

**GlaxoSmithKline Capital plc**  
**(Registered number: 02258699)**

**Interim Management Report**  
**for the half year ended 30 June 2023**

**Registered office address:**

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**GlaxoSmithKline Capital plc**  
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**Interim Management Report**  
**for the half year ended 30 June 2023**

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## **GlaxoSmithKline Capital plc**

**(Registered number: 02258699)**

### **Results announcement and interim management report for the half year ended 30 June 2023**

#### **Performance**

GlaxoSmithKline Capital plc (the "Company") is a member of the GSK Group (the "Group"). The principal activities of the Company during the financial year were the issuance of notes under the Group's European Medium Term Note programme and the provision of financial services to other companies within the Group.

The Directors do not envisage any change to the nature of the business in the foreseeable future.

#### **Review of business**

The Company made a profit for the half year ended 30 June 2023 of £5,408,000 (2022: £7,653,000), which will be transferred to reserves. The Directors are of the opinion that the current level of activity and the period end financial position are satisfactory and will remain so in the foreseeable future.

No dividend is proposed to the holders of ordinary shares in respect of the period ended 30 June 2023 (2022: £nil).

At 30 June 2023, the Company had in issue £8,277,153,000 European Medium Term Notes and £2,560,633,000 US Medium Term Notes (31 December 2022: £9,230,890,000 and £2,688,409,000 respectively), which mature at dates between 2023 and 2045. All notes currently in issue pay interest on a fixed rate basis.

In May 2023, the Company repaid a EUR 750 million 0.125% EUR Medium Term Note.

In addition, the Company further repurchased the following bond holdings on 13th February 2023:

- £75,783,000 of the GBP 1 billion 5.250% European Medium Term Note 2033
- £68,700,000 of the GBP 700 million 6.375% European Medium Term Note 2039

#### **Principal risks and uncertainties**

The Directors of GSK plc manage the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2022 annual report which does not form part of this report.

**Directors' responsibility statement**

The Board of Directors approved this document on 27 July 2023.

The Directors confirm that, to the best of their knowledge, this unaudited condensed financial information for the six months ended 30 June 2023 has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting" and that the interim management report herein includes a true and fair view of the information required by Disclosure and Transparency Rules (DTR) 4.2.7.

The Directors of the Company are:

Mrs J Brown

Edinburgh Pharmaceutical Industries Limited

Glaxo Group Limited

By order of the Board

Mr A Walker

For and on behalf of Glaxo Group Limited

Corporate Director

27 July 2023

**Internet**

This Announcement and other information about the GSK Group are available on the website at: <http://www.gsk.com>.

## GlaxoSmithKline Capital plc

### Income statement

for the half year ended 30 June 2023

	Note	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Other operating income / (expense)	2	(1,234)	1,810
Finance income	3	174,189	221,731
Finance expense	4	(165,886)	(214,093)
<b>Operating profit</b>		<b>7,069</b>	<b>9,448</b>
<b>Profit before taxation</b>		<b>7,069</b>	<b>9,448</b>
Taxation on profit	5	(1,661)	(1,795)
<b>Profit for the financial period</b>		<b>5,408</b>	<b>7,653</b>

**GlaxoSmithKline Capital plc**

**Statement of comprehensive income**

**for the half year ended 30 June 2023**

	<b>Period ended 30 June 2023 £'000</b>	Period ended 30 June 2022 £'000
<b>Profit for the financial period</b>	<b>5,408</b>	7,653
<b>Items that may be subsequently reclassified to the income statement:</b>		
Fair value movements on cash flow hedges	-	-
Reclassification of cash flow hedges to the income statement	<b>1,209</b>	1,769
Deferred tax on fair value movements on cash flow hedges	<b>(302)</b>	(336)
<b>Other comprehensive income for the financial period</b>	<b>907</b>	1,433
<b>Total comprehensive income for the financial period</b>	<b>6,315</b>	9,086

