Appendix at the end of this Presentation.

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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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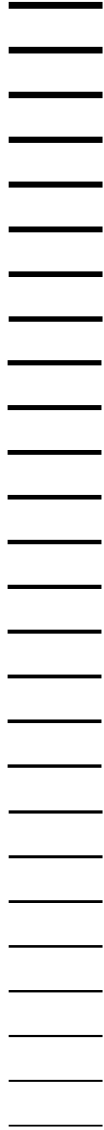
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**Significant growth region with attractive underlying fundamentals and favourable consumer trends**

**A market leader with category leading brands, well placed to win**

**Positioned to outperform:**

- Accelerating growth in Oral Health and VMS to drive penetration and leveraging innovation with local strategic brands
- Leveraging superior Rx to OTC switch capabilities to drive portfolio expansion
- Building strategic partnerships with mass retail to win in categories



**North America: attractive fundamentals  
with c.90% revenue from the US**



**Home to:**

**5%**

of the **world's population**

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**27%**

World's GDP;  
**US highest GDP globally**

# North America business review

**£3.5bn**  
revenue

**4,700**  
employees

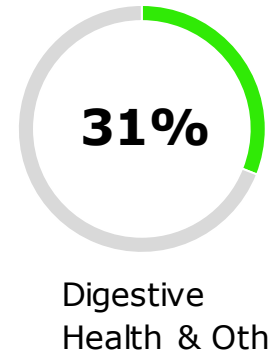
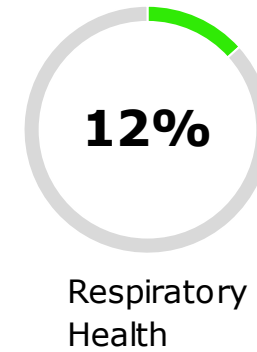
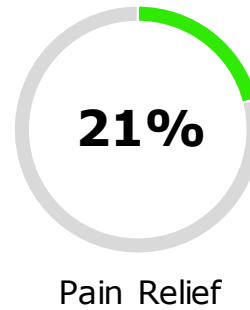
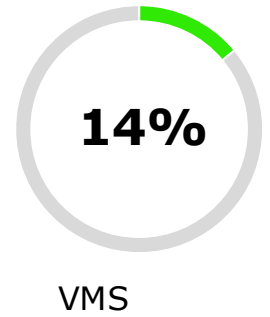
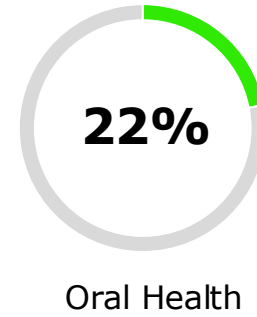
**1**  
R&D centre

**37%**  
of global  
Haleon  
revenue

**2**  
markets  
served

**5**  
manufacturing  
sites














## Haleon revenue by category



## Key brands



## A leader in a c.£37bn market: US

	Market size % of total	Haleon share %	Key Brands
<b>Oral Health<sup>1</sup></b>	<b>£5bn</b> 13%	<b>#4</b> 10% share	 
<b>Vitamins Minerals Supplements (VMS)<sup>2</sup></b>	<b>£14bn</b> 38%	<b>#3</b> 3% share	 
<b>Pain Relief<sup>2</sup></b>	<b>£3bn</b> 8%	<b>#2</b> 18% share	  
<b>Respiratory<sup>2</sup></b>	<b>£5bn</b> 14%	<b>#5</b> 9% share	  
<b>Digestive Health<sup>2</sup></b>	<b>£3bn</b> 8%	<b>#1</b> 15% share	  

- #1** Sensitive Toothpaste<sup>3</sup> brand  
**Sensodyne**
- #1** Denture Care brand  
**Polident/Poligrip**
- #1** Multivitamin Supplement brand  
**Centrum**
- #1** Vitamin C/ Immune Supplement  
brand **Emergen-C**
- #2** Total Pain Relief brand  
**Advil**
- #1** Smoking Cessation brand  
**Nicorette**
- #1** Antacid brand  
**Tums**
- #1** PPI brand  
**Nexium 24Hr**

<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 %.

