Pfizer Limited

Annual report and financial statements

Year ended 30 November 2022

Registered number: 00526209

Pfizer Limited

Annual report and financial statements

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Directors and other information

Directors	DJ Harnett EJ Pearson BS Phillips RL Smith JK Thompson S Rienow DI Highton
Registered office	Pfizer Limited Ramsgate Road Sandwich Kent CT13 9NJ
Independent auditor	KPMG LLP Chartered Accountants 15 Canada Square London E14 5GL
Registered number	00526209

Pfizer Limited

Strategic report

Business review

The audited financial statements for the year ended 30 November 2022 are set out on pages 19 to 47.

Pfizer Limited generated an after tax profit of £136,450,000 (2021: profit of £17,924,000). Dividends of £550,000,000 were declared payable by the directors during the year (2021: £nil). The retained profit for the year of £136,450,000 (2021: profit of £17,924,000) has been transferred to reserves. At the year end the company had net assets, including pension assets, of £640,957,000 (2021: £1,318,126,000). The decrease in net assets was due mainly to actuarial losses in respect of the pension scheme in addition to dividends made by the company in 2022. Turnover increased by 45% year on year which was primarily driven by sales of oral antiviral treatment for COVID-19.

The profit and loss account and statement of financial position are set out on pages 19 and 20 respectively. The development and performance of the company during the year was satisfactory, as was the position of the company at the year-end. It is anticipated this will continue into 2023.

The company is managed on an integrated basis with other Pfizer Inc. group companies worldwide as part of Pfizer Inc.'s global healthcare business. Accordingly, key performance indicators have not been given for the company itself. The focus of the business is innovation in the medicines that are integral to good healthcare, with a central task being the discovery and development of more new medicines for patients. Further details are provided in the Pfizer Inc. consolidated annual review and financial report which are available from Pfizer Inc., 66 Hudson Boulevard East, New York, NY10001-2192, USA.

Principal risks and uncertainties

The principal risks and uncertainties for the company derive from the development, performance and position of the Pfizer Inc. group (of which the company is a part). During the year the principal factors which could cause risk and uncertainty for the Pfizer Inc. group included:

- The outcome of research and development activities;
- Decisions by regulatory authorities regarding whether and when to approve Pfizer's drug applications as well as their decisions regarding labelling and other matters that could affect the availability or commercial potential of Pfizer's products;
- The speed with which regulatory authorisations, pricing approvals, and product launches may be achieved;
- The success of external business development activities;
- Competitive developments, including the impact on Pfizer's competitive position of new product entrants, in-line branded products, generic products, private label products and product candidates that treat diseases and conditions similar to those treated by Pfizer's in-line products and product candidates;
- The ability to successfully market both new and existing products;
- Difficulties or delays in manufacturing, sales or marketing; supply disruptions, shortages or stock-outs at Pfizer or third-party facilities that Pfizer rely on; and legal or regulatory actions;
- Trade buying patterns;
- Any significant issues related to the outsourcing of certain operational and staff functions to third parties; and any significant issues related to our JVs and other third-party business arrangements;
- The risk that our currently pending or future patent applications may not be granted on a timely basis or at all, or any patent-term extensions that we seek may not be granted on a timely basis, if at all;

Pfizer Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

- Market fluctuations in our equity or other investments and the associated volatility impact on our income and pension/post-retirement benefit obligations;
- Revenue concentration, the potential significant adverse impact if any of our major products were to experience loss of patent protection (if applicable), changes in prescription or vaccination purchasing or growth rates, reduced product demand, material product liability litigation, unexpected side effects or safety concerns, regulatory proceedings or investigations, lower governmental and/or regulatory confidence, negative publicity affecting doctor or patient confidence, pressure from competitive products, changes in labelling, pricing and access pressures or supply shortages or if a new, more effective product should be introduced;
- Trends toward managed care and health care cost containment, and our ability to obtain or maintain timely or adequate pricing or favourable formulary placement for our products;
- Legislation or regulatory action affecting, amongst other things, changes in accounting standards, tax laws, pharmaceutical product pricing, intellectual property, reimbursement or access, including, in particular, continued government-mandated reductions in prices and access restrictions for certain biopharmaceutical products to control costs in those markets;
- The ability to successfully achieve our climate goals and progress our environmental sustainability priorities;
- Claims and concerns that may arise regarding the safety or efficacy of in-line products and product candidates including claims and concerns that may arise from the outcome of post-approval clinical trials, which could impact marketing approval, product labelling, and/or availability or commercial potential;
- The significant breakdown, infiltration or interruption of Pfizer's information technology systems and infrastructure;
- Legal defence costs, insurance expenses, settlement costs and contingencies, including those related to actual or alleged environmental contamination, the risk and impact of an adverse decision or settlement and the risk related to adequacy of reserves related to product liability, patent protection, government investigations, and other legal proceedings;
- Risks to our products, patents and other intellectual property, such as: (i) claims of invalidity that could result in LOE; (ii) claims of patent infringement, including asserted and/or unasserted intellectual property claims; (iii) challenges faced by our collaboration or licensing partners to the validity of their patent rights; or (iv) any pressure, or legal or regulatory action by, various stakeholders or governments that could potentially result in us not seeking intellectual property protection or agreeing not to enforce or being restricted from enforcing intellectual property rights related to our products, including Comirnaty and Paxlovid;
- Interest rate and foreign currency exchange rate fluctuations;
- Governmental laws and regulations affecting operations, including tax obligations;
- General economic, political, business, industry, regulatory and market conditions including, without limitation, any impact on Pfizer, its lenders, its customers, its suppliers and counterparties to its foreign-exchange and interest-rate agreements from weak global economic conditions and changes in global financial markets;
- Any changes in business, political and economic conditions due to actual or threatened terrorist activity;

Strategic report (continued)

Principal risks and uncertainties (continued)

- The impact of public health outbreaks, epidemics or pandemics (such as the COVID-19 pandemic), including the impact of vaccine mandates where applicable, on our business, operations and financial condition and results, including impacts on our employees, manufacturing, supply chain, sales and marketing, R&D and clinical trials;
- Risks and uncertainties related to our efforts to continue to develop and commercialise Comirnaty and Paxlovid or any potential future COVID-19 vaccines or treatments, as well as challenges related to their manufacturing, supply and distribution. Risks related to our ability to achieve our revenue forecasts for Comirnaty and Paxlovid or any potential future COVID-19 vaccines or treatments, including, among other things, whether and when additional supply or purchase agreements will be reached and the risk that demand for any products may be reduced, no longer exist or not meet expectations, which may lead to excess inventory on hand and/or in the channel or reduced revenues;
- The exposure of Pfizer operations globally to possible capital and exchange controls, economic conditions, expropriation and other restrictive government actions, changes in intellectual property legal protections and remedies, the impact of political or civil unrest or military action, including the ongoing conflict between Russia and Ukraine and its economic consequences, unstable governments and legal systems, inter-governmental disputes and natural disasters or disruptions related to climate change;
- Any business disruption, theft of confidential or proprietary information, extortion or integrity compromise resulting from a cyber-attack;
- The impact of the increased presence of counterfeit medicines or vaccines in the pharmaceutical supply chain;
- Any significant issues involving Pfizer's largest wholesale distributors or government customers, which account for a substantial portion of revenues;
- The risk of an impairment charge related to intangible assets, goodwill or equity-method investments;
- Growth in costs and expenses, changes in product and geographic mix and the impact of acquisitions, divestitures, restructuring, internal reorganisation, product withdrawals, recalls and other unusual events.

Approach to Brexit

The United Kingdom ("UK") left the European Union ("EU") on January 31, 2020 which is commonly referred to as “Brexit”. A new Trade and Cooperation Agreement ("TCA") between the UK and EU came into effect on 1 January 2021. In preparing for Brexit the company's and Pfizer Inc. group's priority has been to maintain continuity of supply of medicines and vaccines. The company's updated operating model has been implemented post-Brexit. The company and Pfizer Inc. group continue to work with the UK and EU governments, as well as other third party stakeholders, on the effective implementation of the TCA and to deliver breakthroughs that change patients' lives.

