

GlaxoSmithKline Capital plc
(Registered number: 02258699)

Interim Management Report

for the half year ended 30 June 2024

Registered office address:

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GlaxoSmithKline Capital plc
(Registered number: 02258699)

Interim Management Report

for the half year ended 30 June 2024

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GlaxoSmithKline Capital plc
(Registered number: 02258699)

Results announcement and interim management report for the half year ended 30 June 2024

Principal activities

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 Board does 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 2024 of £7,300,000 (2023: £5,408,000), which will be transferred to reserves. The Board is 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 2024 (2023: £nil).

At 30 June 2024, the Company had in issue £8,008,100,000 European Medium Term Notes and £783,934,000 US Medium Term Notes (31 December 2023: £8,137,595,000 and £1,561,717,000), which mature at dates between 2024 and 2045. All notes currently in issue pay interest on a fixed rate basis.

In June 2024, the Company repaid a USD 1 billion 3% USD Medium Term Note.

Principal risks and uncertainties

The Board has considered the accessibility of additional capital and the potential risk to liquidity for the Company. However, the Board of GSK plc manages the risks of the Group at a group level, rather than at an individual statutory entity level. For this reason, the Company's Board believes 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 2023 annual report which does not form part of this report.

Directors' responsibility statement

The Directors confirm that, to the best of their knowledge, this unaudited condensed financial information for the six months ended 30 June 2024 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.

GlaxoSmithKline Capital plc
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Results announcement and interim management report for the half year ended 30 June 2024

The Directors of the Company are:

Julie 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
23 July 2024

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 2024

	Note	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Other operating income / (expense)	2	(102)	(1,234)
Finance income	3	145,003	174,189
Finance expense	4	(135,358)	(165,886)
Operating profit		9,543	7,069
Profit before taxation		9,543	7,069
Taxation on profit	5	(2,243)	(1,661)
Profit for the financial period		7,300	5,408

GlaxoSmithKline Capital plc

Statement of comprehensive income for the half year ended 30 June 2024

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Profit for the financial period	7,300	5,408
Items that may be subsequently reclassified to the income statement:		
Reclassification of cash flow hedges to the income statement	1,163	1,209
Deferred tax on fair value movements on cash flow hedges	(291)	(302)
Other comprehensive income for the financial period	872	907
Total comprehensive income for the financial period	8,172	6,315

GlaxoSmithKline Capital plc

Balance sheet as at 30 June 2024

	Note	30 June 2024 £'000	31 December 2023 £'000
Non-current assets			
Deferred tax assets		2,076	2,367
Loans and receivables	6	7,443,891	8,133,931
Total non-current assets		7,445,967	8,136,298
Current assets			
Loans and receivables	6	1,488,726	1,696,382
Prepayments and accrued income	7	70,642	105,811
Cash and cash equivalents		1	1
Total current assets		1,559,369	1,802,194
Total assets		9,005,336	9,938,492
Current liabilities			
Trade and other payables		-	(69)
Corporation tax		(6,363)	(4,120)
Accruals and deferred income	9	(63,902)	(100,125)
Short-term borrowings	8	(1,479,461)	(1,651,681)
Total current liabilities		(1,549,726)	(1,755,995)
Net current assets		9,643	46,199
Total assets less current liabilities		7,455,610	8,182,497
Non-current liabilities			
Long-term borrowings	8	(7,312,573)	(8,047,632)
Total non-current liabilities		(7,312,573)	(8,047,632)
Total liabilities		(8,862,299)	(9,803,627)
Net assets		143,037	134,865
Equity			
Called up share capital	12	100	100
Other reserves		(6,225)	(7,097)
Retained earnings		149,162	141,862
Total equity		143,037	134,865

GlaxoSmithKline Capital plc

Statement of changes in equity for the half year ended 30 June 2024

	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
At 30 June 2023	100	(7,995)	133,858	125,963

	Called up share capital £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 January 2024	100	(7,097)	141,862	134,865
Profit for the financial period	-	-	7,300	7,300
Other comprehensive income for the financial period	-	872	-	872
At 30 June 2024	100	(6,225)	149,162	143,037

