

# Abbott Laboratories Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Registration number: 00329102

# **Abbott Laboratories Limited**

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## **Abbott Laboratories Limited**

### **Company Information**

<b>Directors</b>	N Harris K Peterson M Clayton
<b>Company secretary</b>	K Gogay
<b>Registered office</b>	Abbott House, Vanwall Business Park, Vanwall Road, Maidenhead, Berkshire, SL6 4XE, United Kingdom
<b>Registration number</b>	00329102
<b>Bankers</b>	BNP Paribas, 10 Harewood Avenue, London, NW1 6AA, United Kingdom
<b>Auditors</b>	Ernst & Young, Chartered Accountants Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

## Abbott Laboratories Limited

### Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

#### Principal Activity

The principal activity of the Company is the sale and distribution of a diverse range of healthcare products across nutrition, diagnostics and medical devices sectors in the United Kingdom (UK). There have not been any significant changes in the Company's principal activities in the year under review except as described below.

#### Results and Performance

The results of the Company for the year, as set out on pages 14 to 15, show an operating profit on continuing operations of £4,383,000 (2018: £5,993,000). The net assets of the Company, as presented on page 16, are £304,746,000 (2018: £319,113,000).

In early January 2019 the Company transferred its Vascular business as well as the Mitraclip product, which is part of the Structural Heart portfolio, to a 100% held subsidiary of the Company, Abbott Medical UK Limited. The purpose of this transfer was to align all parts of the Cardiovascular and Neuromodulation business within a single legal entity, better allowing customer needs to be addressed and the delivery of first class customer service. The results of the transferred business have been presented as discontinued operations.

The performance of the Company during 2019 has been strong. Sales of FreeStyle Libre, Abbott's ground-breaking Flash Glucose Monitoring system, continue to show strong and sustained growth. With effect from April 2019, NHS England began providing central funding for one in five people with type 1 diabetes. This funding makes FreeStyle Libre's life changing technology available to a greater number of users than ever before. In Nutrition, strong market growth continues to drive revenue growth. In Diagnostics, the ongoing roll out of Alinity, Abbott's family of next generation diagnostics systems, continues to drive growth as customers recognise the improvements it can bring to the speed, efficiency and accuracy of laboratories.

#### Key Performance Indicators (KPIs)

The Board monitors the progress of the Company through the following KPIs.

	2019	2018	
	£'000	£'000	
Turnover (continuing operations)	284,097	243,703	Rapid growth of Freestyle Libre supported by strong performance across the business
Operating profit (continuing operations)	4,383	5,993	Additional profit resulting from increased Freestyle Libre sales
Current ratio	194%	231%	Reflects movements in cash balances, inventory and trade receivables

#### Future Developments

The Directors aim to maintain the management policies which have resulted in the Company's growth in recent years. The Directors anticipate that, despite a challenging environment for the healthcare industry, the strong growth in sales and operating profit seen in recent years will continue into 2020 driven by key products such as FreeStyle Libre and Alinity.

Following the decision to leave the European Union, the Company has undertaken a robust process of contingency planning and operational execution to ensure readiness for the end of the transition period. The Company's primary aim is to maintain the continuity of supply of Abbott products to the patients that depend on them. The Company has actively engaged with the Department of Health and Social Care throughout its planning process and continues to keep monitoring the situation closely.

The impact of COVID-19 is set out in the post balance sheet events section of the Directors Report.

## **Abbott Laboratories Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Principal Risks and Uncertainties**

The process of risk assessment and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to management approval at an appropriate level and a regular review cycle is in place. Compliance with regulatory, legal and ethical standards is a high priority for the Company and the compliance team and finance teams take on an important oversight role in this regard.

The principal risks to which the business is exposed are described below.

**Competitive risks:** Competitive price pressures in the UK Healthcare sector could result in the Company losing sales to competitors. A significant proportion of sales are based on tenders which vary in length from around one year up to seven years or longer. Because of this, the outcome of a tender will potentially impact sales for an extended period. The same price pressure could also result in an erosion of prices over time thereby negatively impacting the Company's margin. This risk is managed through the constant development and refinement of products, new technologies and new ways of adding value for the customer.

**Financial risks:** A portion of the Company's purchases are denominated in Euro and US Dollars and it is therefore exposed to fluctuations in those currencies against the Pound Sterling. The Company hedges its foreign currency balance sheet position to minimise this risk. The Company also hedges its currency exposure to USD intra-group purchases over a time horizon of approximately 18 months via Abbott's centrally managed income hedge programme.

**Liquidity risk:** The Company actively manages working capital and is in a strong net current assets position. The Company is not reliant upon external funding or group support. In addition to this, it is constantly in a cash generative position. It is not anticipated that this is likely to change in the foreseeable future given the market share, established product portfolio along with strong customer relationships that have been established.

**Credit risk:** The company continually monitors credit exposure with all customers. A significant proportion of the Company's income is from the public sector with any bad debt risk considered to be very low.

**Political risks:** The Company has a Government Affairs function that actively monitors political developments that may impact on the business. Within this framework the potential impact of leaving the EU-exit transition period without a Free Trade Agreement has been considered and an extensive program of risk mitigation measures has been implemented, such as the implementation of UK warehousing for a number of business units, to ensure the associated risk is minimised.

**Legal and compliance risk:** The Company operates in several areas of the highly regulated Healthcare sector. Additionally, government regulation imposes increasing demands on companies to demonstrate that they are 'doing the right thing'. A failure to properly manage these requirements would expose the Company to the risk of reputational damage, fines, penalties and competitive disadvantage.

**Commercial execution risk:** The Company operates within a dynamic and competitive industry. Effective communication and engagement with customers are critical to the long-term success of the business. A failure to execute the right priorities and structures on a timely basis will compromise the ability of the Company to remain ahead of competitors in key market sectors.

## **Abbott Laboratories Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### **Section 172(1) Statement**

This section of the Strategic Report describes how the Directors have had regard to the matters set out in section 172(1) (a) to (f), and forms the Directors' statement required under section 414CZA, of The Companies Act 2006.

#### **Stakeholder Engagement**

Abbott is an active participant in the global dialogue on health and the broader role of business. We know that listening to our stakeholders is vital to our success. It enables us to respond with relevant, local solutions that meet people's changing needs and tackle the world's most important health challenges.

Our stakeholder engagement is conducted formally, through the many associations and partnerships of which we are members. We also seek to engage with stakeholders more informally, through networks and organisations in which we participate.

Our core values of Pioneering, Achieving, Caring and Enduring are the foundation of our identity as a company. They define how we do our work and serve our stakeholders. Aligning our organisation around this cohesive set of values is critical to the fulfilment of our mission and the achievement of our business goals.

