

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-35565

abbvie
AbbVie Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

32-0375147

(I.R.S. employer identification number)

**1 North Waukegan Road
North Chicago , Illinois 60064-6400**

Telephone: (847) 932-7900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (\$232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-Accelerated Filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ABBV	New York Stock Exchange Chicago Stock Exchange
1.500% Senior Notes due 2023	ABBV23B	New York Stock Exchange
1.375% Senior Notes due 2024	ABBV24	New York Stock Exchange
1.250% Senior Notes due 2024	ABBV24B	New York Stock Exchange
0.750% Senior Notes due 2027	ABBV27	New York Stock Exchange
2.125% Senior Notes due 2028	ABBV28	New York Stock Exchange
2.625% Senior Notes due 2028	ABBV28B	New York Stock Exchange
2.125% Senior Notes due 2029	ABBV29	New York Stock Exchange
1.250% Senior Notes due 2031	ABBV31	New York Stock Exchange

As of October 27, 2023, AbbVie Inc. had 1,765,537,421 shares of common stock at \$0.01 par value outstanding.

AbbVie Inc. and Subsidiaries
Table of Contents

PART I.	FINANCIAL INFORMATION	
		Page
Item 1.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	1
Item 2.	MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	25
Item 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	36
Item 4.	CONTROLS AND PROCEDURES	36
PART II.	OTHER INFORMATION	
Item 1.	LEGAL PROCEEDINGS	37
Item 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	37
Item 5.	OTHER ITEMS	37
Item 6.	EXHIBITS	38

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

AbbVie Inc. and Subsidiaries

Condensed Consolidated Statements of Earnings (unaudited)

(in millions, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net revenues	\$ 13,927	\$ 14,812	\$ 40,017	\$ 42,933
Cost of products sold	6,485	5,022	14,711	13,244
Selling, general and administrative	3,372	3,304	9,679	11,843
Research and development	1,723	1,614	5,748	4,720
Acquired IPR&D and milestones	66	40	496	454
Other operating expense (income), net	—	229	(179)	57
Total operating costs and expenses	11,646	10,209	30,455	30,318
Operating earnings	2,281	4,603	9,562	12,615
Interest expense, net	398	497	1,306	1,568
Net foreign exchange loss	25	36	97	108
Other expense (income), net	(95)	(330)	3,121	427
Earnings before income tax expense	1,953	4,400	5,038	10,512
Income tax expense	172	448	989	1,139
Net earnings	1,781	3,952	4,049	9,373
Net earnings attributable to noncontrolling interest	3	3	8	10
Net earnings attributable to AbbVie Inc.	\$ 1,778	\$ 3,949	\$ 4,041	\$ 9,363
Per share data				
Basic earnings per share attributable to AbbVie Inc.	\$ 1.00	\$ 2.22	\$ 2.27	\$ 5.26
Diluted earnings per share attributable to AbbVie Inc.	\$ 1.00	\$ 2.21	\$ 2.26	\$ 5.24
Weighted-average basic shares outstanding	1,767	1,771	1,768	1,771
Weighted-average diluted shares outstanding	1,771	1,776	1,772	1,777

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net earnings	\$ 1,781	\$ 3,952	\$ 4,049	\$ 9,373
Foreign currency translation adjustments, net of tax expense (benefit) of \$(17) for the three months and \$(11) for the nine months ended September 30, 2023 and \$(11) for the three months and \$(30) for the nine months ended September 30, 2022	(457)	(989)	(279)	(2,043)
Net investment hedging activities, net of tax expense (benefit) of \$ 84 for the three months and \$ 26 for the nine months ended September 30, 2023 and \$ 165 for the three months and \$ 348 for the nine months ended September 30, 2022	302	599	89	1,265
Pension and post-employment benefits, net of tax expense (benefit) of \$ 1 for the three months and \$ 11 for the nine months ended September 30, 2023 and \$ 14 for the three months and \$ 35 for the nine months ended September 30, 2022	2	60	38	136
Cash flow hedging activities, net of tax expense (benefit) of \$ 7 for the three months and \$(1) for the nine months ended September 30, 2023 and \$ 14 for the three months and \$ 17 for the nine months ended September 30, 2022	52	83	(2)	98
Other comprehensive loss	(101)	(247)	(154)	(544)
Comprehensive income	1,680	3,705	3,895	8,829
Comprehensive income attributable to noncontrolling interest	3	3	8	10
Comprehensive income attributable to AbbVie Inc.	\$ 1,677	\$ 3,702	\$ 3,887	\$ 8,819

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Balance Sheets

(in millions, except share data)	September 30, 2023	December 31, 2022
	(unaudited)	
Assets		
Current assets		
Cash and equivalents	\$ 13,287	\$ 9,201
Short-term investments	3	28
Accounts receivable, net	11,412	11,254
Inventories	3,981	3,579
Prepaid expenses and other	4,541	4,401
Total current assets	33,224	28,463
Investments	275	241
Property and equipment, net	4,934	4,935
Intangible assets, net	58,603	67,439
Goodwill	32,091	32,156
Other assets	7,094	5,571
Total assets	\$ 136,221	\$ 138,805
Liabilities and Equity		
Current liabilities		
Short-term borrowings	\$ 2	\$ 1
Current portion of long-term debt and finance lease obligations	5,113	4,135
Accounts payable and accrued liabilities	29,658	25,402
Total current liabilities	34,773	29,538
Long-term debt and finance lease obligations	55,631	59,135
Deferred income taxes	2,044	2,190
Other long-term liabilities	31,644	30,655
Commitments and contingencies		
Stockholders' equity		
Common stock, \$ 0.01 par value, 4,000,000,000 shares authorized, 1,822,577,212 shares issued as of September 30, 2023 and 1,813,770,294 as of December 31, 2022	18	18
Common stock held in treasury, at cost, 57,091,177 shares as of September 30, 2023 and 44,589,000 as of December 31, 2022	(6,525)	(4,594)
Additional paid-in capital	20,021	19,245
Retained earnings	933	4,784
Accumulated other comprehensive loss	(2,353)	(2,199)
Total stockholders' equity	12,094	17,254
Noncontrolling interest	35	33
Total equity	12,129	17,287
Total liabilities and equity	\$ 136,221	\$ 138,805

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Equity (unaudited)

(in millions)	Common shares outstanding	Common stock	Treasury stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Noncontrolling interest	Total
Balance at June 30, 2022	1,768	\$ 18	\$ (4,591)	\$ 18,906	\$ 3,516	\$ (3,196)	\$ 35	\$ 14,688
Net earnings attributable to AbbVie Inc.	—	—	—	—	3,949	—	—	3,949
Other comprehensive loss, net of tax	—	—	—	—	—	(247)	—	(247)
Dividends declared	—	—	—	—	(2,512)	—	—	(2,512)
Purchases of treasury stock	—	—	(4)	—	—	—	—	(4)
Stock-based compensation plans and other	—	—	5	150	—	—	—	155
Change in noncontrolling interest	—	—	—	—	—	—	(2)	(2)
Balance at September 30, 2022	1,768	\$ 18	\$ (4,590)	\$ 19,056	\$ 4,953	\$ (3,443)	\$ 33	\$ 16,027
Balance at June 30, 2023	1,765	\$ 18	\$ (6,528)	\$ 19,839	\$ 1,789	\$ (2,252)	\$ 32	\$ 12,898
Net earnings attributable to AbbVie Inc.	—	—	—	—	1,778	—	—	1,778
Other comprehensive loss, net of tax	—	—	—	—	—	(101)	—	(101)
Dividends declared	—	—	—	—	(2,634)	—	—	(2,634)
Purchases of treasury stock	—	—	(4)	—	—	—	—	(4)
Stock-based compensation plans and other	—	—	7	182	—	—	—	189
Change in noncontrolling interest	—	—	—	—	—	—	3	3
Balance at September 30, 2023	1,765	\$ 18	\$ (6,525)	\$ 20,021	\$ 933	\$ (2,353)	\$ 35	\$ 12,129
Balance at December 31, 2021	1,768	\$ 18	\$ (3,143)	\$ 18,305	\$ 3,127	\$ (2,899)	\$ 28	\$ 15,436
Net earnings attributable to AbbVie Inc.	—	—	—	—	9,363	—	—	9,363
Other comprehensive loss, net of tax	—	—	—	—	—	(544)	—	(544)
Dividends declared	—	—	—	—	(7,537)	—	—	(7,537)
Purchases of treasury stock	(10)	—	(1,483)	—	—	—	—	(1,483)
Stock-based compensation plans and other	10	—	36	751	—	—	—	787
Change in noncontrolling interest	—	—	—	—	—	—	5	5
Balance at September 30, 2022	1,768	\$ 18	\$ (4,590)	\$ 19,056	\$ 4,953	\$ (3,443)	\$ 33	\$ 16,027
Balance at December 31, 2022	1,769	\$ 18	\$ (4,594)	\$ 19,245	\$ 4,784	\$ (2,199)	\$ 33	\$ 17,287
Net earnings attributable to AbbVie Inc.	—	—	—	—	4,041	—	—	4,041
Other comprehensive loss, net of tax	—	—	—	—	—	(154)	—	(154)
Dividends declared	—	—	—	—	(7,892)	—	—	(7,892)
Purchases of treasury stock	(12)	—	(1,969)	—	—	—	—	(1,969)
Stock-based compensation plans and other	8	—	38	776	—	—	—	814
Change in noncontrolling interest	—	—	—	—	—	—	2	2
Balance at September 30, 2023	1,765	\$ 18	\$ (6,525)	\$ 20,021	\$ 933	\$ (2,353)	\$ 35	\$ 12,129