Strategic report (continued)

Risks associated with COVID-19 outbreak

The COVID-19 pandemic ("COVID-19") has affected global healthcare systems as well as economic and financial markets. The potential impact of COVID-19 on the company's trading performance and principal risks has been assessed with mitigation plans put in place. The Pfizer Inc. group is now actively producing COVID-19 related products, specifically a vaccine and oral treatment. As the primary UK commercial trade entity of the Group Pfizer Limited has seen increased sales as a result of the COVID-19 vaccine and oral treatment, with further sales of COVID-19 products expected to continue into the next financial year. Up to the date of this report, COVID-19 has not had any material adverse impact on the results of the company and satisfactory performance is expected to continue in the near term and beyond. We do not believe the adverse impacts of COVID-19 will impact the ability of the company to continue as a going concern in the foreseeable future. However, we continue to monitor the situation closely, including the potential impacts on results, supply continuity and patients. The situation could change at any time and there can be no assurance that COVID-19 will not have an adverse impact on the future results of the company.

Section 172 Companies Act 2006 Statement

The company's governance architecture and processes operated to ensure that all relevant matters are considered by the board in its principal decision-making.

In the performance of its duty to promote the success of the company the board has agreed to a number of matters, including listening to and considering the views of shareholders and the company's other stakeholders to build trust and ensure it fully understands the potential impacts of the decisions it makes for our stakeholders, the environment and the communities in which we operate.

The company has engaged with its main stakeholder groups, including our patients, shareholders, consumers, customers, and group employees, as further detailed in the stakeholder engagement statement in the directors' report and the feedback from the engagement has been considered by the directors during the decision-making process.

Matters identified that may affect the company's performance in the long term are set out in the principal risks disclosed above.

By order of the board

DocuSigned by:
David Highton
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DI Highton Date: 9 August 2023

Director

Directors' Report

The directors present their report and the audited financial statements for the year ended 30 November 2022.

A review of the performance of the company's business during the year, the principal risks and uncertainties facing the company and its future prospects are included in the strategic report set out on pages 2 to 5 which should be read in conjunction with the directors' report.

Financial instruments

The overall objective of Pfizer's financial risk management programme is to seek to minimise the impact of foreign exchange rate movements and interest rate movements on its earnings. These financial exposures are managed through operational means and by using various financial instruments. These practices may change as economic conditions change.

Research and development

The company is engaged in research and development activities for the development of pharmaceutical products.

Share capital, other reserves and dividends

No shares have been issued during the period. During the year, the company declared and paid a dividend of £550,000,000 to its sole shareholder, Pfizer Luxco Holdings SARL (2021: £nil).

Political contributions

No political donations were made during the year (2021: none).

Community contributions

Details about the company's support to UK communities can be found on the company's website (https://www.pfizer.co.uk/responsibility/social-investment).

Directors

The directors, who held office from 1 December 2021 and to the date of this report, unless otherwise stated, were:

DJ Harnett	
EJ Pearson	
BS Phillips	
RL Smith	
JK Thompson	
S Rienow	(appointed on 28 February 2022)
DI Highton	(appointed on 23 June 2022)
B Osborn	(resigned on 29 April 2022)
JA Mount	(resigned on 31 May 2022)

Directors' Report (continued)

Going concern

The company has assessed the principal risks and other matters, including the impact of the COVID-19 pandemic on its operations, at the reporting date and at the date of approval of the financial statements. In doing so management considered the company's performance, reserves and forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. Based on these considerations, the directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Safety, health and the environment

The company has an environmental, health and safety policy in place, together with externally certified management systems. In addition, Pfizer Inc., the ultimate parent company produces an environmental, health and safety report, to which the company contributes.

Disabled employees

It is the policy of the company to give full and fair consideration to applications for employment made by persons with disability taking account of their particular abilities and aptitudes. Policies to actively eliminate discrimination and to ensure that all applicants are considered solely on their merits are promoted. Should any existing employee become disabled every effort is made to ensure continuity of employment after appropriate assessment of special needs, suitable adjustment to accommodate the disability, retraining, resettlement and continued support. The same opportunity for training and career development is given to disabled employees as is given to employees generally.

Employee involvement

The company seeks open and direct relations with its employees through the provision of efficient formal and informal channels for communication. These include information and support services provided by e-mail, web and telephone as well as face to face, and consultation through a variety of committees, forums, surveys and regular departmental meetings.

The company actively promotes an "open door" management policy and has a grievance escalation process. There is also an extensive performance management programme in place which facilitates open and regular dialogue between employees and their managers. Employees complete an annual integrity pledge and have direct access to a corporate compliance hotline and other facilities.

The Pfizer Share Ownership Plan, through which shares in the ultimate parent company, Pfizer Inc. may be purchased, encourages employees of the participating companies to take a direct interest in the performance of the world-wide group.

Stakeholder engagement

The company aims to build enduring relationships with governments, regulators, patients, customers, partners, suppliers and communities in the areas where it operates. The company works with its business partners in an honest, respectful and responsible way and seeks to work with others who share the company's commitments to safety, ethics and compliance.

The company's activities affect a wide variety of individuals and organisations. The company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making.

On behalf of the company, the Pfizer Inc. group participates in industry and trade associations that offer opportunities to share good practice and collaborate on issues of importance.

Directors' Report (continued)

Corporate Governance Statement

For the year ended 30 November 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Private Companies. The Directors have set out below an explanation of how the Wates Principles have been applied during the 2022 year.

Principle 1 – Purpose and leadership

"An effective board develops and promotes the purpose of the Company, and ensures that its values, strategy and culture align with that purpose."

As a subsidiary of Pfizer Inc (the "Group"), Pfizer Limited (the "Company") is managed on an integrated basis with other Group companies worldwide as part of Pfizer Inc.'s global healthcare business. The Group's purpose, strategy, values and policies, set by Pfizer Inc., are applied by the Company with consideration to the UK market within which the Company operates.

The Pfizer Limited Board has responsibility for the Company's strategic objectives within the guidelines set by the Group to ensure that its strategy is clearly articulated and implemented in the UK market. The Board has a strong understanding of the Group's values and culture, as it guides strategy and helps drive long-term value for the Company's shareholder and wider stakeholders. The Group's values and culture support appropriate behaviours and practices within the UK market. Management monitors culture through employee "Pfizer Pulse" surveys and Colleague forums.

The Company's employees are required to abide by all of its procedures and policies, for example the Blue Book (Pfizer's code of conduct) and MAPP (My Anti-corruption Policy & Procedures) as well as any applicable laws. Such procedures and policies may apply globally set by the Group or may be designed specifically for an individual market, such as the UK. Some procedures and policies address general conduct, such as compliance with certain laws whilst others cover individual processes, such as contract execution. The Company's employees are required to undertake mandatory compliance and role related training, as determined by the Company, to ensure compliance with the relevant policies and procedures. The Company's employees also have the ability to report any concerns through the Compliance division including the Compliance hotline, Blue Book and MAPP.

The Group is a research-based, global biopharmaceutical company. The Group applies science and its global resources to bring therapies to people that aim to extend and significantly improve their lives through the discovery, development, manufacture, marketing, sale and distribution of biopharmaceutical products worldwide.

Most of the Group's revenues come from the manufacture and sale of biopharmaceutical products. The Group believes that its medicines and vaccines provide significant value for healthcare providers and patients, through improved treatment of diseases, improvements in health, wellness and productivity as well as by reducing other healthcare costs, such as emergency room or hospitalisation. The Group seeks to enhance the value of its medicines and vaccines and actively engage in dialogues about how it can best work with patients, physicians and payers to prevent and treat disease and improve outcomes. The Group seeks to maximise patient access and evaluate pricing arrangements and contracting methods with payers to minimise adverse impact on revenues within the current legal and pricing structures.

The Group is committed to fulfilling its purpose: Breakthroughs that change patients' lives. Its purpose fuels everything it does and reflects both the passion for science and commitment to patients. Pfizer's growth strategy in 2022 was driven by five "Bold Moves" that help deliver breakthroughs for patients and create value for shareholders and other stakeholders:

1. Unleash the power of our people;
2. Deliver first-in-class science;

Directors' Report (continued)

Principle 1 – Purpose and leadership (continued)

3. Transform our go-to-market model;
4. Win the digital race in pharma; and
5. Lead the conversation.

To fully realise the Group's purpose, it has established a clear set of goals regarding what the Group needs to achieve for patients and how the Group will go about achieving them. The "how" is represented by four company values – Courage, Excellence, Equity and Joy.

Principle 2 – Board composition

"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the Company."

The size of the Board is guided by the scale and complexity of the Company's business. Consideration is given to the size and structure of the Board to facilitate effective decision-making. During 2022, the Board comprised of seven members, with a gender balance of five male and two female directors. Each director provides a unique business perspective, experience and skills, all valuable and necessary to oversee the Company's business. The board includes representation from Commercial, Medical, People Experience, Legal, Finance, Manufacturing and Research & Development.