- Pioneering: Bringing life-changing health technologies to the people who need it
- Achieving: Delivering customer-focused outcomes and world-class execution
- Caring: Helping people live fuller lives through better health
- Enduring: Managing the company to ensure its long-term success

Our local country businesses play an important role in forming relationships with stakeholders. We have defined a stakeholder engagement methodology to be used by each Abbott business and affiliate, which guides Abbott leaders in setting their local engagement strategies. We also require our local teams to review their stakeholder engagement strategies on a regular basis. We report the outcomes of local stakeholder engagement in country-level citizenship reports or at local stakeholder forums. Through our engagement, we aim to stay well informed on the major issues of concern to all stakeholders, wherever we operate.

At a local level, during 2019, the Directors undertook a variety of activities to engage with stakeholders and bring their voice into the boardroom.

#### **Customers**

Customers are at the heart of everything we do. During the year, the Directors received regular updates on key customer issues through a variety of channels, including direct attendance at customer meetings, key account reporting through individual divisional lines of management and relevant metrics in relation to the customer service and support teams. This interaction provides important intelligence regarding customer issues and challenges and informs all aspects of business strategy development.

#### **Employees**

Abbott is committed to helping employees to build a fulfilling life and a rewarding career. The Directors gather feedback from employees through regular town hall meetings, employee surveys and via the Joint Consultative Forum, an elected representative body. The Company regularly participates in the Great Places to Work survey and the Directors use this feedback to shape Human Resources strategies over the short, medium and long-term.

Abbott seeks to communicate with its employees through elected representative bodies, team briefs, internet, intranet and site-wide emails. Communication is viewed as critical to the success of the organisation to ensure employees understand the Company's business and Abbott Values. Abbott uses a range of channels internally and externally to communicate with employees and external stakeholders, including prospective employees. Internally, employees can find information on Abbott via its intranet site, Abbott World and aLIVE; and externally, Abbott utilises Twitter, LinkedIn and Facebook to share news and interesting stories.

## **Abbott Laboratories Limited**

### **Strategic Report for the Year Ended 31 December 2019 (continued)**

#### ***Employees (continued)***

Each division at Abbott has a clear and compelling business strategy. How an employee can contribute to business outcomes is captured in the performance management process during the annual goal setting process referred to as setting expectations, which is the driving force behind the process. This leads to an intentional discussion regarding development plans around the competencies needed to achieve these goals. Various aspects of remuneration, including the pay increase an employee receives, are closely linked to their performance.

Employees are also involved in the performance of the global Abbott corporation through participation in a UK employee share scheme. The scheme is available to all employees with a current participation rate of over 70%.

We ensure colleagues have a common awareness of the financial and economic factors affecting the Company's performance through quarterly presentations made by the UK and Ireland Finance Director to the Joint Consultative Forum. The minutes of these meetings, including the slides presented, are published to all employees. Additionally, similar presentations, which also include a summary of the performance of the global Abbott corporation, are made quarterly as part of town hall meetings at various Abbott locations around the UK.

Employee development is crucial to the success of the business. Each business unit holds Talent Management Reviews twice a year where development opportunities for all critical roles are discussed. Development plans are implemented to ensure vacancies are filled internally wherever possible.

#### ***Government***

The Directors recognise the importance of active engagement with government. A dedicated Government Affairs team co-ordinates interactions with government officials ensuring Abbott maintains the highest possible ethical and professional standards. The Government Affairs team works closely with the Directors, including the attendance of local board meetings, to identify areas in which Abbott's interests and those of the government and of patients naturally align.

#### ***Suppliers***

The Directors recognise the significant contribution that suppliers make to Abbott's business, notably in the area of service delivery to customers. Abbott's dedicated Procurement function is delegated responsibility for key supplier relationships at a country level and where the supplier supports the business on a regional or global basis. The Procurement team regularly meets with senior representatives of key suppliers to monitor performance and to identify further opportunities to develop long-lasting and mutually beneficial partnerships.

The Directors also engage directly with the most critical suppliers whose role is vital in ensuring the Company can meet its customer commitments.

#### ***Community and Environment***

As a healthcare leader, we strive to make a positive social impact on helping people live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs, and find measurable ways to address social challenges through our scientific and technical expertise.

## Abbott Laboratories Limited

### Strategic Report for the Year Ended 31 December 2019 (continued)

#### ***Community and Environment (continued)***

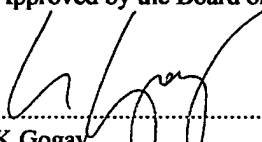
The Directors align to Abbott's environmental governance and management systems, which are driven by Abbott globally and exist as part of an integrated Environmental, Health and Safety (EHS) approach. Our EHS strategy focuses on identifying and mitigating EHS-related risk, ensuring business continuity and addressing our stakeholders' expectations that Abbott is a responsible corporate citizen. At the global level, our strategy includes systems and targets for reducing our greenhouse gas (GHG) emissions, our water use, and the volume and impact of our waste. Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support.

At a local level, the Directors acknowledge the importance of EHS as an integral part of Abbott's business operation. EHS is a standing agenda item at local board meetings and every Director takes an active role in promoting the importance of EHS matters within their organisations.

#### **How Stakeholder Interests Have Influenced Decision Making**

The Directors recognise the importance of engaging with stakeholders to help inform their strategy and decision-making. Through our engagement, we aim to stay well-informed of the major issues of concern to stakeholders wherever we operate. Relevant stakeholder interests, including those of customers, employees, suppliers and others are considered by the Directors when they take decisions. We define principal decisions as those that are material, or of strategic importance to the Company, and also those that are significant to any of our key stakeholder groups. In making their decisions, the Directors consider the outcomes of relevant stakeholder engagement and are mindful of their duties under the Companies Act including the specific requirements of section 172(1). The Directors also consider the need to maintain a reputation for high standards of business conduct, the need to act fairly between the members of the Company and the long-term consequences of their decisions.

Approved by the Board on 11 February 2021 and signed on its behalf by:

  
.....  
K Gogay  
Company secretary



## **Abbott Laboratories Limited**

### **Directors' Report for the Year Ended 31 December 2019**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2019.

#### **Directors and Company Secretary of the Company**

The Directors and Company Secretary who held office during the year and up to the date of approval of the financial statements, were as follows:

N Harris

B Yoor (resigned 16 January 2019)

G Mountrichas (resigned 23 March 2020)

K Peterson (appointed 16 January 2019)

The following Director was appointed after the year end:

M Clayton (appointed 23 March 2020)

Company Secretary

K Gogay

#### **Financial risk management**

The Company's approach to financial risk management is described in the Strategic Report.

#### **Dividends**

The Directors do not recommend the payment of a dividend (2018: £Nil).