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)

	Nine months ended September 30,	
(in millions) (brackets denote cash outflows)	2023	2022
Cash flows from operating activities		
Net earnings	\$ 4,049	\$ 9,373
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation	565	582
Amortization of intangible assets	6,057	5,728
Deferred income taxes	(1,498)	(1,415)
Change in fair value of contingent consideration liabilities	3,432	647
Payments of contingent consideration liabilities	(407)	(161)
Stock-based compensation	622	539
Acquired IPR&D and milestones	496	454
Gain on divestitures	—	(172)
Non-cash litigation reserve adjustments, net of cash payments	(205)	2,261
Impairment of intangible assets	2,824	770
Other, net	(219)	(151)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	(273)	(1,039)
Inventories	(513)	(516)
Prepaid expenses and other assets	394	(60)
Accounts payable and other liabilities	3,661	491
Income tax assets and liabilities, net	(899)	184
Cash flows from operating activities	18,086	17,515
Cash flows from investing activities		
Acquisitions and investments	(670)	(494)
Acquisitions of property and equipment	(572)	(482)
Purchases of investment securities	(43)	(1,428)
Sales and maturities of investment securities	41	1,460
Other, net	35	769
Cash flows from investing activities	(1,209)	(175)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	—	2,000
Repayments of long-term debt and finance lease obligations	(2,355)	(7,582)
Dividends paid	(7,913)	(7,537)
Purchases of treasury stock	(1,969)	(1,483)
Proceeds from the exercise of stock options	149	209
Payments of contingent consideration liabilities	(735)	(817)
Other, net	50	41
Cash flows from financing activities	(12,773)	(15,169)
Effect of exchange rate changes on cash and equivalents	(18)	(85)
Net change in cash and equivalents	4,086	2,086
Cash and equivalents, beginning of period	9,201	9,746
Cash and equivalents, end of period	\$ 13,287	\$ 11,832

The accompanying notes are an integral part of these condensed consolidated financial statements.

AbbVie Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1 Basis of Presentation

Basis of Historical Presentation

The unaudited interim condensed consolidated financial statements of AbbVie Inc. (AbbVie or the company) have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP) have been omitted. These unaudited interim condensed consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements and notes included in the company's Annual Report on Form 10-K for the year ended December 31, 2022.

It is management's opinion that these financial statements include all normal and recurring adjustments necessary for a fair presentation of the company's financial position and operating results. Net revenues and net earnings for any interim period are not necessarily indicative of future or annual results. Certain other reclassifications were made to conform the prior period interim condensed consolidated financial statements to the current period presentation.

Note 2 Supplemental Financial Information

Interest Expense, Net

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ 555	\$ 560	\$ 1,660	\$ 1,664
Interest income	(157)	(63)	(354)	(96)
Interest expense, net	\$ 398	\$ 497	\$ 1,306	\$ 1,568

Inventories

(in millions)	September 30, 2023	December 31, 2022
Finished goods	\$ 1,035	\$ 1,162
Work-in-process	1,690	1,417
Raw materials	1,256	1,000
Inventories	\$ 3,981	\$ 3,579

Property and Equipment, Net

(in millions)	September 30, 2023	December 31, 2022
Property and equipment, gross	\$ 11,374	\$ 10,986
Accumulated depreciation	(6,440)	(6,051)
Property and equipment, net	\$ 4,934	\$ 4,935

Depreciation expense was \$ 196 million for the three months and \$ 565 million for the nine months ended September 30, 2023 and \$ 181 million for the three months and \$ 582 million for the nine months ended September 30, 2022.

Note 3 Earnings Per Share

AbbVie grants certain restricted stock units (RSUs) that are considered to be participating securities. Due to the presence of participating securities, AbbVie calculates earnings per share (EPS) using the more dilutive of the treasury stock or the two-class method. For all periods presented, the two-class method was more dilutive.

The following table summarizes the impact of the two-class method:

(in millions, except per share data)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Basic EPS				
Net earnings attributable to AbbVie Inc.	\$ 1,778	\$ 3,949	\$ 4,041	\$ 9,363
Earnings allocated to participating securities	11	18	32	43
Earnings available to common shareholders	\$ 1,767	\$ 3,931	\$ 4,009	\$ 9,320
Weighted-average basic shares outstanding	1,767	1,771	1,768	1,771
Basic earnings per share attributable to AbbVie Inc.	\$ 1.00	\$ 2.22	\$ 2.27	\$ 5.26
Diluted EPS				
Net earnings attributable to AbbVie Inc.	\$ 1,778	\$ 3,949	\$ 4,041	\$ 9,363
Earnings allocated to participating securities	11	18	32	43
Earnings available to common shareholders	\$ 1,767	\$ 3,931	\$ 4,009	\$ 9,320
Weighted-average shares of common stock outstanding	1,767	1,771	1,768	1,771
Effect of dilutive securities	4	5	4	6
Weighted-average diluted shares outstanding	1,771	1,776	1,772	1,777
Diluted earnings per share attributable to AbbVie Inc.	\$ 1.00	\$ 2.21	\$ 2.26	\$ 5.24

Certain shares issuable under stock-based compensation plans were excluded from the computation of EPS because the effect would have been antidilutive. The number of common shares excluded was insignificant for all periods presented.

Note 4 Licensing, Acquisitions and Other Arrangements

Other Licensing & Acquisitions Activity

Cash outflows related to acquisitions and investments totaled \$ 670 million for the nine months ended September 30, 2023 and \$ 494 million for the nine months ended September 30, 2022. AbbVie recorded acquired IPR&D and milestones expense of \$ 66 million for the three months and \$ 496 million for the nine months ended September 30, 2023 and \$ 40 million for the three months and \$ 454 million for the nine months ended September 30, 2022.

Syndesi Therapeutics SA

In February 2022, AbbVie acquired Syndesi Therapeutics SA and its portfolio of novel modulators of the synaptic vesicle protein 2A, including its lead molecule ABBV-552, previously named SDI-118, and accounted for the transaction as an asset acquisition. ABBV-552 is a small molecule, which is being evaluated to target nerve terminals to enhance synaptic efficiency. Under the terms of the agreement, AbbVie made an upfront payment of \$ 130 million which was recorded to acquired IPR&D and milestones expense in the condensed consolidated statement of earnings in the first quarter of 2022. The agreement also includes additional future payments of up to \$ 870 million upon the achievement of certain development, regulatory and commercial milestones.

Juvisé Pharmaceuticals

In June 2022, AbbVie and Laboratories Juvisé Pharmaceuticals (Juvisé) entered into an asset purchase agreement where Juvisé acquired worldwide commercial rights of a mature brand Pylera, which is used for the treatment of peptic ulcers with an infection by the bacterium *Helicobacter pylori*. The transaction was accounted for as the sale of an asset. Upon completion of the transaction,

AbbVie received net cash proceeds of \$ 215 million and recognized a pre-tax gain of \$ 172 million which was recorded in other operating income in the condensed consolidated statement of earnings in the second quarter of 2022.

Other Arrangements

AbbVie entered into several other arrangements resulting in charges related to upfront payments of \$ 44 million for the three months and \$ 396 million for the nine months ended September 30, 2023 and \$ 40 million for the three months and \$ 262 million for the nine months ended September 30, 2022. Acquired IPR&D and milestones expense also included development milestones of \$ 22 million for the three months and \$ 100 million for the nine months ended September 30, 2023 and \$ 62 million for the nine months ended September 30, 2022. There were no development milestones for the three months ended September 30, 2022.

Note 5 Collaborations

The company has ongoing transactions with other entities through collaboration agreements. The following represent the significant collaboration agreements impacting the periods ended September 30, 2023 and 2022.

Collaboration with Janssen Biotech, Inc.

In December 2011, Pharmacyclics, a wholly-owned subsidiary of AbbVie, entered into a worldwide collaboration and license agreement with Janssen Biotech, Inc. and its affiliates (Janssen), one of the Janssen Pharmaceutical companies of Johnson & Johnson, for the joint development and commercialization of Imbruvica, a novel, orally active, selective covalent inhibitor of Bruton's tyrosine kinase and certain compounds structurally related to Imbruvica, for oncology and other indications, excluding all immune and inflammatory mediated diseases or conditions and all psychiatric or psychological diseases or conditions, in the United States and outside the United States.