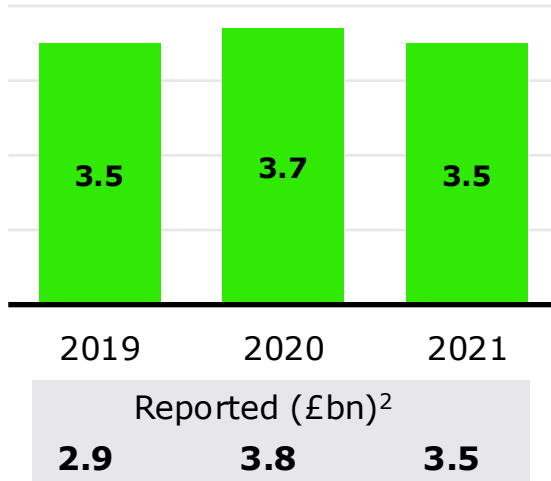
<sup>2</sup> Data sources for OTC/VMS and subcategories in N. Hall DB6 Consumer Healthcare database (MSP), store and internet sales, 2020; Note difference in total to categories above is Other which comprises smaller dermatological brands, with a market value of c.£7bn

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

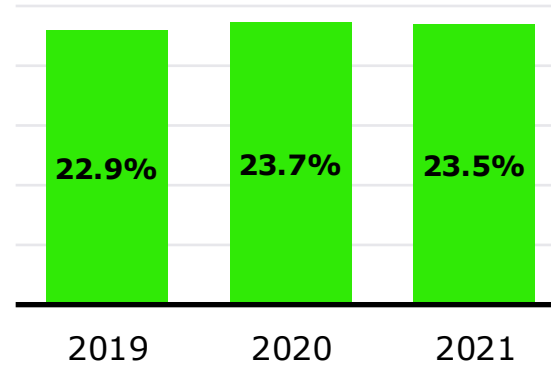


# North America 3% 2-year CAGR with net COVID headwind

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



Regional adjusted  
operating margin %<sup>4</sup>



**Haleon revenue growth<sup>3</sup>**  
(2019-2021 CAGR)

**3.0%**

**Net COVID  
impact on revenue**  
(2019-2021 CAGR)

**c.(1pt)**

- > **Pricing / volume mix 2021** +1pt / +0.2pts
- > **Power brands** revenue +6% 2019-2021 CAGR, consistently gaining share
- > **Strategic local brands** contributing to growth, Emergen-C +16% and Tums +10% 2019-2021 CAGR
- > **Improving supply** following constraints in H1 2021, expect normal levels in FY22
- > **COVID impact** due to weak cold & flu season (in H1 2021) partly off-set by VMS growth; More normal cold & flu season in Q4 2021
- > **Margin expansion** through synergy delivery, disciplined resource allocation partly off-set by supply chain pressure in FY21

<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 North America



## Household penetration

**Accelerating growth in Oral Health and VMS**

**Driving innovation with local strategic brands**

## New and emerging opportunities

**Portfolio expansion** with Rx-to-OTC switch

**Elevate consumer experience** with data and win with the Omni-Channel consumer

## Strong execution and financial discipline

**Strategic partnerships with mass retail** to win in categories

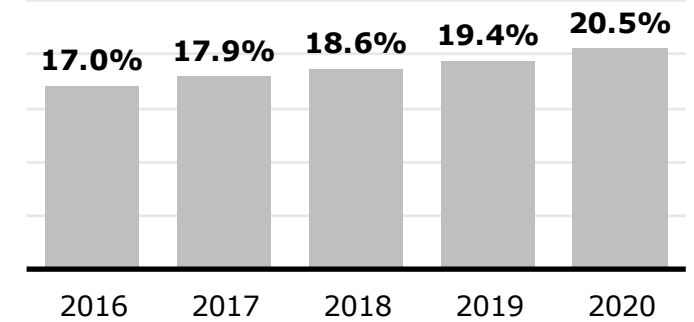
**Best in class launch & execution capabilities**

