

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present the audited financial statements of the Company for the year ended 31 December 2021 and report that:

PRINCIPAL ACTIVITIES

Our culture is our foundation. During 2020, we introduced our new logo, which reflects our purpose, fight, compass and behavior. Our leadership behaviors are making an impact. Employees are encouraged to own, create, deliver and care. We are inspired by our purposed brands, and our efforts for a healthier planet and a fairer society.

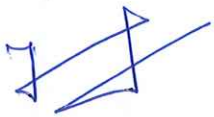
During 2021, there were no major changes in the principal activity of the Company. Reckitt continued manufacturing and marketing of Household, Toiletries and Pharmaceutical products. Your company also continued to invest in major brands to drive business growth.

On 04 April 2021, NBR approved Employees' Gratuity Fund of Reckitt Benckiser Bangladesh Limited and accordingly scope has been created to invest in planned asset.

To follow the instruction of Companies Act (section Ka of 11Ka, second Amendment) 2020, we have approached to Register of Joint Stock Company (RJSC) on 29 September 2021, to change the name from Reckitt Benckiser Bangladesh Limited to Reckitt Benckiser Bangladesh PLC. It has been amended accordingly.

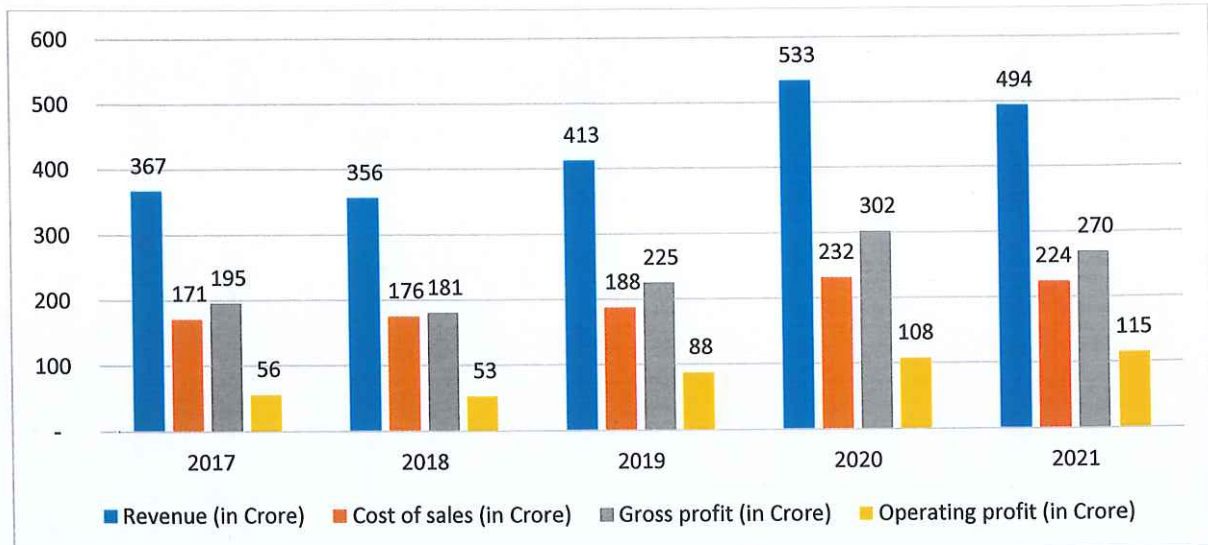
BUSINESS HIGHLIGHTS

During 2021, your company's sales turnover was Tk. **494 crore** with a fall of 7% growth compared to the previous year. During 2020, when the pandemic hit, sales saw an unexpected rush, which was somewhat subdued during the year 2021. Gross profit ratio was 54.57% compared to 56.54% of the previous year. Yet your company managed to expand the operating profit margin by 656 bps vs previous year by introducing higher productivity in the operating expense areas. This resulted in the higher EPS of Tk. 171.03 compared to Tk. 156.38 of 2020.



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Business Performance

Cash and cash equivalents (including fixed deposits with bank) decreased by Tk. 16 crore mainly due to introduction of planned asset for Gratuity fund. Thus, the defined benefit liability for employees decreased from Tk. 20.28 Crore to Tk. 9.81 Crore.