The collaboration provides Janssen with an exclusive license to commercialize Imbruvica outside of the United States and co-exclusively with AbbVie in the United States. Both parties are responsible for the development, manufacturing and marketing of any products generated as a result of the collaboration. The collaboration has no set duration or specific expiration date and provides for potential future development, regulatory and approval milestone payments of up to \$ 200 million to AbbVie. The collaboration also includes a cost sharing arrangement for associated collaboration activities. Except in certain cases, Janssen is responsible for approximately 60 % of collaboration development costs and AbbVie is responsible for the remaining 40 % of collaboration development costs.

In the United States, both parties have co-exclusive rights to commercialize the products; however, AbbVie is the principal in the end-customer product sales. AbbVie and Janssen share pre-tax profits and losses equally from the commercialization of products. Sales of Imbruvica are included in AbbVie's net revenues. Janssen's share of profits is included in AbbVie's cost of products sold. Other costs incurred under the collaboration are reported in their respective expense line items, net of Janssen's share.

Outside the United States, Janssen is responsible for and has exclusive rights to commercialize Imbruvica. AbbVie and Janssen share pre-tax profits and losses equally from the commercialization of products. AbbVie's share of profits is included in AbbVie's net revenues. Other costs incurred under the collaboration are reported in their respective expense line items, net of Janssen's share.

The following table shows the profit and cost sharing relationship between Janssen and AbbVie:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
United States - Janssen's share of profits (included in cost of products sold)	\$ 316	\$ 398	\$ 925	\$ 1,210
International - AbbVie's share of profits (included in net revenues)	230	286	711	868
Global - AbbVie's share of other costs (included in respective line items)	59	63	171	196

AbbVie's receivable from Janssen, included in accounts receivable, net, was \$ 253 million at September 30, 2023 and \$ 295 million at December 31, 2022. AbbVie's payable to Janssen, included in accounts payable and accrued liabilities, was \$ 308 million at September 30, 2023 and \$ 379 million at December 31, 2022.

Collaboration with Genentech, Inc.

AbbVie and Genentech, Inc. (Genentech), a member of the Roche Group, are parties to a collaboration and license agreement executed in 2007 to jointly research, develop and commercialize human therapeutic products containing BCL-2 inhibitors and certain other compound inhibitors which includes Venclexta, a BCL-2 inhibitor used to treat certain hematological malignancies. AbbVie

shares equally with Genentech all pre-tax profits and losses from the development and commercialization of Venclexta in the United States. AbbVie pays royalties on Venclexta net revenues outside the United States.

AbbVie manufactures and distributes Venclexta globally and is the principal in the end-customer product sales. Sales of Venclexta are included in AbbVie's net revenues. Genentech's share of United States profits is included in AbbVie's cost of products sold. AbbVie records sales and marketing costs associated with the United States collaboration as part of selling, general and administrative (SG&A) expenses and global development costs as part of research and development (R&D) expenses, net of Genentech's share. Royalties paid for Venclexta revenues outside the United States are also included in AbbVie's cost of products sold.

The following table shows the profit and cost sharing relationship between Genentech and AbbVie:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Genentech's share of profits, including royalties (included in cost of products sold)	\$ 225	\$ 204	\$ 641	\$ 578
AbbVie's share of sales and marketing costs from U.S. collaboration (included in SG&A)	13	10	32	27
AbbVie's share of development costs (included in R&D)	24	29	82	87

Note 6 Goodwill and Intangible Assets

Goodwill

The following table summarizes the changes in the carrying amount of goodwill:

(in millions)	
Balance as of December 31, 2022	\$ 32,156
Foreign currency translation adjustments	(65)
Balance as of September 30, 2023	\$ 32,091

The company performs its annual goodwill impairment assessment in the third quarter, or earlier if impairment indicators exist. As of September 30, 2023, there were no accumulated goodwill impairment losses.

Intangible Assets, Net

The following table summarizes intangible assets:

(in millions)	September 30, 2023			December 31, 2022		
	Gross carrying amount	Accumulated amortization	Net carrying amount	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite-lived intangible assets						
Developed product rights	\$ 76,526	\$ (21,170)	\$ 55,356	\$ 87,698	\$ (25,003)	\$ 62,695
License agreements	8,261	(5,299)	2,962	8,474	(4,642)	3,832
Total definite-lived intangible assets	84,787	(26,469)	58,318	96,172	(29,645)	66,527
Indefinite-lived intangible assets	285	—	285	912	—	912
Total intangible assets, net	\$ 85,072	\$ (26,469)	\$ 58,603	\$ 97,084	\$ (29,645)	\$ 67,439

Definite-Lived Intangible Assets

Amortization expense was \$ 2.0 billion for the three months and \$ 6.1 billion for the nine months ended September 30, 2023 and \$ 2.0 billion for the three months and \$ 5.7 billion for the nine months ended September 30, 2022. Amortization expense was included in cost of products sold in the condensed consolidated statements of earnings.

In August 2023, as part of the Inflation Reduction Act (IRA) of 2022, the company's oncology product Imbruvica sold in the United States (U.S.) was included on the list of products selected for negotiation by the Centers for Medicare & Medicaid Services. The selection resulted in a significant decrease in the estimated future cash flows for the product and represented a triggering event

which required the company to evaluate the underlying definite lived-intangible asset for impairment. The company utilized a discounted cash flow analysis to determine the fair value of \$ 1.9 billion, which was lower than the carrying value of \$ 4.0 billion and resulted in a partial impairment of both the gross and net carrying amount as of August 29, 2023. Based on the revised cash flows, the company recorded a pre-tax impairment charge of \$ 2.1 billion to cost of products sold in the condensed consolidated statement of earnings for the third quarter of 2023. The fair value measurement was based on Level 3 inputs including estimated net revenues, cost of products sold, R&D costs, selling and marketing costs and discount rate. The remaining intangible asset carrying value related to Imbruvica in the U.S. totaled \$ 1.8 billion as of September 30, 2023.

In September 2022, the company made a strategic decision to reduce ongoing sales and marketing investment related to Vuity, an on-market product to treat presbyopia. This strategic decision contributed to a significant decrease in the estimated future cash flows for the product and represented a triggering event which required the company to evaluate the underlying definite lived-intangible asset for impairment. The company utilized a discounted cash flow analysis to estimate the fair value of the intangible asset resulting in a full impairment of both the gross and net carrying amount. Based on the revised cash flows, the company recorded a pre-tax impairment charge of \$ 770 million to cost of products sold in the condensed consolidated statement of earnings for the third quarter of 2022.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets represent acquired IPR&D associated with products that have not yet received regulatory approval. The company performs its annual impairment assessment of indefinite-lived intangible assets in the third quarter, or earlier if impairment indicators exist.

During the first quarter of 2023, the company made a decision to revise the research and development plan for AGN-151607, a novel investigational neurotoxin for the prevention of postoperative atrial fibrillation in cardiac surgery patients. This decision contributed to a delay in the estimated timing of regulatory approval as well as a significant decrease in estimated future cash flows of the product and represented a triggering event which required the company to evaluate the underlying indefinite-lived intangible asset for impairment. The company utilized a discounted cash flow analysis to estimate the fair value which was below the carrying value of the intangible asset. Based on the revised cash flows, the company recorded a pre-tax impairment charge of \$ 630 million to research and development expense in the condensed consolidated statement of earnings for the first quarter of 2023.

Note 7 Integration and Restructuring Plans

Allergan Integration Plan

Following the closing of the Allergan acquisition, AbbVie implemented an integration plan designed to reduce costs, integrate and optimize the combined organization and incurred total cumulative charges of \$ 2.5 billion through September 30, 2023. These costs consist of severance and employee benefit costs (cash severance, non-cash severance including accelerated equity award compensation expense, retention and other termination benefits) and other integration expenses.

The following table summarizes the charges (benefits) associated with the Allergan acquisition integration plan:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cost of products sold	\$ 20	\$ 24	\$ 66	\$ 81
Research and development	1	4	2	14
Selling, general and administrative	39	88	134	234
Total charges	\$ 60	\$ 116	\$ 202	\$ 329

The following table summarizes the cash activity in the recorded liability associated with the Allergan integration plan for the nine months ended September 30, 2023:

(in millions)	
Accrued balance as of December 31, 2022	\$ 107
Charges	192
Payments and other adjustments	(258)
Accrued balance as of September 30, 2023	\$ 41

Other Restructuring

AbbVie recorded restructuring charges of \$ 10 million for the three months and \$ 55 million for the nine months ended September 30, 2023 and \$ 50 million for the three months and \$ 143 million for the nine months ended September 30, 2022.