## Responsible business

# Accelerating growth in Oral Health: Sensodyne US



Share in market Sensodyne<sup>3</sup>



**1/3** of US adults suffer from sensitive teeth

Nearly **90%** of US adults at risk of enamel erosion<sup>1</sup>

**#1** Dentist/Hygienist recommended brand

Premium pricing with minimal price promotion

**Successful innovation growing category and penetration**

**+3.5pts** market share driven by innovation<sup>2</sup>

**Expert endorsement**

**#1** dentist recommended sensitivity toothpaste brand in the USA<sup>3</sup>

**Omnichannel activation**

- Full breadth of distribution
- Leading e-commerce position
- Key retail partnerships

**Revenue CAGR c.9% over last 5yrs**

c.80% growth driven by 3 million new consumers<sup>4</sup>

<sup>1</sup> IPSOS 2014

<sup>2</sup> IRI Market Advantage, Consumption Data, FY 2016-FY2020

<sup>3</sup> Company analysis (2020)

<sup>4</sup> IRI National Consumer Panel Data, FY2018 – FY 2021

# Accelerating growth in VMS: Emergen-C

 Emergen-C leveraging immune health and applying new formats

## #1 Vitamin C/ Immune brand<sup>1</sup>



### Introduction of Gummies Platform:

**2017:** Gummies Immune

**2019:** Botanical Immune

**2021:** Kidz Immune

## The human understanding

Emergen-C plays an important role in immune support

Younger consumers looking for enjoyable formats

Increasing demand for naturals

COVID pandemic increased immunity protection awareness

## The results

2 year CAGR **+16%**<sup>2</sup>

**+3.5m** new consumers to category<sup>3</sup>

Gummies the **#1** format with consumers

Kidz Immune gaining share in children's VMS category<sup>4</sup>



<sup>1</sup> Source: N. Hall (2020)

<sup>2</sup> Haleon revenue growth - NA 2019-2021

<sup>3</sup> IRI Household Panel March April 2020 vs March April 2019

<sup>4</sup> Source: IRI MULO + C + eComm - Dec 2021

# Driving innovation with local strategic brands: TUMS US

 TUMS Chewy recruiting a new consumer group

## #1 Antacid brand in US<sup>1</sup>



## The human understanding

Millennial buyers growing in spend

High incidence amongst heartburn sufferers

Heartburn disruption and impact on millennials higher

Value convenience and more attractive format

## The results

Tums Chewy delivered **31%** 3 year CAGR<sup>2</sup>

**+3.8M** consumers new to category<sup>3</sup>

**40%** consumers who bought Chewy Bites sourced from competitor brands<sup>3</sup>

Unlocked exclusive innovation partnerships



<sup>1</sup> Source: N. Hall (2020)

<sup>2</sup> IRI POS data, MULO + convenience + ecommerce Nov 2021

<sup>3</sup> IRI National Consumer Panel Data, FY2016-FY2021

## Portfolio expansion with Rx-to-OTC switch

### Well positioned to win

**8 out of 10 Top 10 US OTC products** originate from switch

**19% US OTC growth** since 2010 from switch, with more than half from GSK switches<sup>1</sup>

Market leader in Rx to OTC Switch, with **>30 years global experience**

**Capability in house** for complex submissions and dedicated R&D and Commercial teams

**Key partner** for future switches given track record, expertise and route to market

## Industry-leading Rx-to-OTC switch over the last 8 years

May 2014



Feb 2017



Feb 2015



May 2020



# Portfolio expansion with Rx-to-OTC switch: Voltaren

## Successful Launch

Launched **May 2020**

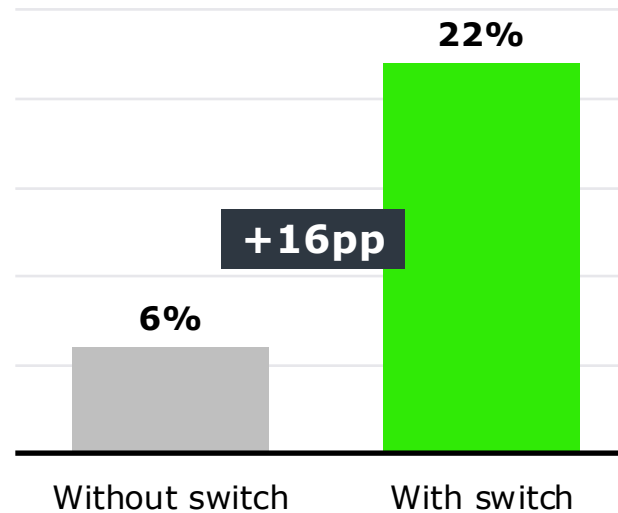
**#1 OTC Pain Relief**  
innovation in 10 years<sup>1</sup>