COST OF GOOD SOLD, GROSS PROFIT MARGIN, NET PROFIT MARGIN

By maintaining an efficient supply infrastructure we've managed to continue our usual gross profit margin of 54.57% (2020:56.55 %). Net profit increased to Tk. 80 Crore at the end of the year 2021 which included a one-time extra ordinary write back of royalty of 4.28 Crore.

SEGMENT WISE PERFORMANCE

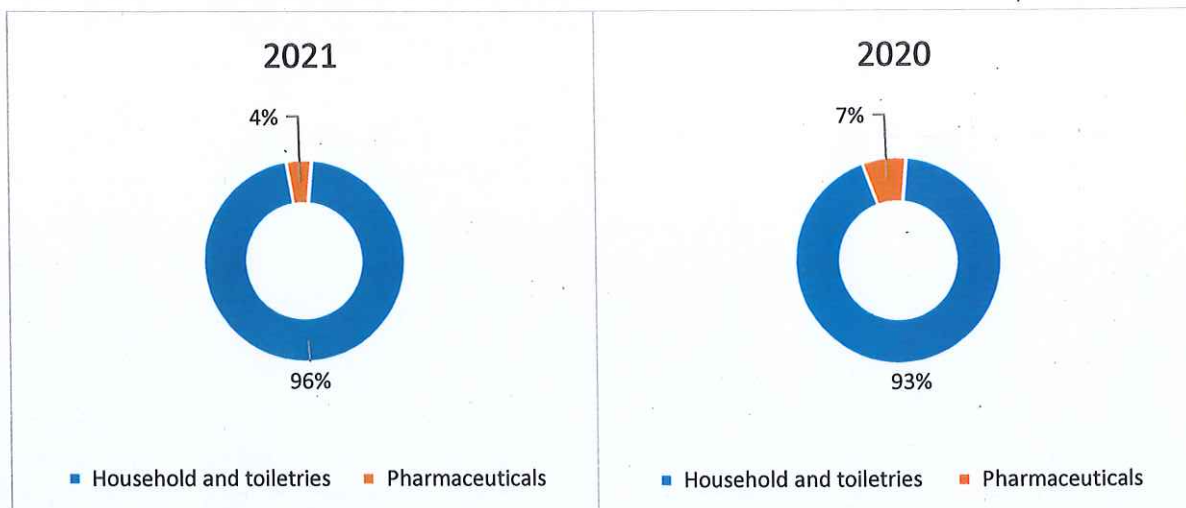
The company has two reportable segments based on two strategic business divisions i.e. Household & toiletries and Pharmaceuticals. These divisions offer different products and are managed separately because they require different technology and marketing strategies. These are:

Reportable segments	Operations
Household and toiletries	Manufacturing and trading of hygiene and home care products.
Pharmaceuticals	Manufacturing of health care products.

These two reportable segments are the strategic business units of the company and are managed separately based on the Company's management and internal reporting structure. For pharmaceutical products approval is acquired from the Directorate General of Drug

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Administration. For the year 2021, 4% of the total turnover came from pharmaceutical products compared to 7% of the preceding year.



Detail information reportable for each segment has been demonstrated in note no. 14 of the Notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

During the year the company made transaction with related parties which includes key management personnel, parent's entity and inter group entities. These are mainly for salaries & benefits, dividend and technical services fees, royalty, import of raw materials and finished goods and support services.

The detail statement on transaction, nature and amount are presented in note no. 25 of the Notes to the Financial Statements.

EXTRA-ORDINARY GAIN OR LOSS

During the year 2021 there was no significant extra ordinary gain or losses incurred to the business.

SIGNIFICANT VARIANCE BETWEEN QUARTERLY AND ANNUAL FINANCIAL PERFORMANCE

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Annual Earning per share in 2021 is Tk.171.03 increased verses last year of Tk156.38 as in 2020. During the year average earning per share per quarter was Tk.42.75. The company was able to achieve a significant high performance from quarter three onwards compared to the first two quarters of the year, through optimization of marketing and administrative cost.