#### **Restructuring Activities**

The Company transferred its Structural Heart and Vascular business to Abbott Medical UK Limited, a 100% held subsidiary of the Company, in January 2019. This transfer aligned all parts of the Cardiovascular and Neuromodulation business units in the same legal entity. The results of the transferred business are presented as discontinued operations. The transfer was made on a no loss no gain basis with consideration received in the form of additional shares issued by Abbott Medical UK Limited to the Company at a premium.

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged if required. Company policy and practice ensure that there is no discrimination against disabled people regarding training, career development and promotion opportunities.

#### **Employee involvement**

The Company places considerable value on the involvement of its employees and has continued to keep its employees informed on matters affecting them as employees and the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and by electronic communications. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Employees participate directly in the success of the business through the Company's profit-sharing schemes and are encouraged to invest in the Company through participation in share purchase and option schemes.

## **Abbott Laboratories Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

#### **Future developments**

Future developments are described within the Strategic Report.

#### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company generated a net profit of £8,242,000 (2018: £18,579,000), has a net asset position of £304,746,000 (2018: £319,113,000) and current assets of the Company exceed its current liabilities by £73,262,000 (2018: £82,129,000). Trading profits are expected to continue in the foreseeable future.

The impact of COVID-19 is set out in the Post balance sheet events section below.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

#### **Regulation 13 of the Miscellaneous Reporting Regulations 2018**

Compliance with this requirement is discussed within the Section 172(1) Statement as part of the Strategic Report.

#### **Disclosure of information to the auditors**

In the case of each persons who are directors at the time the Directors' Report and financial statements are approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- each Director has taken steps that ought to have been taken by the Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of this information.

#### **Auditors**

The auditor, Ernst & Young, Chartered Accountants and Statutory Audit Firm will continue in office in accordance with section 487(2) of the Companies Act 2006.

#### **Post Balance sheet events**

On 11 March 2020 the World Health Organization (WHO) declared a global pandemic related to coronavirus (COVID-19). On 23 March 2020 the UK Government imposed a partial lockdown to control the spread of the virus. During 2020, the coronavirus pandemic affected Abbott's diversified healthcare products divisions in various ways. Some businesses faced challenges, others have been relatively stable, and still others are performing at the levels required to successfully meet new customer demands. On an aggregated basis, the Company outperformed its financial targets in 2020. As social distancing restrictions begin to be lifted, the Company's main customer is expected to transition towards the operating model and product demand levels in place before the pandemic arose. The impact of this transition is expected to be positive over the remaining part of 2021.

The Company is continually implementing business continuity plans in the face of the global crisis. Due to the critical nature of its products and services, the Company is generally exempt from government directives to restrict or cease operations. To protect its employees, the majority of office-based work is being conducted remotely and the Company has implemented strict travel restrictions. The Company has taken aggressive steps to limit exposure and enhance the safety of its facilities for employees working to continue to supply healthcare products to hospitals and other customers.

## **Abbott Laboratories Limited**

### **Directors' Report for the Year Ended 31 December 2019 (continued)**

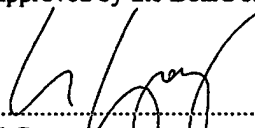
#### **Post Balance sheet events (continued)**

The Abbott group has mobilized its teams across multiple fronts to develop and launch new diagnostic tests for COVID-19. In March 2020, the Abbott group launched a molecular test on its m2000™ RealTime lab-based platform to detect COVID-19 after receiving a CE Mark. In April 2020, the Abbott group launched a serology blood test on its ARCHITECT® i1000SR and i2000SR laboratory instruments for the detection of an antibody to determine if someone was previously infected. The serology test was granted a CE Mark on April 24, 2020.

In May 2020, the Abbott group added another new tool in the fight against the pandemic, announcing a new immunoglobulin (IgG) antibody blood test that runs on the Alinity i system. The Abbott group has also launched a new molecular test for novel coronavirus. In total, the Abbott group has now launched five COVID-19 tests - three molecular detection tests and two antibody tests.

Due to uncertainties regarding the duration and impact of the current COVID-19 pandemic, the Abbott group is unable to reliably predict the extent to which the COVID-19 pandemic may have a material effect on its business, financial condition or results of operations.

Approved by the Board on 11 February 2021 and signed on its behalf by:

  
.....  
K Gogay  
Company secretary

## **Abbott Laboratories Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with FRS102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("relevant financial reporting framework"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with company law.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements, Strategic Report and Directors' Report comply with company law and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT LABORATORIES LIMITED**

### **Opinion**

We have audited the financial statements of Abbott Laboratories Limited for the year ended 31 December 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

*Continued / ...*



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT LABORATORIES LIMITED  
(Continued)**

**Other information (Continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Continued / ...*



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBOTT LABORATORIES LIMITED  
(Continued)**

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Feargal De Freine'.

Feargal De Freine (Senior Statutory Auditor)  
for and on behalf of Ernst & Young Chartered Accountants and Statutory Auditor

Dublin

16 February 2021

**Abbott Laboratories Limited**

**Profit and Loss Account for the Year Ended 31 December 2019**

	Note	2019 Continuing operations £ 000	2018 Continuing operations £ 000	2018 Discontinued operations £ 000	2018 Total £ 000
Turnover	3	284,097	243,703	29,521	273,224
Cost of sales		<u>(193,647)</u>	<u>(163,326)</u>	<u>(20,017)</u>	<u>(183,343)</u>
Gross profit		90,450	80,377	9,504	89,881
Distribution costs		(13,397)	(11,410)	(13)	(11,423)
Administrative expenses		<u>(72,670)</u>	<u>(62,974)</u>	<u>(7,687)</u>	<u>(70,661)</u>
Operating profit	4	4,383	5,993	1,804	7,797
Interest receivable and similar income	5	4,885	3,891	-	3,891
Interest payable and similar charges	6	<u>(547)</u>	<u>(384)</u>	-	<u>(384)</u>
Profit before tax		8,721	9,500	1,804	11,304
Taxation	10	<u>(479)</u>	<u>7,275</u>	-	<u>7,275</u>
Profit for the financial year		<u>8,242</u>	<u>16,775</u>	<u>1,804</u>	<u>18,579</u>

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 19 to 43 form an integral part of these financial statements.