**#1 HCP** recommended  
topical pain<sup>2</sup>



## Expanded Topical Analgesic Category

**Significantly** increasing  
category growth<sup>2</sup>



## Improved consumer access

### Rx Product

**c.9m** prescriptions  
for Voltaren Rx<sup>3</sup>

### Rx-to-OTC Switch Product

**100m** consumers exposed  
to Voltaren OTC<sup>4</sup>

<sup>1</sup> Source: IRI Consumption Data from Market Advantage and Xlerate, FY2011-FY2021  
<sup>2</sup> Source: IRI Market Advantage, Consumption Data, Nexium Switch-to-date May 2020 - Nov 2021  
<sup>3</sup> Voltaren RX Downstreaming, June 2018  
<sup>4</sup> Partner data, Oct 2016

# Data to elevate consumer experience and win with the Omni-Channel Consumer

## Increased consumer connectivity

Expansion of channels to connect with consumers  
Approx. +60M consumer data collected YTD<sup>1</sup>

## Right Message, Right Person, Right Time

Optimised content using AI creative and message

## Expanded Consumer Experience

Increasing relevance with consumers US Chapstick direct to consumer (D2C) model

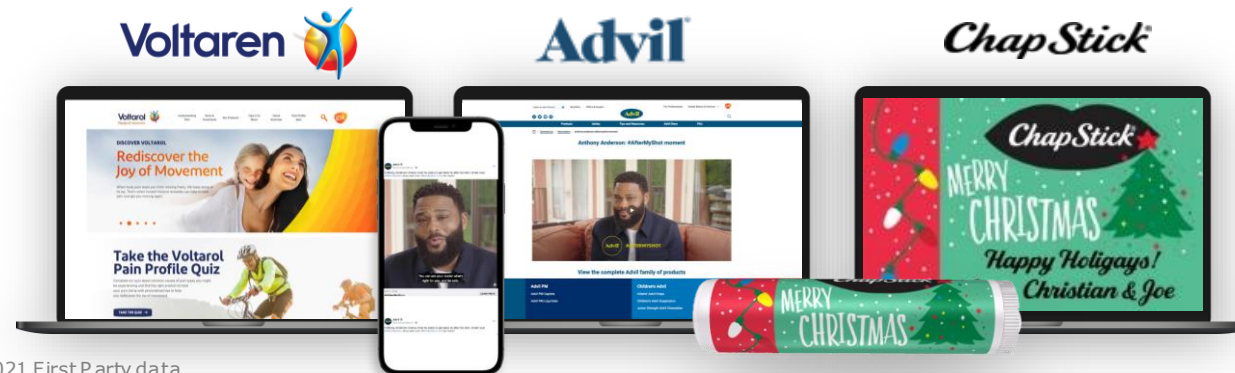
## Partnerships with retailers

## E-commerce



E-comm sales **12%, doubled over last 2 years<sup>2</sup>**

Online share > **offline for c.70% brands<sup>3</sup>**



<sup>1</sup> YTD November 2021 First Party data  
<sup>2</sup> US e-comms sales as a proportion of total US sales  
<sup>3</sup> across 16 key brands



# Strategic partnerships with mass retail to win in categories

## Category Captaincy



VMS section breaks and navigational signage



Brand blocking & Digestive Health landing page



Lead designer in DG's Health Expansion stores

## Aisle Leadership

### Brand blocks & Education



### 'Vitamins Authority' – Aisle of the Future & Vitamin Finder



### Bring Online in-store



Digital product finders

## Industry Awards & Accolades



2020 **Customer Focus Award**



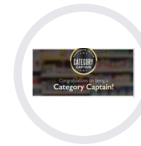
2020 **Vendor & Innovator of the Year**



**Partnership** in Treat Yourself Well Campaign



'Building a Best-in-Class Shopper Insight Org' **Leading Panelist**



2021 **Progressive Grocer Award**

## Winning in mass retail driven by shopper insights: Walgreens



### Walgreens

Promoting more agile collaboration and furthering consumer insight

**"SPARK Lab"** - Sparking ideas that lead to ground-breaking shopper engagement

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### **Digital & Data Lab:**

Immersive environment to support digital and data experiences

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**Visualisation and planning tools** to identify opportunities