The following table summarizes the cash activity in the restructuring reserve for the nine months ended September 30, 2023:

(in millions)

Accrued balance as of December 31, 2022	\$	176
Restructuring charges		31
Payments and other adjustments		(64)
Accrued balance as of September 30, 2023	\$	143

Note 8 Financial Instruments and Fair Value Measures

Risk Management Policy

See Note 11 to the company's Annual Report on Form 10-K for the year ended December 31, 2022 for a summary of AbbVie's risk management policy and use of derivative instruments.

Financial Instruments

Various AbbVie foreign subsidiaries enter into foreign currency forward exchange contracts to manage exposures to changes in foreign exchange rates for anticipated intercompany transactions denominated in a currency other than the functional currency of the local entity. These contracts, with notional amounts totaling \$ 2.5 billion at September 30, 2023 and \$ 1.7 billion at December 31, 2022, are designated as cash flow hedges and are recorded at fair value. The durations of these forward exchange contracts were generally less than 18 months. Accumulated gains and losses as of September 30, 2023 are reclassified from accumulated other comprehensive income (loss) (AOCI) and included in cost of products sold at the time the products are sold, generally not exceeding six months from the date of settlement.

In 2019, the company entered into treasury rate lock agreements with notional amounts totaling \$ 10.0 billion to hedge exposure to variability in future cash flows resulting from changes in interest rates related to the issuance of long-term debt in connection with the acquisition of Allergan. The treasury rate lock agreements were designated as cash flow hedges and recorded at fair value. The agreements were net settled upon issuance of the senior notes in 2019 and the resulting net gain was included in AOCI. This gain is reclassified to interest expense, net over the term of the related debt.

The company was a party to interest rate swap contracts designated as cash flow hedges that matured in November 2022. The effect of the hedge contracts was to change a floating-rate interest obligation to a fixed rate for that portion of the floating-rate debt. Realized and unrealized gains or losses were included in AOCI and reclassified to interest expense, net over the lives of the floating-rate debt.

In June 2023, the company entered into a cross-currency swap contract with a notional amount totaling € 433 million to hedge the company's exposure to changes in future cash flows of foreign currency denominated debt related to changes in foreign exchange rates. The cross-currency swap contract was designated as a cash flow hedge and effectively converted the interest and principal payments of the related foreign currency denominated debt to U.S. dollars. The unrealized gains and losses on the contract are included in AOCI and are reclassified to net foreign exchange loss over the term of the related debt.

The company also enters into foreign currency forward exchange contracts to manage its exposure to foreign currency denominated trade payables and receivables and intercompany loans. These contracts are not designated as hedges and are recorded at fair value. Resulting gains or losses are reflected in net foreign exchange gain or loss in the condensed consolidated statements of earnings and are generally offset by losses or gains on the foreign currency exposure being managed. These contracts had notional amounts totaling \$ 6.8 billion at September 30, 2023 and \$ 6.5 billion at December 31, 2022.

The company also uses foreign currency forward exchange contracts or foreign currency denominated debt to hedge its net investments in certain foreign subsidiaries and affiliates. The company had an aggregate principal amount of senior Euro notes designated as net investment hedges of € 5.4 billion at September 30, 2023 and € 5.9 billion at December 31, 2022. In addition, the company had foreign currency forward exchange contracts designated as net investment hedges with notional amounts totaling € 4.9 billion, SEK 1.4 billion, CAD 750 million and CHF 50 million at September 30, 2023 and € 4.3 billion, SEK 2.0 billion, CAD 750 million and CHF 90 million at December 31, 2022. The company uses the spot method of assessing hedge effectiveness for derivative instruments designated as net investment hedges. Realized and unrealized gains and losses from these hedges are included in AOCI

and the initial fair value of hedge components excluded from the assessment of effectiveness is recognized in interest expense, net over the life of the hedging instrument.

The company is a party to interest rate swap contracts designated as fair value hedges with notional amounts totaling \$ 5.0 billion at September 30, 2023 and \$ 4.5 billion at December 31, 2022. The effect of the hedge contracts is to change a fixed-rate interest obligation to a floating rate for that portion of the debt. AbbVie records the contracts at fair value and adjusts the carrying amount of the fixed-rate debt by an offsetting amount.

No amounts are excluded from the assessment of effectiveness for cash flow hedges or fair value hedges.

The following table summarizes the amounts and location of AbbVie's derivative instruments on the condensed consolidated balance sheets:

(in millions)	Fair value – Derivatives in asset position				Fair value – Derivatives in liability position			
	Balance sheet caption	September 30,	December 31,	Balance sheet caption	September 30,	December 31,		
		2023	2022		2023	2022		
Foreign currency forward exchange contracts								
Designated as cash flow hedges	Prepaid expenses and other	\$ 90	\$ 49	Accounts payable and accrued liabilities	\$ 3	\$ 8		
Designated as cash flow hedges	Other assets	—	1	Other long-term liabilities	—	—		
Designated as net investment hedges	Prepaid expenses and other	32	6	Accounts payable and accrued liabilities	29	36		
Designated as net investment hedges	Other assets	157	74	Other long-term liabilities	9	47		
Not designated as hedges	Prepaid expenses and other	30	33	Accounts payable and accrued liabilities	49	41		
Cross-currency swap contracts								
Designated as cash flow hedges	Prepaid expenses and other	—	—	Accounts payable and accrued liabilities	5	—		
Interest rate swap contracts								
Designated as fair value hedges	Prepaid expenses and other	—	—	Accounts payable and accrued liabilities	2	17		
Designated as fair value hedges	Other assets	—	—	Other long-term liabilities	434	375		
Total derivatives		\$ 309	\$ 163		\$ 531	\$ 524		

While certain derivatives are subject to netting arrangements with the company's counterparties, the company does not offset derivative assets and liabilities within the condensed consolidated balance sheets.

The following table presents the pre-tax amounts of gains (losses) from derivative instruments recognized in other comprehensive loss:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Foreign currency forward exchange contracts				
Designated as cash flow hedges	\$ 76	\$ 124	\$ 81	\$ 171
Designated as net investment hedges	241	362	153	748
Cross-currency swap contracts designated as cash flow hedges	(14)	—	(5)	—
Interest rate swap contracts designated as cash flow hedges	—	—	—	6

Assuming market rates remain constant through contract maturities, the company expects to reclassify pre-tax gains of \$ 74 million into cost of products sold for foreign currency cash flow hedges, pre-tax gains of \$ 1 million into net foreign exchange loss for cross-currency swap cash flow hedges and pre-tax gains of \$ 24 million into interest expense, net for treasury rate lock agreement cash flow hedges during the next 12 months.

Related to AbbVie's non-derivative, foreign currency denominated debt designated as net investment hedges, the company recognized in other comprehensive loss pre-tax gains of \$ 173 million for the three months and pre-tax gains of \$ 47 million for the nine months ended September 30, 2023 and pre-tax gains of \$ 431 million for the three months and pre-tax gains of \$ 932 million for the nine months ended September 30, 2022.

The following table summarizes the pre-tax amounts and location of derivative instrument net gains (losses) recognized in the condensed consolidated statements of earnings, including the net gains (losses) reclassified out of AOCI into net earnings. See Note 10 for the amount of net gains (losses) reclassified out of AOCI.

		Three months ended		Nine months ended	
		September 30,		September 30,	
(in millions)	Statement of earnings caption	2023	2022	2023	2022
Foreign currency forward exchange contracts					
Designated as cash flow hedges	Cost of products sold	\$ 11	\$ 21	\$ 67	\$ 47
Designated as net investment hedges	Interest expense, net	28	29	85	67
Not designated as hedges	Net foreign exchange loss	(41)	(121)	(7)	(285)
Treasury rate lock agreements designated as cash flow hedges	Interest expense, net	6	6	18	18
Cross-currency swap contracts designated as cash flow hedges	Net foreign exchange loss	(14)	—	(6)	—
Interest rate swap contracts					
Designated as cash flow hedges	Interest expense, net	—	—	—	(3)
Designated as fair value hedges	Interest expense, net	(58)	(141)	(44)	(424)
Debt designated as hedged item in fair value hedges	Interest expense, net	58	141	44	424

Fair Value Measures

The fair value hierarchy consists of the following three levels:

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets that the company has the ability to access;
- Level 2 – Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuations in which all significant inputs are observable in the market; and
- Level 3 – Valuations using significant inputs that are unobservable in the market and include the use of judgment by the company's management about the assumptions market participants would use in pricing the asset or liability.