The Board is chaired by the UK country president who leads the Board and is responsible for its overall effectiveness. Board meetings occur on a quarterly basis, or more frequently as required, to ensure that all directors are appropriately informed of Company matters and have sufficient time for discussion. The provision of timely information including agenda and reports from Board committees is supported by the Company's Legal team and outcomes from meetings, where applicable, are communicated to the wider UK country management.

Principle 3 – Responsibilities

"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board´s policies and procedures should support effective decision making and independent challenge."

The Board is guided by Group policies and procedures and local regulation, which provide a framework for governance practices in the UK.

The Company has established formal and robust processes, in line with the internal control framework of the Group, to ensure controls are operating effectively and that the quality and integrity of information prepared by it is reliable. The Board receives regular and timely information on all matters required to maintain oversight of the Company's business, including reports on business and financial performance, key strategic risks and opportunities, operational matters, market conditions, people experience, legal, compliance, environmental, audit and regulatory matters. All information provided to the Board is prepared by subject matter experts with the relevant experience and skills necessary to ensure the integrity of information presented.

The Company demonstrates a commitment to ongoing professional development of the Board through the delivery of training sessions for statutory directors and senior country management as deemed appropriate.

Principle 4 - Opportunity and Risk

"The board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value, and establish oversight for identification and mitigation of risks."

Directors' Report (continued)

Principle 4 - Opportunity and Risk (continued)

The Group is committed to strategically capitalising on growth opportunities, primarily by advancing their own product pipeline and maximising the value of their existing products, but also through various business development activities. The Group views business development activity as an enabler of their strategies and seeks to generate growth by pursuing opportunities and transactions that have the potential to strengthen their business and capabilities. The Group assesses their business, assets and scientific capabilities/portfolio as part of their regular, ongoing portfolio review process and also continue to consider business development activities that will help advance their business strategy.

As a subsidiary of the Group, the Board of the Company reviews business strategy in line with the Group's overall initiatives to identify opportunities to create value. The Chair provides updates on the UK business environment during Board meetings.

The Board has the responsibility for the Company's overall approach to risk management which is aligned to the Group's methodology on mitigation of risks. Risks are mitigated through effective internal control processes in line with Group's overall internal controls framework. The Board is responsible for these internal controls and delegates the performance of the control activities to sub-committees and country management. The Company have a UK Legal Entity Governance document in operation that outlines the corporate governance of the Company including the composition of the sub-committees and the frequency with which they report to the Board.

Principle 5 – Remuneration

"A Board should promote executive remuneration structures aligned to the long term sustainable success of a company, taking into account pay and conditions elsewhere in the Company."

The Board promotes remuneration structures that align to the long-term, sustainable success of the Company, in line with the Group's compensation philosophy set out by the Group's Compensation Committee.

The Group's compensation and benefit programs are designed to enhance Pfizer's ability to attract, motivate, retain, and engage a high-performing, committed workforce. Pfizer offers compensation and benefit programs that are:

- Equitable with a consistent approach across the globe – tailored for local markets.
- Philosophically consistent around the globe to the extent possible, but legally, locally and culturally appropriate.
- Appropriate for the company as it exists today, and where appropriate, anticipate future business needs.

The Company's compensation program is subject to the approved policy, and the Board has delegated authority to the People Experience team to review the Company's compensation practices with a view to ensuring they are comparable to peer companies, aligned to the Company's annual financial objectives and are rewarding relative performance of employees.

Reports covering a summary of the remuneration and performance data for all colleagues in the Company are discussed in Board meetings to consider whether compensation is balanced and aligned with the Company's diversity and inclusion aspirations.

The Board is committed to improving the Company's Gender Pay Gap. The Company's Gender Pay Gap report is available at https://www.pfizer.co.uk/responsibility/diversity-equity-and-inclusion/gender-pay-gap-report.

Directors' Report (continued)

Principle 6 – Stakeholder Relationships and Engagement

"Directors should foster effective stakeholder relationships aligned to the Company´s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions."

The Board is clear that good corporate governance and effective communication are essential on a day-to-day basis to deliver the Company's purpose and to protect the Company's brand, reputation and relationships with all stakeholders, including our patients, regulators, shareholders, suppliers, customers and employees. The Company has channels to receive appropriate feedback from discussions with all stakeholders and directors consider the feedback during the decision-making processes. The stakeholder engagement and employee involvement disclosures in the Directors' report detail how the Company engages with these parties.

Streamlined Energy and Carbon Reporting

In accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, the directors present the company's energy and carbon report for the year ended 30 November 2022.

Methodologies used

The reporting methodology has changed in the current year to align with Pfizer Inc. Operational Control Approach (*The Greenhouse Gas Protocol: A corporate accounting and reporting standard, Chapter 3 Setting Organisational Boundaries*). As the SECR guidelines do not mandate reporting on Scope 3 Category 8 'Upstream Leased Assets' emissions, this report contains Scope 1 and 2 emissions from the Walton Oaks site. The sites that are outside of operational control for this report are Hurley and London Victoria. In view of this change the comparative numbers in the reports have been recalculated to align with the operational control approach. This utilises the Energy Managers Association (EMA) SECR Tool to calculate Scope 1 and 2 energy and carbon emissions. Additional calculations were used to calculate energy and carbon for petrol, diesel, electric vehicles and hybrids.

The ESNZ/BEIS 2021 GHG Conversion Factors dataset was used for this reporting period.

Commitment to responsible energy management

The company and its ultimate parent and ultimate controlling party, Pfizer Inc., are committed to reaching Net Zero by 2040. Global targets have been set to mitigate climate change and its impact, minimising the environmental impact of our products and facilities.

The company and the group of Pfizer UK companies ("Pfizer UK") has developed an energy program to contribute to Pfizer Inc.'s in meeting global commitments.

2022 Progress

The company and Pfizer UK energy program spans across Pfizer UK sites and offices and is focused on generating awareness, consolidating and refreshing office space, operating more efficiently, and investing in new technology.

The following energy efficiency projects have been completed to date;

- Walton Oaks site powered by 100% renewable electricity for the duration of the reporting period.
- LED lighting upgrades.
- HVAC scheduling in line with the time of year
- Switching off HVAC/Lighting – the HVAC and lighting in unoccupied areas have been turned off
- Boiler BMS Stage Programming - Controllers were changed on boilers to prevent them running 24/7

Pfizer Limited

Directors' Report (continued)

Streamlined Energy and Carbon Reporting (continued)

The following energy efficiency projects are planned for the future;

- Battery Electric Vehicle (BEV) charging infrastructure.
- Clean Air Project – working with our Global Fleet team to trial BEV technology
- Launching salary sacrifice scheme to enable colleagues to purchase EVs.
- Promoting a Travel Hierarchy across our UK sites – to further encourage carbon efficient colleague behaviours.
- Promoting the Energy Hierarchy across our UK sites – to further encourage energy efficient colleague behaviours.

Energy consumption and greenhouse gas emissions

	Units	2022	2021 restated	2021 unadjusted
Energy consumption				
Electricity	kWh	**2,593,240**	**2,168,250**	**2,323,000**
Gas	kWh	**2,424,881**	**1,191,651**	**1,192,000**
Business travel: road[1]	kWh	**691,636**	**49,026**	**47,000**
Total Streamlined Energy and Carbon Report energy consumption	kWh	**5,709,757**	**3,408,927**	**3,562,000**
Greenhouse gas emissions[2,3]				
Scope 1	tCO2e	**606**	**229**	**228**
Scope 2	tCO2e	**507**	**464**	**497**
Scope 3	tCO2e	**5**	**1**	**1**
Total emissions (scope 1, 2 and 3)	tCO2e	**1,118**	**694**	**726**
Total emissions intensity (scope 1, 2 and 3)	tCO2e/£m Revenue	**0.36**	**0.33**	**0.34**

(1) Business travel, claimed through expenses, and on site vehicles is based on mileage, converted to kWh using UK Government GHG conversion factors.
(2) Calculated using UK Government GHG conversion factors for company reporting. The scope of this Streamlined Energy and Carbon Report disclosure does not include some Scope 3 emissions.
(3) Total emissions calculated using 'Location Based' method.
Note: The prior year's data has been restated due to an update in the reporting methodology which aligns with the operational control approach. This is the reporting methodology also used by Pfizer Inc., the ultimate parent company.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pfizer Limited

Directors' Report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

DocuSigned by:
David Highton
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DI Highton Date: 9 August 2023

Director

Ramsgate Road

Sandwich

Kent, CT13 9NJ

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the strategic report, the 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 they have elected to prepare the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIZER LIMITED

Opinion

We have audited the financial statements of Pfizer Limited ("the Company") for the year ended 30 November 2022 which comprise the Profit and loss account and other comprehensive income, the Statement of financial position and the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period were:

- Reduced demand for COVID-19 vaccines and treatments as the COVID-19 Pandemic develops; and
- The impact of Brexit and general economic, political, and regulatory conditions on the Company's operating model

We considered whether these risks could plausibly affect the liquidity in the going concern period by comparing severe, but plausible, downside scenarios that could arise from these risks individually and collectively against the level of available financial resources.

We assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIZER LIMITED (continued)

Going concern (continued)

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

As required by auditing standards, and recent revisions to guidance/ our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that management may be in a position to make inappropriate accounting entries; and
- the risk of bias in accounting estimates; and
- the risk that revenue is overstated through recording revenues in the wrong period

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by senior finance management/ those posted and approved by the same user/ those posted to unusual accounts,
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: competition law, health and safety, data protection laws, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIZER LIMITED (continued)

Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the Competition and Markets Authority infringement described in Note 20 we assessed disclosures against our understanding from legal correspondence.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 14, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PFIZER LIMITED (continued)

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

John Theis (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London,

E14 5GL

United Kingdom

Date: 9 August 2023

Pfizer Limited

Profit and loss account and other comprehensive income

for the year ended 30 November 2022

	Note	2022	2021
		£'000	£'000
Turnover	2	**3,082,999**	2,122,498
Net operating costs	3	**(2,954,077)**	(2,028,640)
Operating profit		**128,922**	93,858
Income from shares in group undertakings		**20,355**	19,095
Other income	10	**1,092**	65
Profit on ordinary activities before interest		**150,369**	113,018
Interest receivable and similar income	7	**11,038**	1
Interest payable and similar charges	8	**(371)**	(31)
Finance income	9	**8,900**	900
Profit on ordinary activities before tax	4	**169,936**	113,888
Tax charge on profit on ordinary activities	11	**(33,486)**	(95,964)
Profit on ordinary activities after tax		**136,450**	17,924
Other comprehensive (loss)/income			
Actuarial (loss)/gain on pension schemes	22	**(371,500)**	343,600
Deferred tax arising on loss/gain in the pension scheme	11	**89,473**	(80,855)
Total comprehensive (loss)/income for the year		**(145,577)**	280,669

The notes on pages 22 to 47 form part of these financial statements.

All amounts relate to continuing operations.

Pfizer Limited

Statement of financial position

as at 30 November 2022

Registered number: 00526209

	Note	**2022** £'000	**2022** £'000	2021 £'000	2021 £'000
Fixed assets					
Intangible fixed assets	*12*		**6,921**		14,334
Tangible fixed assets	*13*		**45,309**		48,149
Financial fixed assets	*14*		**115,534**		172,170
			167,764		234,653
Current assets					
Stocks	*15*	**102,562**		114,546	
Debtors	*16*	**1,948,020**		1,703,921	
		2,050,582		1,818,467	
Current liabilities					
Creditors: amounts falling due within one year	*17*	**(1,687,225)**		(1,116,203)	
Net current assets			**363,357**		702,264
Total assets less current liabilities			**531,121**		936,917
Creditors: amounts falling due after more than one year	*18*		**(20,413)**		(98,388)
Provisions for liabilities	*20*		**(22,589)**		(34,103)
Net assets excluding pension assets/ liabilities			**488,119**		804,426
Pension asset	*22*		**176,400**		544,900
Pension liability	*22*		**(23,562)**		(31,200)
Net assets including pension assets/ liabilities			**640,957**		1,318,126
Capital & reserves					
Called up share capital	*23*		**103,622**		103,622
Capital contribution			**365,001**		365,001
Profit and loss account			**172,334**		849,503
Shareholder's funds			**640,957**		1,318,126

These financial statements were approved by the board and were signed on its behalf by:

DocuSigned by:
David Highton
2660F72693E3433...
DI Highton Date: 9 August 2023

Director

The notes on pages 22 to 47 form part of these financial statements.

Pfizer Limited

Statement of changes in equity

for the year ended 30 November 2022

	Called up share capital	Capital contribution	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 December 2020	**103,622**	**365,001**	**552,790**	**1,021,413**
Profit for the year	—	—	17,924	17,924
Other comprehensive income	—	—	262,745	262,745
Total comprehensive income for the year	**—**	**—**	**280,669**	**280,669**
Transactions with owners, recognised in equity				
Capital contribution arising on employee share scheme	—	—	16,044	16,044
At 30 November 2021	**103,622**	**365,001**	**849,503**	**1,318,126**
Profit for the year	—	—	136,450	136,450
Other comprehensive loss	—	—	(282,027)	(282,027)
Total comprehensive loss for the year	**—**	**—**	**(145,577)**	**(145,577)**
Transactions with owners, recognised in equity				
Dividends declared	—	—	(550,000)	(550,000)
Capital contribution arising on employee share scheme	—	—	18,408	18,408
Balance at 30 November 2022	**103,622**	**365,001**	**172,334**	**640,957**

The notes on pages 22 to 47 form part of these financial statements.

Notes

forming part of the financial statements

1. Statement of accounting policies

Basis of preparation

Pfizer Limited is a limited liability company, limited by shares, incorporated in England and domiciled and registered in the UK. The registered number is 00526209 and the registered office is Ramsgate Road, Sandwich, Kent, CT13 9NJ.

These financial statements were prepared in accordance with FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 27.

Exemptions for qualifying entities under FRS 102

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemption available under FRS 102 in respect of the below disclosures. The disclosure exemptions are subject to certain conditions, which have been complied with.

A separate cash flow statement is not presented by the company as the information is included in the consolidated cash flow statement prepared by the ultimate parent, Pfizer Inc., in the manner prescribed by FRS102.7.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 26.

The company is exempt from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

The company is exempt from certain disclosures of share based payments as the relevant information is disclosed in the consolidated financial statements of Pfizer Inc., as required by FRS 102.26.

The company has availed of the exemption from disclosures for financial assets and liabilities required by Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) and Section 12 paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A as equivalent disclosures are included in the consolidated financial statements of Pfizer Inc. in which Pfizer Limited is consolidated.

Going Concern

The company has assessed the principal risks and other matters, including the impact of the COVID-19 pandemic on its operations, at the reporting date and at the date of approval of the financial statements. In doing so management considered the company's performance, reserves and forecasts for a period of 12 months from the date of approval of these financial statements, which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. Based on these considerations, the directors believe that it remains appropriate to adopt the going concern basis of accounting in preparing the financial statements.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Measurement convention

The financial statements are prepared on the historical cost basis except where noted in accounting policies below.

Consolidation

The company is exempt by virtue of s.401 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Goodwill and intangible assets

Purchased goodwill, representing the excess of the fair value of purchase consideration over the fair value of the separable net assets acquired, is capitalised and amortised in instalments of up to 20 years, based on the directors' estimate of its useful economic life.

Goodwill and intangible assets are subsequently measured at cost less accumulated amortisation and are stated net of any provisions for impairment.

Fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The general estimated useful lives are as follows:

Freehold buildings	33 years
Leasehold improvements	Life of lease
Plant and equipment	2 to 20 years

No depreciation is provided on payments on account or assets in the course of construction.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Residual value is calculated on prices prevailing at the date of acquisition. The net book value of fixed assets is written down to estimated recoverable amount, should any impairment be identified.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Financial fixed assets

Investments in group undertakings and other non-listed investments are measured at cost less accumulated impairment. An impairment test is undertaken on an annual basis by the company to confirm that the carrying value of non-listed financial fixed assets is appropriate.

Listed investments are stated at market value and any increase in value is transferred to a reserve through profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded using the company's set exchange rate for the month of the transaction. This set exchange rate is the actual month end rate for the last close period. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the statement of financial position date and the gains or losses on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

The company uses derivative financial instruments to reduce exposure to foreign exchange risk. The company does not hold or issue derivative financial instruments for speculative purposes. The company accounts for derivatives at fair value and they are recognised at their fair value on the statement of financial position.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the lower of cost and net realisable value method of valuation is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Turnover

Turnover represents the amounts (excluding value added tax and net of rebates and returns) derived from the provision of goods to customers, from royalty agreements and from co-promotion and co-development agreements. Turnover from provision of goods is recognised at the point at which the significant risks and rewards are transferred to the buyer, in line with contract terms, typically on date of goods despatch or delivery to customer. Turnover from royalties is recognised at the point the income becomes due in accordance with the relevant royalty agreement. Income from co-promotion and co-development agreements is recognised when it is earned, as defined in the contract, and can be reliably estimated. In general this is upon the sale of the co-promoted product or upon the delivery of a promotional service.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Deferred income

Deferred income is recognised as accruals and deferred income when the customer pays consideration before the company recognises the related revenue.