## GlaxoSmithKline Capital plc

### Balance sheet

as at 30 June 2023

	Note	30 June 2023 £'000	31 December 2022 £'000
<b>Non-current assets</b>			
Deferred tax assets		2,665	2,968
Loans and receivables	6	8,666,051	9,794,173
<b>Total non-current assets</b>		<b>8,668,716</b>	<b>9,797,141</b>
<b>Current assets</b>			
Loans and receivables	6	2,290,864	2,236,637
Prepayments and accrued income	7	74,885	113,755
Cash and cash equivalents		1	1
<b>Total current assets</b>		<b>2,365,750</b>	<b>2,350,393</b>
<b>Total assets</b>		<b>11,034,466</b>	<b>12,147,534</b>
<b>Current liabilities</b>			
Corporation tax		(3,884)	(2,223)
Accruals and deferred income	9	(66,833)	(106,364)
Short-term borrowings	8	(2,206,444)	(2,145,952)
<b>Total current liabilities</b>		<b>(2,277,161)</b>	<b>(2,254,539)</b>
<b>Net current assets</b>		<b>88,589</b>	<b>95,854</b>
<b>Total assets less current liabilities</b>		<b>8,757,305</b>	<b>9,892,995</b>
<b>Non-current liabilities</b>			
Long-term borrowings	8	(8,631,342)	(9,773,347)
<b>Total non-current liabilities</b>		<b>(8,631,342)</b>	<b>(9,773,347)</b>
<b>Total liabilities</b>		<b>(10,908,503)</b>	<b>(12,027,886)</b>
<b>Net assets</b>		<b>125,963</b>	<b>119,648</b>
<b>Equity</b>			
Called up share capital	12	100	100
Other reserves		(7,995)	(8,902)
Retained earnings		133,858	128,450
<b>Total equity</b>		<b>125,963</b>	<b>119,648</b>

**GlaxoSmithKline Capital plc**  
**Statement of changes in equity**  
**for the half year ended 30 June 2023**

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022	100	(13,090)	118,976	105,986
Profit for the financial period	-	-	7,653	7,653
Other comprehensive income for the financial period	-	1,433	-	1,433
<b>At 30 June 2022</b>	<b>100</b>	<b>(11,657)</b>	<b>126,629</b>	<b>115,072</b>

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2023	100	(8,902)	128,450	119,648
Profit for the financial period	-	-	5,408	5,408
Other comprehensive income for the financial period	-	907	-	907
<b>At 30 June 2023</b>	<b>100</b>	<b>(7,995)</b>	<b>133,858</b>	<b>125,963</b>



## GlaxoSmithKline Capital plc

### Cash flow statement

for the half year ended 30 June 2023

		Period ended 30 June 2023	Period ended 30 June 2022
	Note	£'000	£'000
<b>Cash flows from operating activities</b>			
Operating profit		7,069	9,448
Adjustments reconciling operating profit to operating cash flows	11	8,563	3,458
Taxation paid		-	-
Net cash inflow from operating activities		15,632	12,906
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		(796,983)	(2,813,895)
Loans provided to Group undertakings		-	-
Loan repayments received from Group undertakings		792,087	2,795,017
(Increase) / decrease in current accounts with Group undertakings		(10,736)	5,969
Net cash outflow from financing activities		(15,632)	(12,909)
<b>Net movement in cash in the period</b>		-	(3)
Cash at beginning of period		1	4
Movement in cash		-	-
Cash at end of period		1	1

## GlaxoSmithKline Capital plc

### Notes to the financial statements for the half year ended 30 June 2023

#### 1. Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the six months ended 30 June 2023 is prepared in accordance with Financial Reporting Standard 104 “Interim Financial Reporting” using the recognition and measurement requirements of Financial Reporting Standard 101 “Reduced Disclosure Framework” and in accordance with the Listing Rules of the UK Listing Authority. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

#### 2. Operating profit

	<b>Period ended 30 June 2023 £'000</b>	Period ended 30 June 2022 £'000
<b>The following items have been credited / (charged) in operating profit:</b>		
Exchange gains/(losses) on foreign currency transactions	<b>(1,234)</b>	1,810

#### 3. Finance income

	<b>Period ended 30 June 2023 £'000</b>	Period ended 30 June 2022 £'000
Interest income arising from loans with Group undertakings	<b>174,189</b>	221,731

#### 4. Finance expense

	<b>Period ended 30 June 2023 £'000</b>	Period ended 30 June 2022 £'000
Interest expense arising on financial liabilities at amortised cost	<b>(164,677)</b>	(212,324)
Reclassification of cash flow hedge from other comprehensive income	<b>(1,209)</b>	(1,769)
<b>Total finance expense</b>	<b>(165,886)</b>	(214,093)