SUMMARY OF FINANCIALS

We are pleased to present the following summarized financials of the Company before you:

Particulars	2021 Taka	2020 Taka
Profit before taxation (including other comprehensive income/items)	1,095,216,232	1,063,334,887
Less: Taxation	<u>(293,379,967)</u>	<u>(338,954,483)</u>
Profit after taxation (including other comprehensive income/items)	801,836,265	724,380,404
Add: Un-appropriated profit from previous year	<u>760,469,848</u>	<u>626,714,444</u>
Profit available for appropriation	1,562,306,113	1,351,094,848
Less: Final cash dividend paid @ Tk.140 (i.e. 1400%) per share for 2020 (2019: Tk.125)	<u>(661,500,000)</u>	<u>(590,625,000)</u>
Total profit available for appropriation	900,806,113	760,469,848
Appropriation:		
Proposed Final dividend @ Tk 165/- (i.e. 1650%) per share for 2021 (2020: Tk140/-)	(779,625,000)	(661,500,000)
Un-appropriated profit *	<u>121,181,113</u>	<u>98,969,848</u>

*after recognition of dividend in the period of appropriation

DIVIDEND

The Board is pleased to recommend final cash dividend of Tk.165/= (1650%) per share amounting to Tk.779.625 million for the year 2021, (2020: Tk.140 per share i.e. amounting to Tk.661.50 Million), this is fully out of the profit from current year of 2021.

The above recommendation of dividend is as per the Board approved dividend policy which is disclosed in the “Dividend Distribution Policy” section of the Annual Report 2021 on page ----- (Will be addressed in Published Annual Reports 2021).

EARNINGS PER SHARE

The earnings per share numbers are provided on pages ____, ____ & ____ (Will be addressed in Published Annual Reports 2021).

SUSTAINABILITY

Trust originates from our safe and effective brands and is reinforced by our attention to wider issues that matter to consumers and society as a whole. Our sustainability commitments, on climate change, plastics, the economy and human rights, resonate strongly with our consumers and customers. But our sustainability agenda is not just limited to satisfying consumers. Rather, broader considerations inform and infuse our approach, such as the increasing connection between a healthy planet and healthy lives for us all. Our aim is to generate business growth through the positive impact we have on the world. Our progress rests on three main pillars: purpose-led brands, combatting climate change for a healthier world and enabling a fairer, more diverse and inclusive society.

We are passionate to help people feel better as we believe, wellness and nourishment is a right and not a privilege. We continue to contribute through our existing program Dettol Harpic Porichchhonno Bangladesh (DHPB). DHPB has been playing the pivotal role through partnering with likeminded stakeholders for the last 4 years. In addition to this we launched two new programs with our trusted third-party “Safe Mother, Safe Tomorrow”, where Dettol partnered with BRAC and worked together to raise hygiene awareness among underprivileged expecting mothers living in remote areas in the country; and “Back to School”, through this program Dettol Harpic aimed to aid the government in ensuring that proper hygiene practices are being followed at the educational institutions.

ENVIRONMENT, HEALTH AND SAFETY

Our strategy is all about creating positive impact. We want to be a regenerative business that adds value to society and the environment. We’re combatting climate change with ambitious plans to reduce our own carbon footprint, by reducing energy use, reducing water usage and

reducing waste generation. We're taking steps to improve the environmental performance of our products, factories and suppliers. And all of these activities support the planet. By sourcing raw materials, ingredients and packaging responsibly we protect communities and the ecosystems in which they operate. By respecting colleagues, contractors and suppliers we are encouraging fairness across the value chain. By producing safer, sustainable products, reducing waste, and maximising recycling and reuse, we enable and promote circular economic principles.

On 27 October 2021, your company took the decision to undergo the upgrade of wastewater treatment plant at Reckitt Factory located at 58/59, Nasirabad Industrial Area, Chattogram 4209 to enforce environmental compliance. A budget of Tk. 15.89 crore was approved by the Board of Directors for this ETP project at the factory premises.

External Recognition and Accomplishments

During the year 2021 your company received several external recognitions on different grounds from various external national and international institutions. This was due to our high performing, driven and inspired employees. During the year the following accolades were achieved:

1. National Award for Best Presented Annual Report by ICAB
2. Certificate of Merit Award for Best Presented Annual Report by SAFA
3. Best Content Marketing Award by Bangladesh Brand Forum
4. Best Use of Influencer Category by Bangladesh Brand Forum

CORPORATE GOVERNANCE

We would like to confirm that:

- a) The financial statements prepared by the management of the issuer company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the issuer company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and that the accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) as applicable in Bangladesh have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