The following table summarizes the bases used to measure certain assets and liabilities carried at fair value on a recurring basis on the condensed consolidated balance sheet as of September 30, 2023:

(in millions)	Total	Basis of fair value measurement						
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)				
Assets								
Cash and equivalents	\$	13,287	\$	5,531	\$	7,756	\$	—
Money market funds and time deposits		10		—		10		—
Debt securities		28		—		28		—
Equity securities		109		86		23		—
Foreign currency contracts		309		—		309		—
Total assets	\$	13,743	\$	5,617	\$	8,126	\$	—
Liabilities								
Interest rate swap contracts	\$	436	\$	—	\$	436	\$	—
Cross-currency swap contracts		5		—		5		—
Foreign currency contracts		90		—		90		—
Contingent consideration		18,674		—		—		18,674
Total liabilities	\$	19,205	\$	—	\$	531	\$	18,674

The following table summarizes the bases used to measure certain assets and liabilities carried at fair value on a recurring basis on the condensed consolidated balance sheet as of December 31, 2022:

(in millions)	Total	Basis of fair value measurement		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Cash and equivalents	\$ 9,201	\$ 4,201	\$ 5,000	\$ —
Money market funds and time deposits	21	—	21	—
Debt securities	28	—	28	—
Equity securities	91	59	32	—
Foreign currency contracts	163	—	163	—
Total assets	\$ 9,504	\$ 4,260	\$ 5,244	\$ —
Liabilities				
Interest rate swap contracts	\$ 392	\$ —	\$ 392	\$ —
Foreign currency contracts	132	—	132	—
Contingent consideration	16,384	—	—	16,384
Total liabilities	\$ 16,908	\$ —	\$ 524	\$ 16,384

Money market funds and time deposits are valued using relevant observable market inputs including quoted prices for similar assets and interest rate curves. Equity securities primarily consist of investments for which the fair values were determined by using the published market prices per unit multiplied by the number of units held, without consideration of transaction costs. The derivatives entered into by the company were valued using observable market inputs including published interest rate curves and both forward and spot prices for foreign currencies.

The fair value measurements of the contingent consideration liabilities were determined based on significant unobservable inputs, including the discount rate, estimated probabilities and timing of achieving specified development, regulatory and commercial milestones and the estimated amount of future sales of the acquired products. The potential contingent consideration payments are estimated by applying a probability-weighted expected payment model for contingent milestone payments and a Monte Carlo simulation model for contingent royalty payments, which are then discounted to present value. Changes to the fair value of the contingent consideration liabilities can result from changes to one or a number of inputs, including discount rates, the probabilities of achieving the milestones, the time required to achieve the milestones and estimated future sales. Significant judgment is employed in determining the appropriateness of certain of these inputs. Changes to the inputs described above could have a material impact on the company's financial position and results of operations in any given period.

The fair value of the company's contingent consideration liabilities was calculated using the following significant unobservable inputs:

(in millions)	September 30, 2023		December 31, 2022	
	Range	Weighted average ^(a)	Range	Weighted average ^(a)
Discount rate	5.3 % - 6.1 %	5.5 %	4.7 %- 5.1 %	4.8 %
Probability of payment for unachieved milestones	100 % - 100 %	100 %	100 % - 100 %	100 %
Probability of payment for royalties by indication ^(b)	89 % - 100 %	99 %	56 % - 100 %	99 %
Projected year of payments	2023 - 2034	2027	2023 - 2034	2028

(a) Unobservable inputs were weighted by the relative fair value of the contingent consideration liabilities.

(b) Excluding approved indications, the estimated probability of payment was 89 % at September 30, 2023 and 56 % at December 31, 2022.

There have been no transfers of assets or liabilities into or out of Level 3 of the fair value hierarchy. The following table presents the changes in fair value of total contingent consideration liabilities which are measured using Level 3 inputs:

(in millions)	Nine months ended September 30,	
	2023	2022
Beginning balance	\$ 16,384	\$ 14,887
Change in fair value recognized in net earnings	3,432	647
Payments	(1,142)	(978)
Ending balance	\$ 18,674	\$ 14,556

The change in fair value recognized in net earnings is recorded in other expense (income), net in the condensed consolidated statements of earnings. Contingent consideration payments of amounts up to the initial acquisition date fair value are classified as cash outflows from financing activities and payments of amounts in excess of the initial acquisition date fair value are classified as cash outflows from operating activities in the condensed consolidated statements of cash flows.

Certain financial instruments are carried at historical cost or some basis other than fair value. The book values, approximate fair values and bases used to measure the approximate fair values of certain financial instruments as of September 30, 2023 are shown in the table below:

(in millions)	Book value	Approximate fair value	Basis of fair value measurement		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities					
Short-term borrowings	\$ 2	\$ 2	\$ —	\$ 2	\$ —
Current portion of long-term debt and finance lease obligations, excluding fair value hedges	5,113	5,041	4,763	278	—
Long-term debt and finance lease obligations, excluding fair value hedges	56,035	49,633	49,124	509	—
Total liabilities	\$ 61,150	\$ 54,676	\$ 53,887	\$ 789	\$ —

The book values, approximate fair values and bases used to measure the approximate fair values of certain financial instruments as of December 31, 2022 are shown in the table below:

(in millions)	Book value	Approximate fair value	Basis of fair value measurement		
			Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities					
Short-term borrowings	\$ 1	\$ 1	\$ —	\$ 1	\$ —
Current portion of long-term debt and finance lease obligations, excluding fair value hedges	4,152	4,121	3,930	191	—
Long-term debt and finance lease obligations, excluding fair value hedges	59,463	54,073	53,365	708	—
Total liabilities	\$ 63,616	\$ 58,195	\$ 57,295	\$ 900	\$ —

AbbVie also holds investments in equity securities that do not have readily determinable fair values. The company records these investments at cost and remeasures them to fair value based on certain observable price changes or impairment events as they occur. The carrying amount of these investments was \$ 131 million as of September 30, 2023 and \$ 129 million as of December 31, 2022. No significant cumulative upward or downward adjustments have been recorded for these investments as of September 30, 2023.

Concentrations of Risk

Of total net accounts receivable, three U.S. wholesalers accounted for 81 % as of September 30, 2023 and 82 % as of December 31, 2022, and substantially all of AbbVie's pharmaceutical product net revenues in the United States were to these three wholesalers.

Humira (adalimumab) is AbbVie's single largest product and accounted for approximately 28 % of AbbVie's total net revenues for the nine months ended September 30, 2023 and 36 % for the nine months ended September 30, 2022.

Debt and Credit Facilities

Long-Term Debt

In January 2023, the company repaid a \$ 1.0 billion floating rate three-year term loan that was scheduled to mature in May 2023. In March 2023, the company repaid a \$ 350 million aggregate principal amount of 2.80 % senior notes at maturity.

In May 2023, the company repaid \$ 1.0 billion aggregate principal amount of 2.85 % senior notes at maturity.

In January 2022, the company repaid \$ 2.9 billion aggregate principal amount of 3.45 % senior notes that were scheduled to mature in March 2022. This repayment was made by exercising, under the terms of the notes, 60-day early redemption at 100% of the principal amount.

In February 2022, the company refinanced its \$ 2.0 billion floating rate five-year term loan. As part of the refinancing, the company repaid the existing \$ 2.0 billion term loan due May 2025 and borrowed \$ 2.0 billion under a new term loan at a lower floating rate. All other significant terms of the loan, including the maturity date, remained unchanged after the refinancing.

In July 2022, the company repaid \$ 1.7 billion aggregate principal amount of 3.25 % senior notes that were scheduled to mature in October 2022. This repayment was made by exercising, under the terms of the notes, 90-day early redemption at 100% of the principal amount.

In September 2022, the company repaid \$ 1.0 billion aggregate principal amount of 3.2 % senior notes that were scheduled to mature in November 2022. This payment was made by exercising, under the terms of the notes, 60-day early redemption at 100% of the principal amount.

Short-Term Borrowings

In March 2023, AbbVie entered into an amended and restated five-year revolving credit facility. The amendment increased the unsecured revolving credit facility commitments from \$ 4.0 billion to \$ 5.0 billion and extended the maturity date of the facility from August 2023 to March 2028. This amended facility enables the company to borrow funds on an unsecured basis at variable interest rates and contains various covenants. At September 30, 2023, the company was in compliance with all covenants, and commitment fees under the credit facility were insignificant. No amounts were outstanding under the company's credit facilities as of September 30, 2023 and December 31, 2022.

Note 9 Post-Employment Benefits

The following table summarizes net periodic benefit cost relating to the company's defined benefit and other post-employment plans:

(in millions)	Defined benefit plans				Other post-employment plans			
	Three months ended		Nine months ended		Three months ended		Nine months ended	
	September 30,		September 30,		September 30,		September 30,	
	2023	2022	2023	2022	2023	2022	2023	2022
Service cost	\$ 68	\$ 113	\$ 203	\$ 342	\$ 9	\$ 13	\$ 27	\$ 38
Interest cost	108	74	324	223	9	6	28	18
Expected return on plan assets	(181)	(177)	(543)	(536)	—	—	—	—
Amortization of prior service cost (credit)	—	1	1	2	(9)	(10)	(27)	(29)
Amortization of actuarial loss	4	57	12	173	3	7	9	20
Net periodic benefit cost (credit)	\$ (1)	\$ 68	\$ (3)	\$ 204	\$ 12	\$ 16	\$ 37	\$ 47

The components of net periodic benefit cost other than service cost are included in other expense (income), net in the condensed consolidated statements of earnings.