**Abbott Laboratories Limited**

**Statement of Comprehensive Income for the Year Ended 31 December 2019**

	<b>2019</b> <b>£ 000</b>	<b>2018</b> <b>£ 000</b>
Profit for the financial year	<u>8,242</u>	<u>18,579</u>
Unrealised (loss)/gain on cash flow hedges	(7,125)	9,993
Movement on deferred tax relating to cash flow hedges	1,211	(1,748)
Remeasurement movement on defined benefit pension scheme	(22,800)	34,400
Movement on deferred tax relating to defined benefit pension scheme	<u>5,804</u>	<u>(5,542)</u>
	<u>(22,910)</u>	<u>37,103</u>
Total comprehensive (loss)/income for the year	<u>(14,668)</u>	<u>55,682</u>

The notes on pages 19 to 43 form an integral part of these financial statements.  
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**Abbott Laboratories Limited**  
**(Registration number: 00329102)**  
**Balance Sheet as at 31 December 2019**

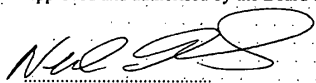
	Note	2019 £ 000	2018 £ 000
<b>Fixed assets</b>			
Intangible assets	11	-	903
Tangible assets	12	47,555	29,035
Investments in subsidiaries	13	87,463	82,463
		<u>135,018</u>	<u>112,401</u>
<b>Current assets</b>			
Stocks	14	13,122	12,520
Debtors	15	129,590	119,585
Cash at bank and in hand		11,255	12,875
		<u>153,967</u>	<u>144,980</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(80,705)</u>	<u>(62,851)</u>
<b>Net current assets</b>		<u>73,262</u>	<u>82,129</u>
<b>Total assets less current liabilities</b>		208,280	194,530
<b>Creditors: amounts falling due after more than one year</b>	16	(9,608)	-
<b>Provisions for liabilities</b>	10	<u>(21,726)</u>	<u>(25,517)</u>
<b>Net assets excluding pension asset</b>		176,946	169,013
Net pension asset	17	<u>127,800</u>	<u>150,100</u>
<b>Net assets</b>		<u>304,746</u>	<u>319,113</u>

The notes on pages 19 to 43 form an integral part of these financial statements.  
Page 16

**Abbott Laboratories Limited**  
**(Registration number: 00329102)**  
**Balance Sheet as at 31 December 2019 (continued)**

	Note	2019 £ 000	2018 £ 000
<b>Capital and reserves</b>			
Called up share capital	18	106,842	106,842
Share premium reserve	19	30,403	30,403
Other reserves	19	15,506	21,119
Profit and loss account	19	<u>151,995</u>	<u>160,749</u>
<b>Total equity</b>		<u><u>304,746</u></u>	<u><u>319,113</u></u>

Approved and authorised by the Board on 11 February 2021 and signed on its behalf by:



N Harris  
Director

**Abbott Laboratories Limited**

**Statement of Changes in Equity for the Year Ended 31 December 2019**

	<b>Called up share capital (Note 18) £ 000</b>	<b>Share premium reserve (Note 19) £ 000</b>	<b>Other reserves (Note 19) £ 000</b>	<b>Profit and loss account (Note 19) £ 000</b>	<b>Total £ 000</b>
At 1 January 2019	106,842	30,403	21,119	160,749	319,113
Profit for the financial year	-	-	-	8,242	8,242
Other comprehensive loss	-	-	(5,914)	(16,996)	(22,910)
Total comprehensive loss	-	-	(5,914)	(8,754)	(14,668)
Share based payment transactions	-	-	301	-	301
At 31 December 2019	106,842	30,403	15,506	151,995	304,746
	<b>Called up share capital (Note 18) £ 000</b>	<b>Share premium reserve (Note 19) £ 000</b>	<b>Other reserves (Note 19) £ 000</b>	<b>Profit and loss account (Note 19) £ 000</b>	<b>Total £ 000</b>
At 1 January 2018	76,144	21,501	13,175	113,312	224,132
Profit for the financial year	-	-	-	18,579	18,579
Other comprehensive income	-	-	8,245	28,858	37,103
Total comprehensive income	-	-	8,245	47,437	55,682
Other share capital movements	30,698	8,902	-	-	39,600
Share based payment transactions	-	-	(301)	-	(301)
At 31 December 2018	106,842	30,403	21,119	160,749	319,113

The notes on pages 19 to 43 form an integral part of these financial statements.

# **Abbott Laboratories Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2019**

### **1 General information**

The Company is a private company limited by share capital incorporated and domiciled in England & Wales.

These financial statements were authorised for issue by the Board on 11 February 2021.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Key estimates and judgements are discussed on pages 20 to 21.

#### **Statement of compliance**

These financial statements have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

#### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except if otherwise disclosed in the accounting policies.

The Company is a qualifying entity as defined by FRS 102 and has taken advantage of the exemptions from the following disclosure requirements of FRS102:

Statements of Cash Flows as per section 3.17 (d)

Basic Financial Instruments as per sections 11.39 to 11.48A

Other Financial Instrument Issues as per sections 12.26 to 12.29

Share based payments as per sections 26.18(b), 26.19 to 26.21, 26.23

Related Party Disclosures as per sections 33.1A and 33.7.

#### **Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company generated a net profit of £8,242,000 (2018: £18,579,000), has a net asset position of £304,746,000 (2018: £319,113,000) and current assets of the Company exceed its current liabilities by £73,262,000 (2018: £82,129,000). Trading profits are expected to continue in the foreseeable future.

The impact of COVID-19 is set out in Note 24, Post balance sheet events.

Accordingly, the Directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Exemption from preparing group accounts**

The financial statements contain information about Abbott Laboratories Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Abbott Laboratories, a company incorporated in USA.

##### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimations and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### **Judgements**

###### **Operating leases:**

The Company has entered into commercial property leases as a lessee to obtain the use of the properties. The classification of such leases as operating or finance leases requires the Company to determine, based on evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the financial statements.

##### **Key sources of estimation uncertainty**

###### **Impairment of investments in subsidiaries**

At the end of each reporting period, the carrying amounts of the Company's equity investments are reviewed to determine whether there is any indication or objective evidence of impairment, as appropriate, and if any such indication or objective evidence exists, the recoverable amount of the asset is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss account.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the profit or loss account.

###### **Pension and other post employment benefits**

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Key sources of estimation uncertainty**

###### **Goodwill**

The Company establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

###### **Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the UK tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the company and the responsible tax authority.

Management estimation is required to determine the amounts of deferred tax assets that can be recognised, based upon likely timing and level of future profits together with an assessment of the effect of future tax planning strategies.

###### **Provision for estimated irrecoverable debtors**

Provision for estimated irrecoverable debtors is determined using a combination of factors to ensure that trade debtors are not overstated due to uncertainty of recoverability. The allowance for estimated irrecoverable debtors for all customers is based on a variety of factors, including the overall quality and ageing of receivables and continuing credit evaluation of the customer's financial conditions. Also, specific allowances for individual accounts are recorded when the Company becomes aware of the customer's inability to meet its financial obligations.