## 5. Taxation

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
<b>Income tax expense on ordinary activities</b>		
Current tax:		
UK corporation tax at 23.5% (2022: 19%)	(1,661)	(1,795)
<b>Total current tax</b>	<b>(1,661)</b>	<b>(1,795)</b>
	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
<b>Total tax (expense) / credit included in other comprehensive income</b>		
Deferred tax:		
Fair value movements on cash flow hedges	(302)	(336)
<b>Total tax (expense) / credit included in other comprehensive income</b>	<b>(302)</b>	<b>(336)</b>

## 6. Trade and other receivables

	30 June 2023 £'000	31 December 2022 £'000
<b>Amounts due within one year</b>		
Amounts owed by Group undertakings	2,290,864	2,236,637
	<b>2,290,864</b>	<b>2,236,637</b>
<b>Amounts due after more than one year</b>		
Long term deposits	81	120
Amounts owed by Group undertakings - loans	8,665,970	9,794,053
	<b>8,666,051</b>	<b>9,794,173</b>
	<b>10,956,915</b>	<b>12,030,810</b>

Amounts due within one year are deposits with Group undertakings of £96,224,896 (2022: £94,201,000) which are unsecured, repayable within one year and earn a market rate of interest (based on benchmark risk-free rate applicable to each currency minus 0.025%) that is consistent with the Group's policy.

Amounts due within one year also include the net proceeds of bond issuances that have been advanced as loans to Group undertakings of £2,194,639,477 (2022: £2,142,436,000) which are unsecured with an interest rate charged between 0.10% and 3.40%.

Amounts due after more than one year include the net proceeds of bond issuances that have been advanced as loans to Group undertakings of £8,558,514,649 (2022: £9,691,844,000), which are unsecured with fixed interest charged between 1.17% and 6.50% per annum and repayable at maturity dates between 2024 and 2045.

Amounts due after more than one year also include a call account with GlaxoSmithKline Finance plc of £107,455,726 (2022: £102,209,000) which is unsecured, repayable on demand and earns a market rate of interest (based on benchmark risk-free rate applicable to each currency minus 0.05%) which is consistent with the Group's policy. The call account balance is classified as a non-current asset as the amounts are not expected to be settled within the year.

## 7. Prepayments and accrued income

	<b>30 June 2023</b> £'000	31 December 2022 £'000
Amounts due within one year	<b>74,885</b>	113,755

Accrued income relates to interest on amounts owed by Group undertakings (see Note 6).

## 8. Borrowings

	<b>30 June 2023</b> £'000	31 December 2022 £'000
<b>Amounts falling due within one year</b>		
Loans payable:		
€ European Medium Term Notes	<b>(429,033)</b>	(1,108,313)
US\$ Medium Term Notes	<b>(1,777,411)</b>	(1,037,639)
	<b>(2,206,444)</b>	(2,145,952)
<b>Amounts falling due after more than one year</b>		
Loans payable:		
€ European Medium Term Notes	<b>(4,022,960)</b>	(4,155,995)
£ European Medium Term Notes	<b>(3,825,160)</b>	(3,966,581)
US\$ Medium Term Notes	<b>(783,222)</b>	(1,650,771)
	<b>(8,631,342)</b>	(9,773,347)
<b>Total borrowings</b>	<b>(10,837,786)</b>	(11,919,299)

	<b>30 June 2023</b> £'000	31 December 2022 £'000
<b>Maturity of borrowings</b>		
<b>In one year or less, or on demand</b>		
0% € European Medium Term Note 2023	<b>(429,033)</b>	(443,407)
0.125% € European Medium Term Note 2023	-	(664,906)