Note 10 Equity

Stock-Based Compensation

Stock-based compensation expense is principally related to awards issued pursuant to the AbbVie 2013 Incentive Stock Program and the AbbVie Amended and Restated 2013 Incentive Stock Program and is summarized as follows:

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cost of products sold	\$ 9	\$ 8	\$ 38	\$ 33
Research and development	53	47	227	194
Selling, general and administrative	68	71	357	312
Pre-tax compensation expense	130	126	622	539
Tax benefit	(26)	(25)	(111)	(102)
After-tax compensation expense	\$ 104	\$ 101	\$ 511	\$ 437

Stock Options

During the nine months ended September 30, 2023, primarily in connection with the company's annual grant, AbbVie granted 0.6 million stock options with a weighted-average grant-date fair value of \$ 29.89 . As of September 30, 2023, \$ 7 million of unrecognized compensation cost related to stock options is expected to be recognized as expense over approximately the next two years .

RSUs and Performance Shares

During the nine months ended September 30, 2023, primarily in connection with the company's annual grant, AbbVie granted 5.8 million RSUs and performance shares with a weighted-average grant-date fair value of \$ 149.59 . As of September 30, 2023, \$ 692 million of unrecognized compensation cost related to RSUs and performance shares is expected to be recognized as expense over approximately the next two years .

Cash Dividends

The following table summarizes quarterly cash dividends declared during 2023 and 2022:

2023			2022		
Date Declared	Payment Date	Dividend Per Share	Date Declared	Payment Date	Dividend Per Share
10/26/23	02/15/24	\$ 1.55	10/28/22	02/15/23	\$ 1.48
09/08/23	11/15/23	\$ 1.48	09/09/22	11/15/22	\$ 1.41
06/22/23	08/15/23	\$ 1.48	06/23/22	08/15/22	\$ 1.41
02/16/23	05/15/23	\$ 1.48	02/17/22	05/16/22	\$ 1.41

Stock Repurchase Program

The company's stock repurchase authorization permits purchases of AbbVie shares from time to time in open-market or private transactions at management's discretion. The program has no time limit and can be discontinued at any time. Shares repurchased under this program are recorded at acquisition cost, including related expenses, and are available for general corporate purposes.

On February 16, 2023, AbbVie's board of directors authorized a \$ 5.0 billion increase to the existing stock repurchase authorization. AbbVie repurchased 10 million shares for \$ 1.6 billion during the nine months ended September 30, 2023 and 8 million shares for \$ 1.1 billion during the nine months ended September 30, 2022. AbbVie's remaining stock repurchase authorization was approximately \$ 4.8 billion as of September 30, 2023.

Accumulated Other Comprehensive Loss

The following table summarizes the changes in each component of accumulated other comprehensive loss, net of tax, for the nine months ended September 30, 2023:

(in millions)	Foreign currency translation adjustments	Net investment hedging activities	Pension and post- employment benefits	Cash flow hedging activities	Total
Balance as of December 31, 2022	\$ (1,513)	\$ 464	\$ (1,458)	\$ 308	\$ (2,199)
Other comprehensive income (loss) before reclassifications	(279)	156	43	61	(19)
Net gains reclassified from accumulated other comprehensive loss	—	(67)	(5)	(63)	(135)
Net current-period other comprehensive income (loss)	(279)	89	38	(2)	(154)
Balance as of September 30, 2023	\$ (1,792)	\$ 553	\$ (1,420)	\$ 306	\$ (2,353)

Other comprehensive loss for the nine months ended September 30, 2023 included foreign currency translation adjustments totaling a loss of \$ 279 million principally due to the impact of the weakening of the Euro on the translation of the company's Euro-denominated assets and the offsetting impact of net investment hedging activities totaling a gain of \$ 89 million.

The following table summarizes the changes in each component of accumulated other comprehensive loss, net of tax, for the nine months ended September 30, 2022:

(in millions)	Foreign currency translation adjustments	Net investment hedging activities	Pension and post- employment benefits	Cash flow hedging activities	Total
Balance as of December 31, 2021	\$ (570)	\$ (91)	\$ (2,546)	\$ 308	\$ (2,899)
Other comprehensive income (loss) before reclassifications	(2,043)	1,318	6	151	(568)
Net losses (gains) reclassified from accumulated other comprehensive loss	—	(53)	130	(53)	24
Net current-period other comprehensive income (loss)	(2,043)	1,265	136	98	(544)
Balance as of September 30, 2022	\$ (2,613)	\$ 1,174	\$ (2,410)	\$ 406	\$ (3,443)

Other comprehensive loss for the nine months ended September 30, 2022 included foreign currency translation adjustments totaling a loss of \$ 2.0 billion principally due to the impact of the weakening of the Euro on the translation of the company's Euro-denominated assets and the offsetting impact of net investment hedging activities totaling a gain of \$ 1.3 billion.

The following table presents the impact on AbbVie's condensed consolidated statements of earnings for significant amounts reclassified out of each component of accumulated other comprehensive loss:

(in millions) (brackets denote gains)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net investment hedging activities				
Gains on derivative amount excluded from effectiveness testing ^(a)	\$ (28)	\$ (29)	\$ (85)	\$ (67)
Tax expense	6	6	18	14
Total reclassifications, net of tax	\$ (22)	\$ (23)	\$ (67)	\$ (53)
Pension and post-employment benefits				
Amortization of actuarial losses and other ^(b)	\$ (2)	\$ 55	\$ (5)	\$ 166
Tax benefit	—	(12)	—	(36)
Total reclassifications, net of tax	\$ (2)	\$ 43	\$ (5)	\$ 130
Cash flow hedging activities				
Gains on foreign currency forward exchange contracts ^(c)	\$ (11)	\$ (21)	\$ (67)	\$ (47)
Gains on treasury rate lock agreements ^(a)	(6)	(6)	(18)	(18)
Losses on cross-currency swap contracts ^(d)	14	—	6	—
Losses on interest rate swap contracts ^(a)	—	—	—	3
Tax expense	2	4	16	9
Total reclassifications, net of tax	\$ (1)	\$ (23)	\$ (63)	\$ (53)

(a) Amounts are included in interest expense, net (see Note 8) .

(b) Amounts are included in the computation of net periodic benefit cost (see Note 9).

(c) Amounts are included in cost of products sold (see Note 8).

(d) Amounts are included in net foreign exchange loss (see Note 8).

Note 11 Income Taxes

The effective tax rate was 9 % for the three months and 20 % for the nine months ended September 30, 2023 compared to 10 % for the three months and 11 % for the nine months ended September 30, 2022. The effective tax rate in each period differed from the U.S. statutory tax rate of 21 % principally due to the impact of foreign operations which reflects the impact of lower income tax rates in locations outside the United States and business development activities. The effective tax rate for the nine months ended September 30, 2023 and September 30, 2022 and the three months ended September 30, 2022 were also impacted by changes in fair value of contingent consideration. The increase in the effective tax rate for the nine months ended September 30, 2023 over the prior year was primarily due to changes in fair value of contingent consideration.

Due to the potential for resolution of federal, state and foreign examinations and the expiration of various statutes of limitations, it is reasonably possible the company's gross unrecognized tax benefits balance may change within the next 12 months by up to \$ 620 million.

Note 12 Legal Proceedings and Contingencies

AbbVie is subject to contingencies, such as various claims, legal proceedings and investigations regarding product liability, intellectual property, commercial, securities and other matters that arise in the normal course of business. The most significant matters are described below. Loss contingency provisions are recorded for probable losses at management's best estimate of a loss, or when a best estimate cannot be made, a minimum loss contingency amount within a probable range is recorded. For litigation matters discussed below for which a loss is probable or reasonably possible, the company is unable to estimate the possible loss or range of loss, if any, beyond the amounts accrued. Initiation of new legal proceedings or a change in the status of existing proceedings may result in a change in the estimated loss accrued by AbbVie. While it is not feasible to predict the outcome of all proceedings and exposures with certainty, management believes that their ultimate disposition should not have a material adverse effect on AbbVie's consolidated financial position, results of operations or cash flows.

Subject to certain exceptions specified in the separation agreement by and between Abbott Laboratories (Abbott) and AbbVie, AbbVie assumed the liability for, and control of, all pending and threatened legal matters related to its business, including liabilities for any claims or legal proceedings related to products that had been part of its business, but were discontinued prior to the distribution, as well as assumed or retained liabilities, and will indemnify Abbott for any liability arising out of or resulting from such assumed legal matters.