###### **Provision for Stock Allowance**

The Company's product range is subject to changing consumer demands, expiries and technological changes. As a result it is necessary to consider the recoverability of the cost of stock and associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

##### **Financial assets and liabilities**

###### **Financial instruments**

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

###### **i. Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **ii. Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **iii. Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Revenue recognition**

Turnover from product sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the goods are delivered to the customer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Turnover is reported net of a provision for customer rebates. Within the Company's Diagnostics division, certain selling arrangements include multiple products and services. Revenue is recognised upon delivery of the product or performance of the service and is allocated based on the relative selling price of each deliverable, which is based primarily on vendor specific objective evidence. Turnover is net of VAT.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rate at the balance sheet date or, where appropriate, at the rates of exchange in a related forward exchange contract. Exchange differences are included in the profit and loss account. The Company also enters into cash flow hedge transactions. To the extent that the hedge is considered to be effective the cumulative gain or loss on the forward contract is recognised in other comprehensive income. Amounts are transferred to the profit and loss account in the period in which the hedged cash flows impact profit or loss.



## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### **Taxation**

UK corporation tax is provided at amounts expected to be paid, or recovered, using the tax rates and laws enacted or substantially enacted at the balance sheet date.

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in different periods from those in which they are recognised in the financial statements. A net deferred tax asset is recognised as recoverable only when, on the basis of available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

##### **Investments in subsidiaries**

Investments in subsidiaries are initially recognised at fair value, which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit and loss). Subsequently, investments in subsidiaries are carried at cost less provision for impairment.

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost less any accumulated depreciation and accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Leasehold land and buildings	Straight line 5 - 10 %
Furniture, fittings and equipment	Straight line 8 - 50%

Properties under construction are not depreciated until they are brought into use.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

##### **Goodwill**

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life. Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination. If a subsidiary, associate or business is subsequently sold or discontinued, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or discontinuance.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

Amortisation is provided on goodwill so as to write off the cost, less any estimated residual value, over its useful life as follows:

Goodwill - Straight line 5%

#### **Trade debtors**

Trade debtors are amounts due from customers for stock sold or services rendered in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value. The cost is based on the latest purchase price. Net realisable value is based on nominal selling price, less anticipated applicable selling costs. Provision is made for slow moving or obsolete stock, where appropriate.

#### **Cash at bank and in hand**

Cash at bank and in hand in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Leases**

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms or their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital payments outstanding.

Assets held under operating leases are charged in the profit and loss account on a straight-line basis over the term of the lease, even if payments are not made on such a basis.

Lease payments receivable are apportioned between repayments of capital and interest so as to give a constant periodic rate of return on the net cash investment in the lease.

Sale and leaseback transactions entered into by the Company that result in a finance lease are accounted for as finance leases as set out above. Any excess of sales proceeds over the carrying amount arising from such transactions is deferred and amortised over the lease term.

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 2 Accounting policies (continued)

##### **Defined contribution pension obligation**

Contributions to the defined contribution scheme are recognised in the profit and loss account in the period in which they become payable. Contributions by the Company and the employee are held within the Legal and General Master Trust which is administered by separate trustees.

##### **Defined benefit pension obligation**

The Company operates a defined benefit pension scheme for employees under which contributions by employees and the Company are held by a separately administered trustee company. The scheme was closed to new entrants in June 2015 from which time membership of a defined contribution scheme was available.

The cost of providing benefits under the defined benefit scheme is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or curtailment occur the change in the present value of the scheme liabilities and the fair value of the scheme assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the defined benefit net pension asset by the discount rate at the start of the period taking into account any changes in the defined benefit net asset during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit asset (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined benefit net asset or liability in the balance sheet comprises the total value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of scheme assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is recognised to the extent that it can be recovered through reduced future contributions or a refund.

Abbott Laboratories Limited is the sponsoring employer of the defined benefit scheme as it is the principal employer. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual group entities and therefore the Company has recognised the entire net defined benefit cost and relevant net defined benefit asset of the scheme in its individual financial statements.

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **2 Accounting policies (continued)**

##### **Share based payments**

The Company has applied the requirements of section 26 of FRS102. The ultimate parent company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations, including forfeiture. The Company also provides employees with the ability to purchase the ultimate parent company's ordinary shares at the current market value via a deduction from gross pay. The Company operates a matching arrangement under which additional shares are purchased and held for the employee. The Company records an expense of the actual cost of matching shares purchased.

##### **Derivatives**

Abbott Laboratories (the ultimate parent company) enters into foreign currency forward exchange contracts on behalf of the Company, to manage currency exposures for foreign currency intercompany trade receivable or payable balances which are denominated in a currency other than the functional currency of the entity. These are recorded on the balance sheet at fair value and accounted for at fair value through equity.

##### **Provisions for liabilities**

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### **Reserves**

###### **Share premium reserve**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

###### **Other reserves**

Other reserves includes the cash flow hedge reserve, which is used to record transactions arising from the Company's cash flow hedging arrangements. In addition, it includes the capital contribution reserve which records the share based payment transactions.

##### **Profit and Loss Account**

The profit and loss account holds the retained earnings of the Company, after the deduction of any dividends paid.

##### **Discontinued operations**

The Company recognises as discontinued operations components which have been disposed of which represented a separate major line of business or geographical area of operation, which were part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation.

#### **3 Turnover**

The analysis of the Company's turnover for the year is as follows:

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 3 Turnover (continued)

	2019 £ 000	2018 £ 000
Sale of goods	226,469	225,890
Rendering of services	57,628	47,334
	<u>284,097</u>	<u>273,224</u>

The total turnover of the Company for the financial year has been derived from its principal activities wholly undertaken in the United Kingdom.

### 4 Operating profit

This is stated after charging/(crediting)

	2019 £ 000	2018 £ 000
Depreciation of tangible assets	8,326	7,815
Amortisation of goodwill	-	129
Depreciation of assets held under finance leases	1,526	-
Foreign exchange losses/(gains)	162	(727)
Operating lease expense - plant and machinery	1,050	1,037
Operating lease expense - other	3,191	3,007
Loss on disposal of tangible assets	88	9

### 5 Interest receivable and similar income

	2019 £ 000	2018 £ 000
Interest income on defined benefit pension (net) (Note 17)	4,600	3,100
Interest income on bank deposits	9	18
Other finance income - interest income on loans to group entities (Note 15)	276	773
	<u>4,885</u>	<u>3,891</u>

### 6 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest on bank overdrafts and borrowings	5	4
Interest on finance leases	542	-
Interest payable on loans from group entities (Note 16)	-	380
	<u>547</u>	<u>384</u>

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 7 Staff costs

The aggregate payroll costs (including Directors' remuneration) were as follows:

	2019 £ 000	2018 £ 000
Wages and salaries	46,216	50,004
Social security costs	5,602	5,569
Pension costs, defined contribution scheme (Note 17)	2,409	1,960
Pension costs, defined benefit scheme (Note 17)	3,977	5,151
Share-based payment expenses	3,520	3,179
	<u>61,724</u>	<u>65,863</u>

The average number of persons employed by the Company (including Directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Administration and support	500	522
Distribution	33	31
	<u>533</u>	<u>553</u>

### 8 Directors' remuneration

The Directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration in respect of qualifying services	986	1,074
Pensions - defined contribution scheme	29	9
Pensions - defined benefit scheme	-	80
Long term incentive plans	83	145
	<u>1,098</u>	<u>1,308</u>

During the year the number of Directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Received or were entitled to receive shares under long term incentive schemes	2	4
Exercised share options	-	1
Accruing benefits under defined benefit pension scheme	-	2
Accruing benefits under defined contribution pension scheme	1	1

In respect of the highest paid director:

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 8 Directors' remuneration (continued)

	2019 £ 000	2018 £ 000
Remuneration in respect of qualifying services	758	792
Defined benefit accrued pension entitlement at the end of the year	-	27

### 9 Auditors' remuneration

	2019 £ 000	2018 £ 000
Audit of the financial statements	44	28
Taxation services	25	67
	<u>69</u>	<u>95</u>

### 10 Taxation

Tax charged/(credited) in the income statement.