GlaxoSmithKline Capital plc

Cash flow statement for the half year ended 30 June 2024

		Period ended 30 June 2024	Period ended 30 June 2023
	Note	£'000	£'000
Cash flows from operating activities			
Operating profit		9,543	7,069
Adjustments reconciling operating profit to operating cash flows	11	4,656	8,563
Taxation paid		-	-
Net cash inflow from operating activities		14,199	15,632
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(786,600)	(796,983)
Loans provided to Group undertakings		-	-
Loan repayments received from Group undertakings		775,408	792,087
(Increase) / decrease in current accounts with Group undertakings		(3,007)	(10,736)
Net cash outflow from financing activities		(14,199)	(15,632)
Net movement in cash in the period		-	-
Cash at beginning of period		1	1
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 2024

1 Accounting presentation and policies

This unaudited Results Announcement containing condensed financial information for the six months ended 30 June 2024 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

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
The following items have been credited / (charged) in operating profit:		
Exchange gains/(losses) on foreign currency transactions	(102)	(1,234)

3 Finance income

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Interest income arising from loans with Group undertakings	145,003	174,189

4 Finance expense

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Interest expense arising on financial liabilities at amortised cost	(134,195)	(164,677)
Reclassification of cash flow hedge from other comprehensive income	(1,163)	(1,209)
Total finance expense	(135,358)	(165,886)

5 Taxation

	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Income tax expense on ordinary activities	£'000	£'000
Current tax:		
UK corporation tax at 23.5% (2023: 23.5%)	(2,243)	(1,661)
Total current tax	(2,243)	(1,661)
	Period ended 30 June 2024 £'000	Period ended 30 June 2023 £'000
Total tax (expense) / credit included in other comprehensive income	£'000	£'000
Deferred tax:		
Fair value movements on cash flow hedges	(291)	(302)
Total tax (expense) / credit included in other comprehensive income	(291)	(302)

6 Trade and other receivables

	30 June 2024 £'000	31 December 2023 £'000
Amounts due within one year		
Amounts owed by Group undertakings	1,488,726	1,696,382
	1,488,726	1,696,382
Amounts due after more than one year		
Long term deposits	60	57
Amounts owed by Group undertakings - loans	7,443,831	8,133,874
	7,443,891	8,133,931
	8,932,617	9,830,313

Amounts due within one year are deposits with Group undertakings of £57,685,000 (2023: £66,572,000) 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 £1,431,041,000 (2023: £1,629,810,000) which are unsecured with an interest rate charged between 1.79% and 4.3%.

GlaxoSmithKline Capital plc

Notes to the financial statements for the half year ended 30 June 2024

6 Trade and other receivables (continued)

Amounts due after more than one year include the net proceeds of bond issuances that have been advanced as loans to Group undertakings of £7,280,927,000 (2023: £7,981,806,000), which are unsecured with fixed interest charged between 1.048% and 6.50% per annum and repayable at maturity dates between 2025 and 2045.

Amounts due after more than one year also include a call account with GlaxoSmithKline Finance plc of £162,903,000 (2023: £152,068,000) 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

	30 June 2024 £'000	31 December 2023 £'000
Amounts due within one year	70,642	105,811

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

8 Borrowings

	30 June 2024 £'000	31 December 2023 £'000
Amounts falling due within one year		
Loans payable:		
€ European Medium Term Notes	(1,479,461)	(867,728)
US\$ Medium Term Notes	-	(783,953)
	(1,479,461)	(1,651,681)

Amounts falling due after more than one year

Loans payable:		
€ European Medium Term Notes	(2,491,578)	(3,208,106)
£ European Medium Term Notes	(3,828,139)	(3,826,646)
US\$ US Medium Term Notes	(783,934)	(777,764)
¥ European Medium Term Notes	(208,922)	(235,116)
	(7,312,573)	(8,047,632)

Total borrowings	(8,792,034)	(9,699,313)
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	30 June 2024 £'000	31 December 2023 £'000
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Maturity of borrowings