Antitrust Litigation

Lawsuits are pending against AbbVie and others generally alleging that the 2005 patent litigation settlement involving Niaspan entered into between Kos Pharmaceuticals, Inc. (a company acquired by Abbott in 2006 and presently a subsidiary of AbbVie) and a generic company violated federal and state antitrust laws and state unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. The lawsuits pending in federal court consist of six individual plaintiff lawsuits and a certified class action by Niaspan direct purchasers. The cases are pending in the United States District Court for the Eastern District of Pennsylvania for coordinated or consolidated pre-trial proceedings under the MDL Rules as *In re: Niaspan Antitrust Litigation*, MDL No. 2460. In October 2016, the Orange County, California District Attorney's Office filed a lawsuit on behalf of the State of California regarding the Niaspan patent litigation settlement in Orange County Superior Court, asserting a claim under the unfair competition provision of the California Business and Professions Code seeking injunctive relief, restitution, civil penalties and attorneys' fees.

In August 2019, direct purchasers of AndroGel filed a lawsuit, King Drug Co. of Florence, Inc., et al. v. AbbVie Inc., et al., against AbbVie and others in the United States District Court for the Eastern District of Pennsylvania, alleging that 2006 patent litigation settlements and related agreements by Solvay Pharmaceuticals, Inc. (a company Abbott acquired in February 2010 and now known as AbbVie Products LLC) with three generic companies violated federal antitrust law, and also alleging that 2011 patent litigation by Abbott with two generic companies regarding AndroGel was sham litigation and the settlements of those litigations violated federal antitrust law. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. In November 2022, the State of Oregon filed a lawsuit in the Multnomah County, Oregon Circuit Court making similar allegations regarding the 2011 patent litigation with one of the generic companies.

Lawsuits were filed against Forest Laboratories, LLC and others generally alleging that 2012 and 2013 patent litigation settlements involving Bystolic with six generic manufacturers violated federal and state antitrust laws and state unfair and deceptive trade practices and unjust enrichment laws. Plaintiffs generally seek monetary damages and/or injunctive relief and attorneys' fees. The lawsuits, purported class actions filed on behalf of direct and indirect purchasers of Bystolic, were consolidated as *In re: Bystolic Antitrust Litigation* in the United States District Court for the Southern District of New York. In February 2023, the court granted Forest Laboratories' motion to dismiss the cases, dismissing them with prejudice. Plaintiffs are appealing the court's motion to dismiss ruling.

Government Proceedings

Lawsuits are pending against Allergan and several other manufacturers generally alleging that they improperly promoted and sold prescription opioid products. Approximately 610 lawsuits are pending against Allergan in federal and state courts. Most of the federal court lawsuits are consolidated for pre-trial purposes in the United States District Court for the Northern District of Ohio under the MDL rules as *In re: National Prescription Opiate Litigation*, MDL No. 2804. Approximately 160 of the lawsuits are pending in various state courts. The plaintiffs in these lawsuits, which include states, counties, cities, other municipal entities, Native American tribes, union trust funds and other third-party payors, private hospitals and personal injury claimants, generally seek compensatory and punitive damages. Of these approximately 610 lawsuits, approximately 195 of them are brought by states, counties, cities, and other municipal entities. Three other lawsuits are brought by 3 Native American Tribes. AbbVie recorded a charge of \$ 2.1 billion to selling, general and administrative expense in the consolidated statement of earnings in the second quarter of 2022 related to its settlement of over 2,500 lawsuits by states, counties, cities, other municipal entities, and Native American

tribes. Approximately 160 of the remaining 198 such lawsuits are in the process of being dismissed with prejudice pursuant to that settlement.

In March 2023, AbbVie Inc. filed a petition in the United States Tax Court, *AbbVie Inc. and Subsidiaries v. Commissioner of Internal Revenue*. The petition disputes the Internal Revenue Service determination concerning a \$ 572 million income tax benefit recorded in 2014 related to a payment made to a third party for the termination of a proposed business combination.

Shareholder and Securities Litigation

In October 2018, a federal securities lawsuit, *Holwill v. AbbVie Inc., et al.*, was filed in the United States District Court for the Northern District of Illinois against AbbVie, its chief executive officer and former chief financial officer, alleging that reasons stated for Humira sales growth in financial filings between 2013 and 2018 were misleading because they omitted alleged misconduct in connection with Humira patient and reimbursement support services and other services and items of value that allegedly induced Humira prescriptions. In September 2021, the court granted plaintiffs' motion to certify a class.

Lawsuits were filed against Allergan and certain of its former officers alleging they made misrepresentations and omissions regarding Allergan's textured breast implants. The lawsuits, which were filed by Allergan shareholders, have been consolidated in the United States District Court for the Southern District of New York as *In re: Allergan plc Securities Litigation*. The plaintiffs generally seek compensatory damages and attorneys' fees. In September 2019, the court partially granted Allergan's motion to dismiss. In September 2021, the court granted plaintiffs' motion to certify a class. In December 2022, the court granted Allergan's motion for summary judgment on the remaining claims, dismissing them with prejudice. Plaintiffs are appealing the court's motion to dismiss and summary judgment rulings.

In May and July 2022, two shareholder derivative lawsuits, *Treppel Family Trust v. Gonzalez et al.*, and *Katcher v. Gonzalez, et al.*, were filed in the United States District Court for the Northern District of Illinois, alleging that certain AbbVie directors and officers breached fiduciary and other legal duties in making or allowing alleged misstatements regarding the potential effect that safety information about another company's product would have on the Food and Drug Administration's approval and labeling for AbbVie's Rinvoq.

Product Liability and General Litigation

In April 2023, a putative class action lawsuit, *Camargo v. AbbVie Inc.*, was filed in the United States District Court for the Northern District of Illinois on behalf of Humira patients who paid for Humira based on its list price or who, after losing insurance coverage, discontinued Humira because they could not pay based on its list price, alleging that Humira's list price is excessive in violation of multiple states' unfair and deceptive trade practices statutes. The plaintiff generally seeks monetary damages, injunctive relief, and attorneys' fees.

In 2018, a *qui tam* lawsuit, *U.S. ex rel. Silbersher v. Allergan Inc., et al.*, was filed in the United States District Court for the Northern District of California against several Allergan entities and others, alleging that their conduct before the U.S. Patent Office resulted in false claims for payment being made to federal and state healthcare payors for Namenda XR and Namzaric. The plaintiff-relator sought damages and attorneys' fees under the federal False Claims Act and state law analogues. The federal government and state governments declined to intervene in the lawsuit. In March 2023, the court granted Allergan's motion to dismiss, dismissing plaintiff-relator's federal law claims with prejudice and state law claims without prejudice. The plaintiff-relator is appealing the court's motion to dismiss ruling.

Intellectual Property Litigation

AbbVie Inc. is seeking to enforce patent rights relating to venetoclax (a drug sold under the trademark Venclexta). Litigation was filed in the United States District Court for the District of Delaware in July 2020 against Dr. Reddy's Laboratories, Ltd. and Dr. Reddy's Laboratories, Inc.; and Alembic Pharmaceuticals Ltd., Alembic Pharmaceuticals, Inc., and Alembic Global Holdings SA. AbbVie alleges defendants' proposed generic venetoclax products infringe certain patents and seeks declaratory and injunctive relief. Genentech, Inc., which is in a global collaboration with AbbVie concerning the development and marketing of Venclexta, is the co-plaintiff in this suit.

Note 13 Segment Information

AbbVie operates as a single global business segment dedicated to the research and development, manufacturing, commercialization and sale of innovative medicines and therapies. This operating structure enables the Chief Executive Officer, as chief operating decision maker (CODM), to allocate resources and assess business performance on a global basis in order to achieve established long-term strategic goals. Consistent with this structure, a global research and development and supply chain organization is responsible for the discovery, manufacturing and supply of products. Commercial efforts that coordinate the marketing, sales and distribution of these products are organized by geographic region or therapeutic area. All of these activities are supported by a global corporate administrative staff. The determination of a single business segment is consistent with the consolidated financial information regularly reviewed by the CODM for purposes of assessing performance, allocating resources and planning and forecasting future periods.