	2019 £ 000	2018 £ 000
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	-	(7,541)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>479</u>	<u>266</u>
Tax expense/(credit) in profit and loss	<u>479</u>	<u>(7,275)</u>

The tax on profit before tax for the year differs from the standard rate of corporation tax in the UK of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Profit before tax	<u>8,721</u>	<u>11,304</u>
Corporation tax at standard rate	1,657	2,148
Effect of expense not deductible in determining taxable profit	402	1,410
Deferred tax expense relating to changes in tax rates or laws	45	24
Decrease in UK and foreign current tax from adjustment for prior periods	-	(7,541)
Tax decrease arising from group relief	<u>(1,625)</u>	<u>(3,316)</u>
Total tax charge/(credit)	<u>479</u>	<u>(7,275)</u>

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 10 Taxation (continued)

The adjustment for tax in prior periods of £7,541,000 in 2018 reflects group tax losses surrendered to the company from a fellow group undertaking. Subsequent to the approval of the prior year financial statements on 21 September 2018, the tax position of the group undertaking was finalized and the availability of the group relief was confirmed.

#### Deferred tax

Deferred tax assets and liabilities are as follows:

	Asset £ 000	Liability £ 000
<b>2019</b>		
Accelerated tax depreciation	1,239	-
Other timing differences	1,187	-
Pension asset	-	21,726
	<u>2,426</u>	<u>21,726</u>
	2,426	21,726
<b>2018</b>		
Accelerated tax depreciation	1,729	-
Other timing differences	826	-
Pension asset	-	25,517
	<u>2,555</u>	<u>25,517</u>
	2,555	25,517

The deferred tax asset arising from accelerated tax depreciation and other timing differences are included in Debtors (Note 15). The deferred tax liability relating to the pension asset is presented as Provisions for liabilities in the balance sheet.

### 11 Intangible assets

	Goodwill £ 000	Total £ 000
<b>Cost or valuation</b>		
At 1 January 2019	2,579	2,579
Transfer to group undertaking (Note 13)	<u>(2,579)</u>	<u>(2,579)</u>
At 31 December 2019	<u>-</u>	<u>-</u>
<b>Amortisation</b>		
At 1 January 2019	1,676	1,676
Transfer to group undertaking (Note 13)	<u>(1,676)</u>	<u>(1,676)</u>
At 31 December 2019	<u>-</u>	<u>-</u>
<b>Carrying amount</b>		
At 31 December 2019	<u>-</u>	<u>-</u>



## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 11 Intangible assets (continued)

	<b>Goodwill £ 000</b>	<b>Total £ 000</b>
At 31 December 2018	<u>903</u>	<u>903</u>

Goodwill relates to the Structural Heart and Vascular business, which was transferred to Abbott Medical UK Limited in January 2019 (Note 13).

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 12 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Properties under construction £ 000	Total £ 000
<b>Cost or valuation</b>				
At 1 January 2019	5,146	84,747	137	90,030
Additions	38	29,343	239	29,620
Disposals	(3)	(5,734)	-	(5,737)
Transfers	-	137	(137)	-
At 31 December 2019	<u>5,181</u>	<u>108,493</u>	<u>239</u>	<u>113,913</u>
<b>Depreciation</b>				
At 1 January 2019	2,209	58,786	-	60,995
Charge for the year	400	9,452	-	9,852
Disposals	(2)	(4,487)	-	(4,489)
At 31 December 2019	<u>2,607</u>	<u>63,751</u>	<u>-</u>	<u>66,358</u>
<b>Carrying amount</b>				
At 31 December 2019	<u>2,574</u>	<u>44,742</u>	<u>239</u>	<u>47,555</u>
At 31 December 2018	<u>2,937</u>	<u>25,961</u>	<u>137</u>	<u>29,035</u>

Included in Furniture, fittings and equipment are assets held under finance leases with a net carrying value of £8,814,000 (2018: £nil).

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 13 Investments in subsidiaries

	2019 £ 000	2018 £ 000
Investments in subsidiaries	<u>87,463</u>	<u>82,463</u>
<b>Subsidiaries</b>		<b>£ 000</b>
<b>Cost or valuation</b>		
At 1 January 2019 and at 31 December 2018		99,022
Additions		<u>5,000</u>
At 31 December 2019		<u>104,022</u>
<b>Provision</b>		
At 1 January 2019		(16,559)
Provision for impairment		<u>-</u>
At 31 December 2019		<u>(16,559)</u>
<b>Carrying amount</b>		
At 31 December 2019		<u>87,463</u>
At 31 December 2018		<u>82,463</u>

#### Additions

In January 2019 the Vascular business and the Mitraclip product from Abbott's Structural Heart portfolio were transferred to Abbott Medical UK Limited in return for shares issued at a premium.

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 13 Investments in subsidiaries (continued)

##### Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital were as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Abbott Diabetes Care Limited	England and Wales	Ordinary	100%	100%
Murex Biotech Limited	England and Wales	Ordinary	100%	100%
Abbott Laboratories Trustee Company Limited	England and Wales	Ordinary	100%	100%
Abbott Medical UK Limited	England and Wales	Ordinary	100%	100%

The principal activity of Abbott Diabetes Care Limited is healthcare.

The principal activity of Murex Biotech Limited is the provision of administrative services to group companies.

The principal activity of Abbott Laboratories Trustee Company Limited is acting as a pension trustee.

The principal activity of Abbott Medical UK Limited is healthcare.

All investments in subsidiaries are unlisted and held at cost less impairment as fair value cannot be reliably determined.

In early January 2019, the Company transferred its Vascular business as well as the Mitraclip product, which is part of the Structural Heart portfolio, to a 100% held subsidiary of the Company, Abbott Medical UK Limited as part of a strategic group reorganisation. The purpose of this transfer was to align all parts of the Cardiovascular and Neuromodulation business within a single legal entity, better allowing customer needs to be addressed and the delivery of first class customer service. The results of the transferred Vascular business have been presented as discontinued operations in the Profit and Loss Account.