In one year or less, or on demand

1.375% € European Medium Term Note 2024	(845,686)	(867,728)
3.000% US\$ US Medium Term Note 2024	-	(783,953)
4.000% € European Medium Term Note 2025	(633,775)	-
	(1,479,461)	(1,651,681)

In more than one year, but not more than two years

1.250% € European Medium Term Note 2026	(845,160)	-
4.000% € European Medium Term Note 2025	-	(650,326)
	(845,160)	(650,326)

In more than two years, but not more than five years

0.883% ¥ European Medium Term Note 2028	(208,923)	(235,116)
1.250% € European Medium Term Note 2026	-	(867,566)
1.000% € European Medium Term Note 2026	(591,791)	(607,549)
3.375% £ European Medium Term Note 2027	(306,326)	(306,132)
1.25% £ European Medium Term Note 2028	(744,773)	(744,556)
3.375% US\$ US Medium Term Note 2029	(783,934)	-
	(2,635,747)	(2,760,919)

In more than five years

1.375% € European Medium Term Note 2029	(421,491)	(432,656)
1.750% € European Medium Term Note 2030	(633,135)	(650,009)
5.250% £ European Medium Term Note 2042	(472,156)	(472,062)
5.250% £ European Medium Term Note 2033	(566,592)	(566,291)
6.375% £ European Medium Term Note 2039	(626,935)	(626,847)
1.625% £ European Medium Term Note 2035	(745,265)	(744,733)
4.250% £ European Medium Term Note 2045	(366,092)	(366,025)
3.375% US\$ US Medium Term Note 2029	-	(777,764)

	(3,831,666)	(4,636,387)
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Total borrowings	(8,792,034)	(9,699,313)
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GlaxoSmithKline Capital plc

Notes to the financial statements for the half year ended 30 June 2024

9 Accruals and deferred income

	30 June 2024 £'000	31 December 2023 £'000
Amounts falling due within one year	(63,902)	(100,125)

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 2024 and 31 December 2023 are illustrated below.

	30 June 2024		31 December 2023	
	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	70,642	70,642	105,811	105,811
Amounts owed by Group undertakings	8,932,617	8,231,130	9,830,256	9,590,090
Total financial assets	9,003,260	8,301,773	9,936,068	9,695,902
Financial liabilities measured at amortised cost:				
£ European Medium Term Notes	(3,828,139)	(3,592,101)	(3,826,646)	(3,798,008)
€ European Medium Term Notes	(3,971,039)	(3,810,273)	(4,075,833)	(3,943,347)
US\$ US Medium Term Notes	(783,934)	(739,960)	(1,561,718)	(1,532,591)
¥ European Medium Term Notes	(208,922)	(209,583)	(235,116)	(234,549)
	(8,792,034)	(8,351,917)	(9,699,313)	(9,508,495)
Other payables	(63,902)	(63,902)	(100,194)	(100,194)
Total financial liabilities	(8,855,936)	(8,415,819)	(9,799,507)	(9,608,689)
Net financial assets	147,324	(114,046)	136,561	87,213

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 £8,415,819,000 (31 December 2023: £9,608,689,000) 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 2024 £'000	Period ended 30 June 2023 £'000
Operating profit	9,543	7,069
Adjustments:		
Decrease/ (increase) in other receivables	35,166	38,909
(Decrease) / increase in other payables	(36,292)	(39,531)
Exchange adjustments	86	1,148
Amortisation of bond costs	4,533	6,828
Reclassification of cash flow hedges to the income statement	1,163	1,209
	4,656	8,563
Net cash (outflow) / inflow from operating activities	14,199	15,632

GlaxoSmithKline Capital plc**Notes to the financial statements for the half year ended 30 June 2024****12 Called up share capital**

	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	Number of shares	Number of shares	£'000	£'000
Authorised				
Ordinary shares of £1 each (31 December 2023: £1 each)	100,000	100,000	100	100
Issued and fully paid				
Ordinary shares of £1 each (31 December 2023: £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.