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred. Expenditure on fixed assets employed in research and development activities is capitalised and charged to depreciation in accordance with the company's accounting policy.

Rental income

Revenue from rental agreements is recognised on a straight-line basis to the profit and loss account over the period covered by the lease term, once there is a signed agreement in place with the tenant, and the amount of rental income can be measured reliably.

Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees. The company operates a number of defined contribution schemes.

The company also provides certain employees with post-retirement benefits other than pensions and the cost of providing these benefits are recognised in the other comprehensive income.

Defined benefit plans

The company operates a funded defined benefit pension scheme providing benefits based on age, length of service and pensionable salary at the date of leaving the scheme. The scheme closed to future accrual at 31 December 2017. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' expected working lives with the company.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plans and other long term employee benefits is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

A valuation is performed annually by a qualified actuary using the projected unit credit method. Under FRS 102, the company can recognise a surplus on the balance sheet as the employer has an unconditional right to a refund of any surplus.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Employee benefits (continued)

Defined benefit plans (continued)

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss. Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period in which it occurs.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share based payments

Share-based payment arrangements in which the entity receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the entity.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured based on the fair value of the options or shares determined at the grant date. The company uses option valuation models, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The company currently does not issue its own equity instruments as share-based payments. The company is part of the Pfizer Inc. group which operates a stock plan that offers share-based payments to employees of the wider group. Share-based payments issued by Pfizer Inc. are recognised based on the company's allocation of the group expense. This allocation is based on an assignment of colleague expenses based on their employing entity within the group. Pfizer Inc. does not recharge for the cost of the shares issued under this plan.

Borrowing costs

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash that are subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents.

Financial instruments

Financial assets

Basic financial assets, including trade and other debtors and amounts due from group companies 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.

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. A provision is made when there is objective evidence that the company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote. 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. 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.

Financial liabilities

Basic financial liabilities, including trade and other payables and amounts due to group companies 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 payments 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, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an 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.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Other financial instruments

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit and loss. The fair value of the derivatives is determined by using the net present value techniques, the discounted cash flow method, comparison to similar instruments for which market observable prices exist, and valuation models.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged and any gains or losses on remeasurement are recognised immediately in the profit and loss.

Provisions

A provision will be recognised when the company has a present obligation (legal or constructive) as a result of a past event; it is probable that a transfer of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the obligation. Unless these conditions are met, no provision will be recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Interest receivable and interest payable

Interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains. Interest payable and similar charges includes interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currencies accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest rate method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

forming part of the financial statements

1. Statement of accounting policies (continued)

Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Related party transactions

The company avails of the exemption contained in *FRS 102 Section 33 Related Party Disclosures* and does not disclose transactions entered into between wholly owned members of the group, transactions with entities not wholly group owned are disclosed in accordance with the accounting standards and Companies Act 2006.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Analysis of turnover by geographical market and by class of business

	Product sales		**Royalties**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Turnover by destination						
UK	**3,034,933**	2,060,649	**—**	—	**3,034,933**	2,060,649
Rest of the world	**204**	4,876	**47,862**	56,973	**48,066**	61,849
Turnover	**3,035,137**	2,065,525	**47,862**	56,973	**3,082,999**	2,122,498

Notes (continued)

forming part of the financial statements

3. Net operating costs

	2022	2021
	£'000	£'000
Net cost of sales	**2,844,523**	1,889,452
Net research and development expenditure	**1,064**	1,820
Net distribution costs	**7,863**	11,086
Net administration expenses	**100,627**	126,282
	2,954,077	2,028,640

Administration expenses for the year include an expense of £18,408,000 (2021: £16,044,000) in respect of share based payment transactions, restructuring costs (note 20) of £1,708,000 (2021: £20,047,000) and an impairment of fixed asset investments (note 14) of £7,590,000 (2021: £9,743,000). Restructuring costs arose as a result of various divisional and global reorganisation projects undertaken during the year. A foreign exchange gain of £11,867,000 (2021: loss of £914,000) is recognised within cost of sales.

4. Profit on ordinary activities before taxation

	2022	2021
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging/ (crediting):		
Impairment of goodwill (note 12)	**1,144**	—
(Gain)/loss on disposal of fixed assets	**(18)**	676
Operating lease payment expenses	**914**	683
Foreign exchange (gain)/loss – net	**(11,867)**	914
Auditor's remuneration:		
Audit of the company's annual accounts	**447**	428
Other services pursuant to legislation	**4**	4

In addition to the audit fee disclosure above the company has borne £80,761 (2021: £87,700) of audit fees in respect of the audits of annual accounts for fellow UK subsidiary companies.

The company's auditor also received fees from other group undertakings of £66,660 (2021: £50,170) in respect of their audit of an associated pension scheme and £37,791 (2021: £36,690) in respect of assurance services on industry returns. These costs were not borne by the company.

Notes (continued)

forming part of the financial statements

5. Remuneration of directors

	2022	2021
	£'000	£'000
Directors' emoluments	**2,356**	2,145

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £439,070 (2021: £479,473).

	2022	2021
	No.	No.
The number of directors who exercised share options during the year was	**1**	4

Nine directors, including the highest paid director, received shares under a long term incentive schemes during the year (2021: nine).

6. Staff numbers and costs

The average number of people employed by the company (including directors) during the year, analysed by category, was as follows:

	2022	2021
	No.	No.
Manufacturing	**160**	140
Research and development	**167**	174
Sales and distribution	**355**	447
Administration	**493**	451
	1,175	1,212

The aggregate payroll costs of these people were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	**52,996**	57,462
Social security costs	**7,119**	15,721
Other pension costs	**10,461**	11,606
Cost of employee share schemes (see note 22)	**18,408**	16,044
	88,984	100,833

The payroll costs are shown net of intercompany recharges for hosted employees working on behalf of the wider Pfizer Inc. group. These recharges were as follows; wages and salaries of £83,455,000 (2021: £76,387,000), social security costs of £14,098,000 (2021: £24,176,000) and other pension costs of £8,578,000 (2021: £7,261,000).

Notes (continued)

forming part of the financial statements

7. Interest receivable and similar income

	2022	2021
	£'000	£'000
Interest receivable from group undertakings	**11,038**	1

8. Interest payable and similar charges

	2022	2021
	£'000	£'000
Interest payable to group undertakings	**371**	31

9. Finance income

	2022	2021
	£'000	£'000
Finance income	**8,900**	900

10. Other income

	2022	2021
	£'000	£'000
Other income - rental	**1,092**	65

11. Tax charge on profit on ordinary activities

	2022	2021
	£'000	£'000
Current tax		
Current tax on income for the period	**15,895**	5,492
Adjustments in respect of prior periods	**730**	71,371
	16,625	76,863
Deferred tax		
Origination and reversal of timing differences	**15,550**	15,246
Change in tax rate	**526**	3,720
Adjustments in respect of prior periods	**785**	135
	16,861	19,101
Tax charge on profit on ordinary activities	**33,486**	95,964

Notes (continued)

forming part of the financial statements

11. Tax charge on profit on ordinary activities (continued)

	2022			2021		
	£'000	£'000	£'000	£'000	£'000	£'000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	16,625	16,861	33,486	76,863	19,101	95,964
Recognised in other comprehensive income	—	(89,473)	(89,473)	—	80,855	80,855
Total tax	**16,625**	**(72,612)**	**(55,987)**	**76,863**	**99,956**	**176,819**

Analysis of current tax recognised in profit and loss

	2022	2021
	£'000	£'000
UK corporation tax	**16,625**	76,863
Total current tax recognised in profit and loss	**16,625**	76,863

Reconciliation of effective tax rate

	2022	2021
	£'000	£'000
Profit on ordinary activities after tax	**136,450**	17,924
Total tax expense	**33,486**	95,964
	169,936	113,888
Taxation charge at UK corporation tax rate of 19% (2021: 19%)	**32,289**	21,639
Change in tax rate on deferred tax balances	**526**	3,720
Non-deductible expenses	**2,781**	2,727
Non-taxable income	**(3,625)**	(3,628)
Under provided in prior years	**1,515**	71,506
Total tax expense included in profit and loss	**33,486**	95,964

An increase in the UK corporation tax rate from 19% to 25% was announced in March 2021. This increase to 25% is effective from April 2023. This was enacted and received royal assent on 10 June 2021.