# Demonstrating excellent launch capabilities in market: Advil Dual Action

**Advil** 1st major innovation in 25 years in the OTC oral pain relief category combining the top 2 internal analgesics ingredients

## Distinctive branding



## Strong digital activation



1st ever GSK YouTube Masthead<sup>1</sup> to hit **80 million unique viewers**

## Effective retail activation



High channel visibility from day 1  
Multiple touchpoints at key retailers

## Expert engagement



Record Expert recommendations  
Significant sample program

# Running a responsible business, integral in all we do

## Oak Hill plant – US

100% renewable electricity

Toothpaste waste recycled into cement mix



## No landfill waste

At all manufacturing sites



## Customer ESG partnership

Partnerships to increase health inclusivity



## Packaging

Plastic free packaging for specialist toothbrushes, removing > 14 million plastic packs from US landfill annually



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The new go-to immune support gummies for kids!



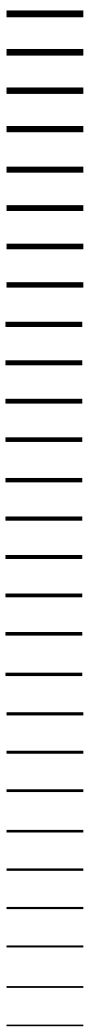
Dietary supplements. Use as directed.

# Thank you



THE FIRST AND ONLY COMBO OF ADVIL AND ACETAMINOPHEN





# Appendix

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

GSK cautions investors that any forward-looking statements or projections made by GSK, including those made in this announcement, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Such factors include, but are not limited to, those described in the Company's Annual Report on Form 20-F for 2020, GSK's 2021 Q4 Results and any impacts of the COVID-19 pandemic.

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>

<b>Haleon portfolio revenue £bn</b>	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)

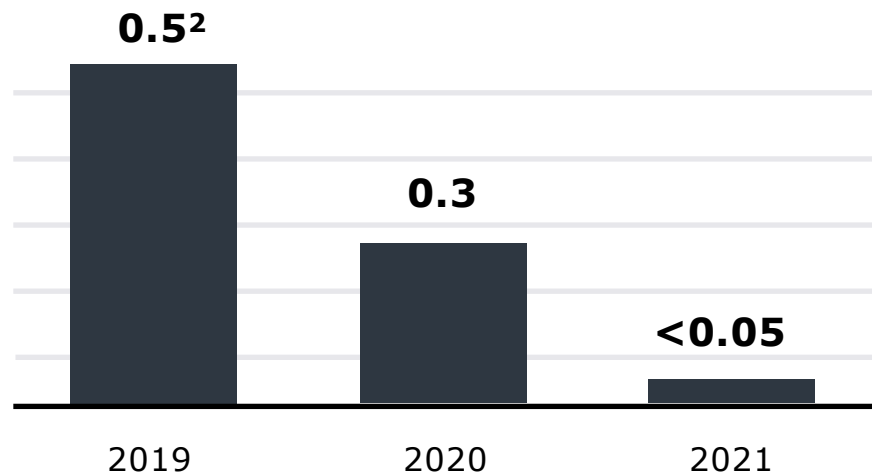
	IFRS Result	Net Intangible Amortisation and Impairment	Restructuring Costs	Transaction Related Costs	Separation and Admission Costs	Disposal and others	Adjusted Result
<b>Revenue</b>	<b>9,892</b>						<b>9,892</b>
<b>Cost of Sales</b>	<b>(3,982)</b>	81	89	91		2	<b>(3,719)</b>
<b>Gross Profit</b>	<b>5,910</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, Spectaban, 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