As consideration for the transfer of the Company's Vascular business to Abbott Medical UK Limited, the Company received additional shares issued to the Company at a premium by Abbott Medical UK Limited to the total value of £5,000,000. The additional shares consisted of 1,000 ordinary shares with a nominal value of £1 per share issued at a premium of £4,998.92 per share. The assets and liabilities and their transfer values were:

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 13 Investments in subsidiaries (continued)

	2019 £ 000
<b>Assets</b>	
Goodwill	903
Trade debtors	4,857
Amounts owed by group entities	308
Inventory	2,222
Prepayments and other debtors	536
<b>Total assets</b>	<b>8,826</b>
<b>Liabilities</b>	
Trade creditors	(301)
Amounts due to group entities	(1,801)
Accruals and other creditors	(1,724)
<b>Total liabilities</b>	<b>(3,826)</b>
<b>Share capital issued at a premium by Abbott Medical UK Limited</b>	<b>5,000</b>

There was no profit or loss realised on the group reorganisation at date of transfer.

### 14 Stocks

	2019 £ 000	2018 £ 000
Finished goods and goods for resale	13,122	12,520

### 15 Debtors

	2019 £ 000	2018 £ 000
<b>Amounts falling due within one year</b>		
Trade debtors	50,889	51,189
Amounts owed by group entities	55,131	36,705
Other debtors	6,017	16,164
Prepayments	3,890	3,486
Corporation tax receivable	11,237	9,486
<b>Amounts falling due after more than one year</b>		
Deferred tax assets	2,426	2,555
<b>Total debtors</b>	<b>129,590</b>	<b>119,585</b>

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 15 Debtors (continued)

Trade debtors are non-interest bearing, generally on 30 day terms and stated after having made provisions for doubtful debts of £974,000 (2018: £737,000).

Amounts owed by group entities include trading balances of £12,535,000 (2018: £5,641,000) and loan balances of £42,596,000 (2018: £31,064,000). Trading balances owed by group entities are interest free, unsecured and repayable on demand. Loan balances owed by group entities are interest bearing, are unsecured and repayable on demand.

Due to their short maturities, the fair value of trade debtors and amounts owed by group companies approximate their book values.

#### 16 Creditors

	2019 £ 000	2018 £ 000
<b>Due within one year</b>		
Trade creditors	25,409	19,704
Amounts due to group entities	25,569	18,085
Social security and other taxes	6,526	6,652
Deferred revenue	1,411	-
Accrued expenses	20,608	18,144
Corporation tax liability	-	266
Obligations under finance leases	1,182	-
	<u>80,705</u>	<u>62,851</u>
<b>Due after one year</b>		
Deferred revenue	1,776	-
Obligations under finance leases	7,832	-
	<u>9,608</u>	<u>-</u>

Trade creditors are non-interest bearing and it is the Company's policy to pay within the stated terms which typically vary from 60 - 90 days from receipt of the invoice.

Amounts due to group entities include trading balances of £25,569,000 (2018: £18,085,000) and no loan balances. Trading balances due to group entities are interest free, unsecured and repayable on demand.

Due to their short maturities, the fair value of trade creditors and amounts owed to group companies approximate their book values.

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 17 Pension and other schemes

##### Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £2,409,000 (2018 - £1,960,000).

##### Defined benefit pension schemes

###### Defined Benefit scheme

The Company participates in the Abbott Laboratories Pension Fund. This is a multi-employer defined benefit scheme for companies in the Abbott Laboratories group of companies, the assets and liabilities of which are held independently from the group.

The data provided for scheme assets and liabilities relates to the entire pension fund and does not relate to the share of each individual company that participates in the scheme. Contributions paid in the year relate to that portion of annual contributions due from the Company.

Guaranteed Minimum Pension ("GMP") is a portion of pension that was accrued by individuals who were contracted out of the State Second Pension prior to 6 April 1997. Historically, there was an inequality of benefits between male and female members who have GMP. A High Court case concluded on 26 October 2018 which confirmed that GMPs need to be equalised. The Court did not specify the method to use to equalise GMP but did set out a number of possible approaches. The cost of GMP equalisation was recognised as a past service cost in the 2018 pension cost. The present value of defined benefit obligations as at 31 December 2019 include an allowance of 0.1% for the expected cost of equalising GMP between males and females.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. The figures below are based on the latest full actuarial valuation as updated to the balance sheet date by a qualified actuary.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £3,977,000 (2018 - £5,151,000).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £Nil (2018 - £Nil).

##### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the statement of financial position are as follows:

	2019 £ 000	2018 £ 000
Fair value of scheme assets	856,700	760,600
Present value of defined benefit obligation	(728,900)	(610,500)
Defined benefit pension scheme surplus	<u>127,800</u>	<u>150,100</u>

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 17 Pension and other schemes (continued)

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2019 £ 000
Present value at start of year	610,500
Current service cost	13,300
Interest cost	18,200
Actuarial losses	98,300
Benefits paid	(11,500)
Contributions by scheme participants	100
Present value at end of year	<u>728,900</u>

#### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2019 £ 000
Fair value at start of year	760,600
Interest income	22,800
Return on plan assets, excluding amounts included in interest income/(expense)	75,500
Employer contributions	11,000
Contributions by scheme participants	100
Benefits paid	(11,500)
Administration costs	(1,800)
Fair value at end of year	<u>856,700</u>

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	2019 £ 000	2018 £ 000
Cash and cash equivalents	1,200	11,200
Equity instruments	444,700	370,600
Debt instruments	371,100	287,400
Property	39,700	35,600
Derivatives	-	55,800
	<u>856,700</u>	<u>760,600</u>



# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 17 Pension and other schemes (continued)

#### *Return on scheme assets*

	2019 £ 000	2018 £ 000
Return on scheme assets	98,300	(10,500)

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

#### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2019 %	2018 %
Proportion of employees opting for early retirement	2.00	3.00
Discount rate	2.00	3.00
Future salary increases	3.85	3.85
Future pension increases	2.60	3.05
RPI Inflation	2.60	3.10
CPI Inflation	2.00	2.00

# Abbott Laboratories Limited

## Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

### 17 Pension and other schemes (continued)

#### Post retirement mortality assumptions

	2019 Years	2018 Years
Current UK pensioners at retirement age - male	22.50	22.80
Current UK pensioners at retirement age - female	24.20	24.70
Future UK pensioners at retirement age - male	23.60	24.20
Future UK pensioners at retirement age - female	<u>25.70</u>	<u>26.30</u>

### 18 Called up share capital

#### Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>106,842</u>	<u>106,842</u>	<u>106,842</u>	<u>106,842</u>

### 19 Reserves

#### Share premium reserve

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### Other reserves

Other reserves includes the cash flow hedge reserve, which is used to record transactions arising from the Company's cash flow hedging arrangements. In addition, it includes the capital contribution reserve which records the share based payment transactions.