Notes (continued)

forming part of the financial statements

12. Intangible fixed assets

	Goodwill £'000
Cost	
At beginning and end of year	498,424
Additions	—
At end of year	**498,424**
Accumulated amortisation and impairment	
At beginning of year	484,090
Amortisation charge for the year	6,269
Impairment	1,144
At end of year	**491,503**
Net realisable value	
At 30 November 2022	**6,921**
At 30 November 2021	14,334

The net realisable value of intangible fixed assets relates to the 2011 acquisition of the pharmaceutical business from John Wyeth & Brother Limited and the 2017 acquisition of the Hospira pharmaceutical business from Pfizer PFE UK Limited. See note 27 for details of accounting estimates and judgements utilised.

An impairment charge of £1,144,000 was recognised in the profit and loss account during the year (2021: nil) relating to the acquisition of the Hospira pharmaceutical business and reflects updated commercial forecasts, increased costs, and competitive pressure in the generic sterile injectable market.

Notes (continued)

forming part of the financial statements

13. Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Plant and Equipment	Payments on account and assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At beginning of year	82,393	1,558	37,672	2,190	123,813
Additions	—	—	1,180	709	1,889
Transfers between categories	248	—	246	(494)	—
Disposals	(16)	—	(2,577)	—	(2,593)
At end of year	**82,625**	**1,558**	**36,521**	**2,405**	**123,109**
Depreciation					
At beginning of year	43,167	1,267	31,230	—	75,664
Charge for year	2,469	190	2,034	—	4,693
Disposals	(6)	—	(2,551)	—	(2,557)
At end of year	**45,630**	**1,457**	**30,713**	**—**	**77,800**
Net book value					
At 30 November 2022	**36,995**	**101**	**5,808**	**2,405**	**45,309**
At 30 November 2021	39,226	291	6,442	2,190	48,149

Included in the total net book value of freehold land and buildings is £523,382 (2021: £523,382) in respect of land which is not depreciated.

14. Financial fixed assets

	Shares in group undertakings	Other Investments	Total
	£'000	£'000	£'000
At beginning of year	168,713	3,457	172,170
Additions	—	1,204	1,204
Revaluation	—	(150)	(150)
Return of investment cost	(50,100)	—	(50,100)
Impairment	(7,590)	—	(7,590)
At end of year	111,023	4,511	115,534

Following a review, an impairment of £7,590,000 was recognised on the investment held in John Wyeth & Brother Ltd.

Notes (continued)

forming part of the financial statements

14. Financial fixed assets (continued)

The investments comprise:

Shares in joint venture

The company owns 50% of the ordinary share capital of Cyclofluidic Limited whose principal activities were the development and exploitation of intellectual property. The investment in this entity has a carrying value of £nil and the entity is currently in the process of liquidation.

UK Economic Interest Groupings

The company holds a 50% share in the following non-trading UK Economic Interest Grouping, Pfizer Animal Health MA UKEIG, which is registered in England. This Grouping converted from an EU Economic Interest Grouping to a UK Economic Interest Grouping on 31 December 2020 and was dissolved on 25 April 2023.

Shares in subsidiary undertakings

Name of undertaking	Registered office	Percentage holding of ordinary share capital
Neusentis Limited	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%
John Wyeth & Brother Ltd	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%
Wyeth Pharmaceuticals Limited	9 Riverwalk, National Digital Park, Citywest Business Campus, Dublin, 24, Ireland	100%*
Wyeth Europa Limited	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%**
Phivco Holdco Sarl	51 Avenue JF Kennedy Luxembourg, L-1855 G.D. of Luxembourg	54%
PZR Ltd	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%
PZR Property Limited	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%*
PowderJect Research Limited	Ramsgate Road, Sandwich, Kent, CT13 9NJ	100%**
Hospira UK Limited	Horizon Honey Lane, Hurley, Maidenhead, SL6 6RJ	100%
Hospira Aseptic Services Limited	Horizon Honey Lane, Hurley, Maidenhead, SL6 6RJ	100%*

*Investment held indirectly.

**Entity dissolved post year end.

Notes (continued)

forming part of the financial statements

14. Financial fixed assets (continued)

Shares in subsidiary undertakings (continued)

John Wyeth & Brother Limited paid a dividend of £50,000,000 and Wyeth Europa Limited paid a dividend of £100,000 to the company during the year. These dividends have been treated as a return of investment cost for accounting purposes. To the extent that a dividend from the subsidiary has reduced the subsidiary's net assets below the investment carrying value that element of dividend is credited against the investment cost rather than profit and loss account.

Other Investments

Other investments comprise shares in the joint venture, investments in Levicept Limited, Ixchelsis Limited, and Dementia Discovery Fund (see note 24). The movements during the year represent adjustments to the investment in the Dementia Discovery Fund.

15. Stocks

	2022	2021
	£'000	£'000
Finished goods and goods for resale	**102,562**	114,546

The replacement cost of stocks did not differ significantly from the amounts shown above. The write-down of stocks to net realisable value amounted to £7,592,000 (2021: £13,355,000). The write-down is included in cost of sales.

16. Debtors

	2022	2021
	£'000	£'000
Trade debtors (note 19)	**630,743**	323,150
Amounts owed by group undertakings (note 19)	**1,278,815**	1,339,018
UK corporation tax	**8,758**	—
Other debtors (note 19)	**19,899**	23,400
Prepayments and accrued income	**5,407**	7,818
Deferred tax asset (note 21)	**4,398**	8,315
Forward foreign exchange contracts assets (note 19)	—	2,220
	1,948,020	1,703,921

Amounts owed by group undertakings and related parties (note 19)

Amounts owed by group undertakings are unsecured and non interest bearing. For amounts placed with Pfizer Service Company Ireland, a group treasury company, interest is charged at commercial rates for loan facilities and at a rate determined by Pfizer Service Company Ireland for call account facilities. Where commercial rates are negative a floor of 0% may be applied however Pfizer Service Company Ireland reserves the right to pass on any costs incurred in providing the required facilities by adjusting the interest rate. At year-end the interest rate on loan facilities was 2.8029% (2021: 0%) and for call account facilities was 2.849% (2021: 0%) for GBP, 1.393% (2021: -0.564%) for EUR and 3.791% (2021: 0.09%)for USD.

Notes (continued)

forming part of the financial statements

17. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors (note 19)	**38,125**	29,292
Amounts owed to group undertakings (note 19)	**1,092,366**	703,635
UK corporation tax	—	105,378
Other taxation and social security	**134,707**	80,431
Accruals and deferred income	**416,247**	197,467
Forward foreign exchange contracts liability (note 19)	**5,780**	—
	1,687,225	1,116,203

Amount owed to group undertakings and related companies

Amounts owed to group undertakings are unsecured and non interest bearing. For amounts placed with Pfizer Service Company Ireland, a group treasury company, interest is charged at commercial rates for loan facilities and at a rate determined by Pfizer Service Company Ireland for call account facilities. Where commercial rates are negative a floor of 0% may be applied however Pfizer Service Company Ireland reserves the right to pass on any costs incurred in providing the required facilities by adjusting the interest rate. At year-end the company had no such facilities within amounts owed to group undertakings in relation to Pfizer Service Company Ireland.

18. Creditors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Accruals and deferred income	**15,630**	17,075
Deferred tax liability (note 21)	**4,783**	81,313
	20,413	98,388

19. Financial instruments

The analysis of the carrying amounts of the financial instruments of the group required under section 11 of FRS 102 is as follows:

Financial assets that are debt instruments measured at amortised costs:

	2022	2021
	£'000	£'000
Trade debtors	**630,743**	323,150
Other debtors	**19,899**	23,400
Amounts owed by group undertakings	**1,278,815**	1,339,018

Financial (liabilities)/assets measured at fair value:

	2022	2021
	£'000	£'000
Forward foreign exchange contract (liabilities)/assets	**(5,780)**	2,220

Notes (continued)

forming part of the financial statements

19. Financial instruments (continued)

The company uses derivatives to hedge its exposures to changes in foreign currency exchange rates. As at the year end the company had open forward currency contracts in place with a fellow group company to buy and sell various currencies. The fair values of these contracts are based on market values of equivalent instruments at the statement of financial position date.