0.534% US\$ US Medium Term Note 2023	(988,091)	(1,037,639)
3.000% US\$ US Medium Term Note 2024	(789,320)	-
	(2,206,444)	(2,145,952)
<b>In more than one year, but not more than two years</b>		
1.375% € European Medium Term Note 2024	(856,195)	(884,229)
3.000% US\$ US Medium Term Note 2024	-	(828,516)
4.000% € European Medium Term Note 2025	(641,722)	-
	(1,497,917)	(1,712,745)
<b>In more than two years, but not more than five years</b>		
4.000% € European Medium Term Note 2025	-	(662,778)
1.000% € European Medium Term Note 2026	(599,807)	(619,781)
1.250% € European Medium Term Note 2026	(856,412)	(884,833)
3.375% £ European Medium Term Note 2027	(305,941)	(305,753)
	(1,762,160)	(2,473,145)
<b>In more than five years</b>		
1.25% £ European Medium Term Note 2028	(744,197)	(743,675)
1.375% € European Medium Term Note 2029	(427,083)	(441,246)
3.375% US\$ US Medium Term Note 2029	(783,222)	(822,254)
1.750% € European Medium Term Note 2030	(641,741)	(663,127)
5.250% £ European Medium Term Note 2033	(565,994)	(640,375)
1.625% £ European Medium Term Note 2035	(744,338)	(744,125)
6.375% £ European Medium Term Note 2039	(626,761)	(694,879)
5.250% £ European Medium Term Note 2042	(471,968)	(471,877)
4.250% £ European Medium Term Note 2045	(365,961)	(365,899)
	(5,371,265)	(5,587,457)
<b>Total borrowings</b>	<b>(10,837,786)</b>	<b>(11,919,299)</b>

## 9. Accruals and deferred income

	30 June 2023 £'000	31 December 2022 £'000
Amounts falling due within one year	(66,833)	(106,364)

Accruals relates to interest payable on borrowings (see Note 9).

## 10. Fair value of 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;
- Borrowings (European and US Medium Term Notes) - based on quoted market prices (a level 1 fair value measurement);
- Intercompany loans – approximates to the fair value of borrowings (European and US Medium Term Notes); and
- Receivables and payables – approximates to the carrying amount.

The carrying amounts and the fair values of the Company's financial assets and liabilities at 30 June 2023 and 31 December 2022 are illustrated below.

	30 June 2023		31 December 2022	
	Carrying value £'000	Fair value £'000	Carrying value £'000	Fair value £'000
Cash and cash equivalents	1	1	1	1
Loans and receivables:				
Other receivables	74,885	74,885	113,755	113,755
Amounts owed by Group undertakings	10,956,834	10,172,992	12,030,690	11,306,796
Total financial assets	11,031,720	10,247,878	12,144,446	11,420,552
Financial liabilities measured at amortised cost:				
£ European Medium Term Notes	(3,825,160)	(3,435,825)	(3,966,581)	(3,759,798)
€ European Medium Term Notes	(4,451,993)	(4,210,454)	(5,264,308)	(5,010,694)
US\$ US Medium Term Notes	(2,560,633)	(2,484,545)	(2,688,410)	(2,584,635)
	(10,837,786)	(10,130,824)	(11,919,299)	(11,355,127)
Other payables	(66,833)	(66,833)	(106,364)	(106,364)
Total financial liabilities	(10,904,619)	(10,197,657)	(12,025,663)	(11,461,491)
Net financial assets	127,101	50,221	118,783	(40,939)

The Company has no financial assets or liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost for which the fair value of £10,130,824,000 (31 December 2022: £11,355,127,000) as disclosed in the table above are categorised as Level 1, where quoted prices in active markets are used. Similarly, amounts owed by Group undertakings, which include the net proceeds of bond issuances advanced as loans, also approximate to the fair value of these financial liabilities. All other assets and liabilities approximate to the carrying amount.

#### 11. Adjustments reconciling operating profit to operating cash flows

	Period ended 30 June 2023 £'000	Period ended 30 June 2022 £'000
Operating profit	7,069	9,448
Adjustments:		
Decrease/ (increase) in other receivables	38,909	43,164
(Decrease) / increase in other payables	(39,531)	(48,215)
Exchange adjustments	1,148	(573)
Amortisation of bond costs	6,828	7,313
Reclassification of cash flow hedges to the income statement	1,209	1,769
	<b>8,563</b>	<b>3,458</b>
<b>Net cash (outflow) / inflow from operating activities</b>	<b>15,632</b>	<b>12,906</b>

#### 12. Called up share capital

	30 June 2023 Number of shares	31 December 2022 Number of shares	30 June 2023 £'000	31 December 2022 £'000
<b>Authorised</b>				
Ordinary shares of £1 each (31 December 2022: £1 each)	100,000	100,000	100	100
<b>Issued and fully paid</b>				
Ordinary shares of £1 each (31 December 2022: £1 each)	100,000	100,000	100	100

#### 13. Related party transactions

As a wholly owned subsidiary of the ultimate parent company, GSK plc, advantage has been taken of the exemption afforded by FRS 101 "Reduced Disclosure Framework" not to disclose any related party transactions within the Group. There are no other related party transactions.