#### Profit and Loss Account

The profit and loss account holds the retained earnings of the Company, after the deduction of any dividends paid.

### 20 Obligations under leases and hire purchase contracts

#### Operating lease commitments

The total of future minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Not later than one year	2,858	2,835
Later than one year and not later than five years	11,431	11,002
Later than five years	<u>3,069</u>	<u>5,786</u>
	<u>17,358</u>	<u>19,623</u>

#### Capital commitments

The total amount contracted in relation to tangible asset additions but not provided in the financial statements was £74,600 (2018 £84,500).

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 20 Obligations under leases and hire purchase contracts (continued)

##### Contingent Liabilities

HMRC holds a guarantee against the Company's cash at bank amounting to £5,000,000. The purpose of this guarantee is to allow for import duty and VAT to be paid on a timely basis to ensure smooth flows of stocks into the United Kingdom where import duty and VAT payments are required.

#### 21 Share-based payments

##### Share Options

##### Scheme details and movements

The Company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parent company's subsidiaries are awarded grants of share options. Options are granted at an exercise price equal to the market value of the shares on the day of grant. The options vest over three years beginning one year from the date of grant and have a maximum contractual term of 10 years. Share options are forfeited if the employee leaves the Company for reasons other than retirement, death or disability.

There were no outstanding options at 31st December 2019. In the current and prior year no options were granted. The weighted average share values of options granted are measured using the Black-Sholes Option Pricing Model.

The movements in the number of share options during the prior year were as follows:

	2018 Number
Outstanding, start of period	600
Exercised during the period	(300)
Expired during the period	<u>(300)</u>

The movements in the weighted average exercise price of share options during the prior year were as follows:

	2018 US\$
Outstanding, start of period	26.70
Exercised during the period	26.70
Expired during the period	<u>28.86</u>

##### Effect of share-based payments on profit or loss and financial position

The total expense recognised in profit or loss for the year was £Nil (2018 - £Nil).

##### Restricted Stock Units

##### Scheme details and movements

The Company's ultimate parent company maintains an equity-settled share-based payment arrangement under which certain employees of the ultimate parents company's subsidiaries are awarded grants of restricted stock units. Restricted stock units vest over three years beginning one year from the date of grant. Restricted stock units are forfeited if the employee leaves the Company before the awards vest.

The movements in the number of restricted stock units during the year were as follows:

## Abbott Laboratories Limited

### Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

#### 21 Share-based payments (continued)

	2019 Number	2018 Number
Outstanding, start of period	165,277	157,142
Granted during the period	64,256	95,086
Forfeited during the period	(15,385)	(17,732)
Exercised during the period	(71,978)	(69,219)
Transfers to other group undertaking (Note 13)	(21,138)	-
Outstanding, end of period	<u>121,032</u>	<u>165,277</u>
Exercisable, end of period	<u>121,032</u>	<u>165,277</u>

The movements in the weighted average exercise price of restricted stock units during the year were as follows:

	2019 US\$	2018 US\$
Outstanding, start of period	52.18	42.41
Granted during the period	76.20	60.78
Forfeited during the period	84.20	58.15
Exercised during the period	76.07	60.20
Transfers to other group undertaking (Note 13)	49.42	-
Outstanding, end of period	<u>65.49</u>	<u>52.18</u>

#### Effect of share-based payments on profit or loss and financial position

The total expense recognised in profit or loss for the year was £3,520,000 (2018 - £3,179,000).

#### Employee share scheme

##### Scheme details and movements

The Company operates a Share Incentive Plan for all employees. Employees purchase shares in the ultimate parent company at market value by means of a deduction from gross salary. The Company matches the employee purchase at a ratio of 1:1 subject to a limit of 1.75% of pensionable salary or £125 per month.

#### Effect of Employee Share Scheme payments on the profit or loss and financial position

The total expense recognised in profit or loss for the year was £348,000 (2018: £350,000).

#### 22 Parent and ultimate controlling party

The Company's immediate parent is Abbott (UK) Holdings Limited, incorporated in England and Wales.

The ultimate parent is Abbott Laboratories, incorporated in Illinois, USA.

The smallest and largest group into which the results of the company are consolidated is the ultimate parent entity Abbott Laboratories. These financial statements are available upon request from 100 Abbott Park Road, Abbott Park, Illinois 60064-6400, USA

## **Abbott Laboratories Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)**

#### **23 Comparative Amounts**

Comparative amounts have been reclassified where necessary on a basis consistent with the current financial year.

#### **24 Post balance sheet events**

On 11 March 2020 the World Health Organization (WHO) declared a global pandemic related to coronavirus (COVID-19). On 23 March 2020 the UK Government imposed a partial lockdown to control the spread of the virus. During 2020, the coronavirus pandemic affected Abbott's diversified healthcare products divisions in various ways. Some businesses faced challenges, others have been relatively stable, and still others are performing at the levels required to successfully meet new customer demands. On an aggregated basis, the Company outperformed its financial targets in 2020. As social distancing restrictions begin to be lifted, the Company's main customer is expected to transition towards the operating model and product demand levels in place before the pandemic arose. The impact of this transition is expected to be positive over the remaining part of 2021.

The Company is continually implementing business continuity plans in the face of the global crisis. Due to the critical nature of its products and services, the Company is generally exempt from government directives to restrict or cease operations. To protect its employees, the majority of office-based work is being conducted remotely and the Company has implemented strict travel restrictions. The Company has taken aggressive steps to limit exposure and enhance the safety of its facilities for employees working to continue to supply healthcare products to hospitals and other customers.

The Abbott group has mobilized its teams across multiple fronts to develop and launch new diagnostic tests for COVID-19. In March 2020, the Abbott group launched a molecular test on its m2000™ RealTime lab-based platform to detect COVID-19 after receiving a CE Mark. In April 2020, the Abbott group launched a serology blood test on its ARCHITECT® i1000SR and i2000SR laboratory instruments for the detection of an antibody to determine if someone was previously infected. The serology test was granted a CE Mark on April 24, 2020.

In May 2020, the Abbott group added another new tool in the fight against the pandemic, announcing a new immunoglobulin (IgG) antibody blood test that runs on the Alinity i system. The Abbott group has also launched a new molecular test for novel coronavirus. In total, the Abbott group has now launched five COVID-19 tests - three molecular detection tests and two antibody tests.

Due to uncertainties regarding the duration and impact of the current COVID-19 pandemic, the Abbott group is unable to reliably predict the extent to which the COVID-19 pandemic may have a material effect on its business, financial condition or results of operations.