Financial liabilities that are debt instruments measured at amortised costs:

	2022	2021
	£'000	£'000
Trade creditors	**38,125**	29,292
Amounts owed to group undertakings	**1,092,366**	703,635

20. Provisions for liabilities

	Restructuring provision	**Other provisions**	**Total**
	£'000	**£'000**	**£'000**
At beginning of year	14,103	20,000	34,103
Profit and loss charge	1,708	1,000	2,708
Utilised during the year	(14,222)	—	(14,222)
At end of year	**1,589**	**21,000**	**22,589**

Restructuring costs relate to various divisional and group reorganisations and have been included within administration expenses.

Other provisions are in relation to litigation matters pending against the company. As at 30 November 2022, the company has recorded a provision for its best estimate of the aggregate potential exposure relating to court rulings and ongoing inquiries and is based on assessments received. The final amount of any payment that may be made in respect of these matters is not certain and is dependent on future rulings and claims filed. Final resolution is not expected within 12 months of the statement of financial position date.

Litigation matters include the Competition and Markets Authority (CMA) competition law infringement decision, issued to Pfizer and Flynn Pharma on 21 July 2022, which included fines of £63.3 million and £6.7 million respectively in relation to their investigation into the pricing of phenytoin sodium capsules. The CMA had previously issued an infringement decision in respect of this matter in 2016 which was the subject of successful appeals. The fines issued in July 2022 are as a result of their remittal investigation following the prior Court of Appeal's ruling. Pfizer disagrees with the CMA's latest infringement decision and has appealed against it.

Further disclosures have not been made in relation to such matters on the grounds that it can be expected to prejudice seriously the position of the company.

21. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2022			2021		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Depreciation in excess of allowances	3,621	—	3,621	5,433	—	5,433
Employee benefits	—	(4,783)	(4,783)	—	(81,313)	(81,313)
Other	777	—	777	2,882	—	2,882
Net tax assets/(liabilities)	4,398	(4,783)	(385)	8,315	(81,313)	(72,998)

The company has capital losses carried forward of £118,285,000 (2021: £118,285,000) upon which a deferred tax asset is not recognised. This asset is not recognised as it is not expected to be utilised in the foreseeable future.

22. Employee benefits

Pension scheme

The company operates a funded defined benefit pension scheme (The PGPS plan) providing benefits based on age, length of service and pensionable salary at the date of leaving the scheme. The scheme closed to future accrual at 31 December 2017. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. In order to meet current funding deficit requirements the company agreed to make repair contributions of £64 million to the scheme in 2021, £35 million for three years starting in 2021, which then reduces to £30 million annually thereafter ending in 2030. The company accelerated settlement of repair contributions due in 2022-2024 by making a £100m payment in November 2021.

The company also operates defined contribution and defined benefit unfunded unapproved retirement benefit schemes separate to the Pfizer Group Pension Scheme. For these schemes the company entered into a contractual agreement to pay a pension to the holder at retirement for which benefits are accrued. The defined benefit unfunded unapproved retirement benefit scheme closed to future accrual at 31 December 2017.

The valuation performed for the FRS 102 disclosures has been based on the most recent actuarial valuation at 1 April 2020 performed by Lane Clark & Peacock LLP and updated by Aon Hewitt to take account of the requirements of FRS 102 in order to assess the liabilities of the scheme at 30 November 2022. The scheme assets are stated at their bid market value at 30 November 2022.

Pension scheme asset (excluding related deferred tax)

	2022	2021
	£'000	£'000
At beginning of year	**513,700**	(32,769)
Profit and loss	**4,900**	(5,000)
Contributions	**7,000**	208,000
(Charge)/gain recognised in the statement of other comprehensive income	**(371,500)**	343,600
Defined contributions unfunded unapproved retirement benefit scheme	**(1,262)**	(131)
At end of year	**152,838**	513,700

Notes (continued)

forming part of the financial statements

22. Employee benefits (continued)

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

Net pension asset:	**2022**	2021
	£'000	£'000
Defined benefit obligation	**(2,338,200)**	(3,724,900)
Plan assets	**2,514,600**	4,269,800
Net pension asset	**176,400**	544,900

Pension liability:	**2022**	2021
	£'000	£'000
Defined benefit unfunded unapproved retirement benefit scheme	**(16,300)**	(25,200)
Defined contribution unfunded unapproved retirement benefit scheme	**(7,262)**	(6,000)
Pension liability	**(23,562)**	(31,200)

Movements in present value of defined benefit obligation

	2022	2021
	£'000	£'000
At beginning of year	**3,750,100**	3,633,700
Interest expense	**62,900**	51,300
Remeasurement actuarial (gain)/loss	**(1,354,100)**	157,200
Benefits paid	**(104,400)**	(92,100)
At the end of year	**2,354,500**	3,750,100

Movements in fair value of plan assets

	2022	2021
	£'000	£'000
At beginning of year	**4,269,800**	3,606,800
Remeasurement actuarial (loss)/gain	**(1,725,600)**	500,800
Interest income	**71,800**	52,200
Benefits paid	**(104,400)**	(92,100)
Administration costs	**(4,000)**	(5,900)
Contributions by employer	**7,000**	208,000
At the end of year	**2,514,600**	4,269,800

The amounts recognised in the profit and loss account in relation to the defined benefit scheme are as follows:

	2022	2021
	£'000	£'000
Net interest income on net defined benefit asset	**(8,900)**	(900)
Administration costs included in other operating costs	**4,000**	5,900
	(4,900)	5,000

Notes (continued)

forming part of the financial statements

22. Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	Asset allocation at 30-Nov 2022		**Asset allocation at 30-Nov 2021**	
Scheme portfolio	**%**	**£'000**	%	£'000
Equity	**— %**	**400**	7.1 %	305,400
Multi-asset credits and DGFs	**4.6 %**	**114,200**	4.8 %	203,300
Property	**10.4 %**	**262,100**	6.9 %	294,100
Bonds	**18.5 %**	**463,900**	23.4 %	1,000,000
Secured Finance	**20.7 %**	**520,800**	12.9 %	549,500
LDI	**37.9 %**	**953,400**	40.0 %	1,708,900
Insured annuities	**7.2 %**	**181,800**	— %	—
Other	**0.7 %**	**18,000**	4.9 %	208,600
	100 %	**2,514,600**	100 %	4,269,800

Scheme assets do not include any of the company's own financial instruments or any property occupied by the company.

Principal actuarial assumptions at the statement of financial position date

	2022	2021
Discount rate for interest cost	**4.47%**	1.70%
Discount rate applied to scheme liabilities	**4.28%**	1.74%
RPI Inflation	**3.13%**	3.27%
CPI Inflation	**2.61%**	2.77%
Pension increases on pensions accrued**:		
RPI pension increases pre 6 April 1997 and in excess of GMP	**0%**	0%
CPI pension increases April 1997 – April 2006	**2.55%**	2.71%
RPI pension increases April 1997 – April 2006	**2.91%**	3.13%
CPI pension increases post April 2006	**1.84%**	2.00%
RPI pension increases post April 2006	**2.01%**	2.17%

** Certain sections/groups that have transferred in from other schemes are entitled to different pension increases. They are valued consistently with this basis.

At 30 November 2022, the methodology for calculating the discount rate has been updated to Aon Hewitt's Single Agency AA Curve which uses corporate bonds which are rated AA by either Moody's or Fitch. For the prior year end, the Company used a yield curve calculated by Aon Hewitt with reference to corporate bonds rated Moody's Aa2 and S&P's AA.

Changes in assumption setting methodology of discount rate, CPI and RPI are adopted by management based on advice of corporate actuary and after considering general market practice. The net impact as a result of these changes in methodology has led to an increase in DBO balance by approximately £18m.

Mortality assumptions

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a member currently aged 65 will live on average for a further 23.2 years if they are male and for a further 24.9 years if they are female. For a member who retires in 2042 at age 65 the assumptions are that they will live on average for a further 24.5 years after retirement if they are male and for a further 26.3 years after retirement if they are female.

22. Employee benefits (continued)

Mortality assumptions (continued)

No adjustments have been to mortality assumptions at year end to reflect the potential effects of Covid-19 as the actual plan experience is not yet available and as it is too soon to make a judgement on the impact of the pandemic on future mortality improvements. The mortality experience analysis for the scheme will be carried out in the future as part of the 1 April 2023 funding valuation for the PGPS plan.