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- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) Minority shareholders have been protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly and have effective means of redress;
- g) There are no significant doubts upon the Company's ability to continue as a going concern.
- h) Significant deviations from last year's operating results of the Company have been highlighted in the report and reasons thereof have been explained.
- i) Key operating and financial data of preceding five years have been provided on page _____ (Will be addressed in Published Annual Reports 2021).
- j) During the year six Board meetings were held and the attendance by each director is given on page _____ (Will be addressed in Published Annual Reports 2021).
- k) The pattern of shareholding is provided on pages _____ & _____ (Will be addressed in Published Annual Reports 2021).
- l) A management discussion and analysis signed by CEO or MD presenting detailed analysis of the company's position and operations along with brief discussion of changes in the financial statements, is provided on page _____ (Will be addressed in Published Annual Reports 2021).
- m) Declaration or certification by the CEO and the CFO to the Board as required under condition no. 3(3) of Corporate Governance Code; is provided on page _____ (Will be addressed in Published Annual Reports 2021).
- n) In accordance with the requirement of the Bangladesh Securities and Exchange Commission, "Compliance of conditions of Corporate Governance Code as required under condition no. 9" is provided on page _____ (Will be addressed in Published Annual Reports 2021).
- o) During the year the company did not pay any remuneration to its non whole time Directors including Independent Director. Only meeting attendance fees, however, at approved scales were paid to selective non whole time directors.

DIRECTORS

Following were members of the Board of Directors of the Company during 2021:

- | | |
|------------------------------|---|
| 1. Mr. Rahul Mathur | Chairperson |
| 2. Mr. Vishal Gupta | Managing Director |
| 3. Mr. Sourav Mitra | Director |
| 4. Mr. Pradeep Krishnamurthi | Director |
| 5. Mr. C.Q.K. Mustaq Ahmed | Independent Director |
| 6. Mr. Nazimuddin Chowdhury | Independent Director (Re-appointed on 09.08.2021) |
| 7. Mr. Tanmay Gupta | Director & CFO (Joined on 28.07.2021) |
| 8. Mr. Md. Golam Yahia | Government Nominated Director |
| 9. Ms. Afreen Huda | Director |

Mr. Tanmay Gupta has been appointed as Nominated Director of Reckitt Benckiser Limited, UK on 28.07.2021 and require to the approval in the 61st Annual General Meeting.

Mr. Nazimuddin Chowdhury re-appointed as independent director on 09.08.2021 and require to the approval in the 61st Annual General Meeting.

The brief resume of directors, expertise, and directorship to other Company (If any) provided on page _____ (Will be addressed in Published Annual Reports 2021).

ELECTION OF DIRECTORS

As per Article 118A of the Articles of Association of the Company, Mr. Vishal Gupta , Mr. C.Q.K. Mustaq Ahmed and Ms. Afreen Huda will retire from the Board of Directors and being eligible offer themselves for re-election.

The elections of new Directors are subject to approval in the 61st Annual General Meeting.

AUDITORS

The retiring auditors of the Company, A Qasem & Co., Chartered Accountants (Member firm of ECOVIS International) have expressed their willingness to continue in office and being eligible, offer themselves for reappointment, subject to shareholders' approval in the 61st Annual General Meeting.

CERTIFICATION UNDER COMPLIANCE OF CORPORATE GOVERNANCE CODE

During the year 2021, M/s. Rahman Anis & Co., Chartered accountants, have certified the Compliance of the Company under corporate Governance code of BSEC and expressed their willingness to continue in office offer themselves for reappointment, subject to shareholders' approval in the 61st Annual General Meeting.

INDEPENDENT SCRUTINIZER FOR THE AGM

On last 10 March 2021 Bangladesh Securities and Exchange Commission (BSEC) directed to appoint an Independent scrutinizer to overview "The due process of election and detailed information of voting results" and report the same shall be submitted before the commission. The Board has appointed M/S MOHAMMAD SANAULLAH & ASSOCIATES, Chartered Secretaries, as Independent Scrutinizer for 61st AGM of Reckitt Benckiser (Bangladesh) PLC.

ACKNOWLEDGEMENT

The Board of Directors reiterate their sincere appreciation and gratitude to all honorable shareholders, business partners, customers, suppliers and other stakeholders in the Company for their confidence and support.

The Directors also take this opportunity to acknowledge with great appreciation the dedication and hard work of the employees which has been the driving force behind the sustained results of the Company.


Afreen Huda
Director


C.Q.K. Mustaq Ahmed
Independent Director


Tanmay Gupta
Director


Vishal Gupta
Managing Director