Movements in present value of defined contribution unfunded unapproved retirement benefit scheme obligation

	2022	2021
	£'000	£'000
At beginning of year	**6,000**	5,869
Profit and loss expense	**2,039**	1,274
Benefits paid over the accounting period	**(777)**	(1,143)
At end of year	**7,262**	6,000

Share based payments

FRS 102 requires the company to recognise share-based payments as an expense and share-based payments must be measured in accordance with the standard. Pfizer Limited is part of the Pfizer Inc. group which operates under the ("Pfizer") 2019 Stock Plan. Under FRS 102.1.12(d) the company is exempt from certain disclosures around share based payments as the relevant information is disclosed in the holding undertaking's (Pfizer Inc.) consolidated financial statements.

Share-based payments issued by Pfizer Inc. are recognised based on the company's allocation of the group expense. This allocation is based on an assignment of colleague expenses based on their employing entity within the group. Pfizer Inc. does not recharge for the cost of the shares issued under this plan.

The primary types of Pfizer Inc. share based awards are as follows;

- Total Shareholder Return Units (TSRUs) which entitle the holder to receive shares of Pfizer Inc. common stock with a value equal to the difference between the defined settlement price and the grant price, plus the dividend equivalents accumulated during the five or seven-year term, if and to the extent the total value is positive. Settlement price is the average closing price of Pfizer Inc. common stock during the 20 trading days ending on the fifth or seventh anniversary of the grant, as applicable; the grant price is the closing price of Pfizer Inc. common stock on the date of the grant. The TSRUs automatically settle on the fifth or seventh anniversary of the grant but vest on the third anniversary of the grant.
- Restricted Stock Units (RSUs) which entitle the holder to receive a specified number of shares of Pfizer Inc. common stock, including dividend equivalents that are reinvested into additional RSUs. For RSUs granted before 2022, generally in all instances, the units vest on the third anniversary of the grant date assuming continuous service from the grant date. Beginning in 2022, generally in all instances, the units vest and distribute one-third per year for three years on each of the three annual anniversaries from the date of grant assuming continuous service from the grant date.

Notes (continued)

forming part of the financial statements

22. Employee benefits (continued)

Share based payments (continued)

- Portfolio Performance Shares (PPSs) which entitle the holder to receive, at the end of the performance period, shares of Pfizer Inc. common stock, if any, including shares resulting from dividend equivalents earned on such shares. For PPSs granted, the awards vest on the third anniversary of the grant assuming continuous service from the grant date and the the number of shares paid, if any, depends on the achievement of predetermined goals related to Pfizer's long-term product portfolio during a three or five-year performance period from the year of the grant date, as applicable. The number of shares that may be earned ranges from 0% to 200% of the initial award depending on goal achievement over the performance period.
- Performance Share Awards (PSAs) which entitle the holder to receive, at the end of the performance period, shares of Pfizer common stock (retirees) earned, if any, or an equal value in cash (active colleagues), including dividend equivalents on shares earned, dependent upon the achievement of predetermined goals related to two measures: 1) adjusted net income over three one-year periods; and 2) TSR as compared to the NYSE ARCA Pharmaceutical Index (DRG Index) over the three-year performance period. PSAs vest on the third anniversary of the grant assuming continuous service from the grant date. The award that may be earned ranges from 0% to 200% of the target award depending on goal achievement over the performance period.
- Breakthrough Performance Awards (BPAs) which entitle the holder to receive, at the end of the performance period, shares of our common stock, if any, including shares resulting from dividend equivalents earned on such shares. For BPAs granted, the awards, if earned/vested, are settled at the end of the performance period, but no earlier than the one-year anniversary of the date of grant and dependent upon the achievement of the respective predetermined performance goals related to advancing Pfizer's product pipeline during the performance period. The number of shares that may be earned ranges from 0% to 600% of the target award depending on the level and timing of goal achievement over the performance period.
- Retirement-eligible holders, as defined in the grant terms, can convert their TSRUs, when vested, into Profit Units (PTUs) with a conversion ratio based on a calculation used to determine the shares at TSRU settlement. The PTUs are entitled to earn Dividend Equivalent Units (DEUs), and the PTUs and DEUs will be settled in Pfizer Inc. common stock on the TSRUs' original settlement date and will be subject to the terms and conditions of the original grant including forfeiture provisions.
- Stock Options which entitle the holder to purchase a specified number of shares of Pfizer Inc. common stock at a price per share equal to the closing market price of Pfizer Inc. common stock on the date of grant, for a period of time when vested. Stock options vest on the third anniversary of the grant assuming continuous service from the grant date and have a contractual term of 10 years.

The terms and conditions of the grants are as follows:

Number of Instrument Types	Vesting conditions	Contractual life of options
7	Primarily vest after three years of continuous service with exceptions for certain instruments as described above	10 years

23. Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
Equity: 103,622,461 (2021: 103,622,461) ordinary shares of £1 each	**103,622**	103,622

Each equity share entitles the holder to one vote per share and the right to any dividend.

24. Commitments

Commitments at the end of the financial year, for which no provision has been made, are as follows:

	2022 £'000	2021 £'000
Capital Committed	**164**	131
Dementia Fund Committed	**3,425**	4,630
	3,589	4,761

At 30 November 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2022 Land and Buildings £'000	2021 Land and Buildings £'000
Not later than one year	**578**	691
Later than 1 year and not later than 5 years	**—**	475
	578	1,166

25. Related party disclosure

The company is controlled by Pfizer Luxco Holdings SARL. The ultimate controlling company is Pfizer Inc., a company incorporated in the state of Delaware, United States of America.

The company has availed of the exemption in FRS 102.33.1A from the requirement to disclose details of transactions with group undertakings. Other than transactions with related group undertakings there are no related party transactions. Details of the availability of the group consolidated financial statements are given in note 26.

26. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company's ultimate parent company and ultimate controlling party is Pfizer Inc., a company incorporated in the state of Delaware, USA. Pfizer Inc. is the largest group which includes the company and for which group accounts are prepared. The parent undertaking of the smallest such group is C.P. Pharmaceuticals International C.V., a company incorporated in the Netherlands. Copies of the group financial statements of Pfizer Inc. are available from Pfizer Inc., 66 Hudson Boulevard East, New York, NY10001-2192, USA. Copies of the group financial statements of C.P. Pharmaceuticals International C.V. are available from Chamber of Commerce, PO Box 450, 3001 AL Rotterdam, Holland. The company's immediate controlling party is Pfizer Luxco Holdings SARL., a company incorporated in Luxembourg.

27. Accounting estimates and judgements

The company made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

Useful economic lives of tangible assets

The company depreciates tangible fixed assets over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the company intends to derive future economic benefits from the use of the company's tangible fixed assets. The residual value reflects managements estimated amount that the company would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economies, useful lives and the residual values of these assets which could then consequently impact future depreciation charges.

Pension scheme

Management use assumptions regarding different areas of the defined benefit plan. The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, price inflation, future pension increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and long term nature of these plans, such estimates are subject to significant uncertainty. Management perform an internal review on these assumptions. Further details are given in note 22. A valuation is performed annually by a qualified actuary using the projected unit credit method. Under FRS 102, the company can recognise a surplus on the balance sheet as the employer has an unconditional right to a refund of any surplus based on a legal review of the scheme rules.

Other provisions

Other provisions are in relation to various litigation matters against the company. As at 30 November 2022 the company has recorded a provision for its best estimate of the aggregate potential exposure relating to court rulings and ongoing inquiries and is based on assessments received. The final amount of any payment that may be made in respect of these matters is not certain and is dependent on future rulings and claims filed.

Notes (continued)

forming part of the financial statements

28. Contingent liability

There are various cases of litigation pending against the company in the normal course of business. Further disclosures have not been made in relation to such matters on the grounds that it can be expected to prejudice seriously the position of the company. The estimated financial impact of all material litigation that meets provision recognition requirements has been provided for in the financial statements.

29. Subsequent events

Following completion of Pfizer Inc.'s acquisition of Global Blood Therapeutics Inc. (GBT) on 5 October 2022, intra-group re-organisations occurred to integrate GBT's subsidiary entities into the Pfizer Group. As part of these re-organisations, on 1 January 2023, the company purchased 100% of the shares in Global Blood Therapeutics UK Limited from a fellow group company for consideration of $18,000,000. Additional consideration of £830,000 was subsequently paid based on revised valuations. Following this purchase, on 4 April 2023, the company entered into an asset transfer agreement with Global Blood Therapeutics UK Limited to acquire assets and liabilities associated with its business for $18,000,000.