The following table details AbbVie's worldwide net revenues:

(in millions)		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Immunology					
Humira	United States	\$ 3,020	\$ 4,956	\$ 9,420	\$ 13,613
	International	527	603	1,680	2,045
	Total	\$ 3,547	\$ 5,559	\$ 11,100	\$ 15,658
Skyrizi	United States	\$ 1,875	\$ 1,221	\$ 4,648	\$ 3,081
	International	251	176	721	508
	Total	\$ 2,126	\$ 1,397	\$ 5,369	\$ 3,589
Rinvoq	United States	\$ 801	\$ 505	\$ 1,895	\$ 1,228
	International	309	190	819	524
	Total	\$ 1,110	\$ 695	\$ 2,714	\$ 1,752
Oncology					
Imbruvica	United States	\$ 678	\$ 849	\$ 1,982	\$ 2,585
	Collaboration revenues	230	286	711	868
	Total	\$ 908	\$ 1,135	\$ 2,693	\$ 3,453
Venclexta	United States	\$ 281	\$ 259	\$ 811	\$ 740
	International	309	256	888	753
	Total	\$ 590	\$ 515	\$ 1,699	\$ 1,493
Epkinly	Collaboration revenues	\$ 14	\$ —	\$ 14	\$ —
Aesthetics					
Botox Cosmetic	United States	\$ 388	\$ 370	\$ 1,217	\$ 1,232
	International	232	267	747	741
	Total	\$ 620	\$ 637	\$ 1,964	\$ 1,973
Juvederm Collection	United States	\$ 116	\$ 125	\$ 363	\$ 420
	International	205	227	681	686
	Total	\$ 321	\$ 352	\$ 1,044	\$ 1,106
Other Aesthetics	United States	\$ 255	\$ 265	\$ 785	\$ 837
	International	43	47	130	130
	Total	\$ 298	\$ 312	\$ 915	\$ 967
Neuroscience					
Botox Therapeutic	United States	\$ 626	\$ 584	\$ 1,827	\$ 1,641
	International	122	115	388	350
	Total	\$ 748	\$ 699	\$ 2,215	\$ 1,991
Vraylar	United States	\$ 750	\$ 554	\$ 1,967	\$ 1,473
	International	1	—	3	—
	Total	\$ 751	\$ 554	\$ 1,970	\$ 1,473
Duodopa	United States	\$ 25	\$ 22	\$ 74	\$ 72
	International	93	88	279	279
	Total	\$ 118	\$ 110	\$ 353	\$ 351
Ubrovelvy	United States	\$ 230	\$ 160	\$ 574	\$ 483
	International	3	—	7	—
	Total	\$ 233	\$ 160	\$ 581	\$ 483

(in millions)		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Qulipta	United States	\$ 131	\$ 62	\$ 292	\$ 106
	International	1	—	2	—
	Total	\$ 132	\$ 62	\$ 294	\$ 106
Other Neuroscience	United States	\$ 55	\$ 82	\$ 195	\$ 400
	International	6	5	15	14
	Total	\$ 61	\$ 87	\$ 210	\$ 414
Eye Care					
Ozurdex	United States	\$ 34	\$ 35	\$ 107	\$ 104
	International	86	71	247	219
	Total	\$ 120	\$ 106	\$ 354	\$ 323
Lumigan/Ganfort	United States	\$ 28	\$ 59	\$ 142	\$ 186
	International	63	62	198	205
	Total	\$ 91	\$ 121	\$ 340	\$ 391
Alphagan/Combigan	United States	\$ 30	\$ 37	\$ 90	\$ 161
	International	40	36	116	111
	Total	\$ 70	\$ 73	\$ 206	\$ 272
Restasis	United States	\$ 104	\$ 132	\$ 265	\$ 518
	International	13	10	43	38
	Total	\$ 117	\$ 142	\$ 308	\$ 556
Other Eye Care	United States	\$ 114	\$ 99	\$ 334	\$ 296
	International	93	82	288	273
	Total	\$ 207	\$ 181	\$ 622	\$ 569
Other Key Products					
Mavyret	United States	\$ 167	\$ 190	\$ 531	\$ 562
	International	203	193	590	599
	Total	\$ 370	\$ 383	\$ 1,121	\$ 1,161
Creon	United States	\$ 305	\$ 336	\$ 892	\$ 941
Linzess/Constella	United States	\$ 279	\$ 262	\$ 799	\$ 742
	International	9	9	26	24
	Total	\$ 288	\$ 271	\$ 825	\$ 766
All other		\$ 782	\$ 925	\$ 2,214	\$ 3,145
Total net revenues		\$ 13,927	\$ 14,812	\$ 40,017	\$ 42,933

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the financial condition of AbbVie Inc. (AbbVie or the company) as of September 30, 2023 and December 31, 2022 and the results of operations for the three and nine months ended September 30, 2023 and 2022. This commentary should be read in conjunction with the Condensed Consolidated Financial Statements and accompanying notes appearing in Item 1, "Financial Statements and Supplementary Data."

EXECUTIVE OVERVIEW

Company Overview

AbbVie is a global, diversified research-based biopharmaceutical company positioned for success with a comprehensive product portfolio that has leadership positions across immunology, oncology, aesthetics, neuroscience and eye care. AbbVie uses its expertise, dedicated people and unique approach to innovation to develop and market advanced therapies that address some of the world's most complex and serious diseases.

AbbVie's products are generally sold worldwide directly to wholesalers, distributors, government agencies, health care facilities, specialty pharmacies and independent retailers from AbbVie-owned distribution centers and public warehouses. Certain products (including aesthetic products and devices) are also sold directly to physicians and other licensed healthcare providers. In the United States, AbbVie distributes pharmaceutical products principally through independent wholesale distributors, with some sales directly to retailers, pharmacies, patients or other customers. Outside the United States, AbbVie sells products primarily to wholesalers or through distributors, and depending on the market works through largely centralized national payers system to agree on reimbursement terms. Certain products are co-marketed or co-promoted with other companies. AbbVie operates as a single global business segment and has approximately 50,000 employees.

2023 Strategic Objectives

AbbVie's mission is to discover and develop innovative medicines and products that solve serious health issues today and address the medical challenges of tomorrow while achieving top-tier financial performance through outstanding execution. AbbVie intends to execute its strategy and advance its mission in a number of ways, including: (i) maximizing the benefits of a diversified revenue base with multiple long-term growth drivers; (ii) leveraging AbbVie's commercial strength and international infrastructure across therapeutic areas and ensuring strong commercial execution of new product launches; (iii) continuing to invest in and expand its pipeline in support of opportunities in immunology, oncology, aesthetics, neuroscience and eye care as well as continued investment in key on-market products; (iv) generating substantial operating cash flows to support investment in innovative research and development, and return cash to shareholders via a strong and growing dividend while also reducing debt. In addition, AbbVie anticipates several regulatory submissions and data readouts from key clinical trials in the next 12 months.

Financial Results

The company's financial performance for the nine months ended September 30, 2023 included delivering worldwide net revenues of \$40.0 billion, operating earnings of \$9.6 billion, diluted earnings per share of \$2.26 and cash flows from operations of \$18.1 billion. Worldwide net revenues decreased 7% on a reported basis and 6% on a constant currency basis.

Diluted earnings per share was \$2.26 for the nine months ended September 30, 2023 and included the following after-tax costs: (i) \$5.1 billion related to the amortization of intangible assets; (ii) \$3.3 billion for the change in fair value of contingent consideration liabilities; and (iii) \$2.3 billion related to intangible asset impairment. Additionally, financial results reflected continued funding to support all stages of AbbVie's pipeline assets and continued investment in AbbVie's on-market brands.

Research and Development

Research and innovation are the cornerstones of AbbVie's business as a global biopharmaceutical company. AbbVie's long-term success depends to a great extent on its ability to continue to discover and develop innovative products and acquire or collaborate on compounds currently in development by other biotechnology or pharmaceutical companies.

AbbVie's pipeline currently includes approximately 90 compounds, devices or indications in development individually or under collaboration or license agreements and is focused on such important specialties as immunology, oncology, aesthetics, neuroscience and eye care. Of these programs, over 50 are in mid- and late-stage development.

The following sections summarize transitions of significant programs from mid-stage development to late-stage development as well as developments in significant late-stage and registration programs. AbbVie expects multiple mid-stage programs to transition into late-stage programs in the next 12 months.

Significant Programs and Developments

Immunology

Rinvoq

- In March 2023, the European Commission (EC) issued their final decision on the European Medicines Agency's (EMA) review of the benefit-risk of medicines in the JAK inhibitor class for the treatment of inflammatory diseases, including Rinvoq. Confirming the Committee for Medicinal Products for Human Use (CHMP) opinion, the previously approved Rinvoq indication statements were not changed and the dosage and special warnings for all JAK inhibitors were updated to include additional information about the risks associated with JAK inhibitors.
- In April 2023, AbbVie announced that the EC approved Rinvoq for the treatment of adults with moderately to severely active Crohn's disease who have had an inadequate response, lost response or were intolerant to either conventional therapy or a biologic agent.
- In May 2023, AbbVie announced that the U.S. Food and Drug Administration (FDA) approved Rinvoq for the treatment of adults with moderately to severely active Crohn's disease who have had an inadequate response or intolerance to one or more tumor necrosis factor (TNF) blockers.
- In July 2023, AbbVie initiated its Phase 3 Step-Up HS study to evaluate efficacy and safety of Rinvoq in adults and adolescents with moderate to severe hidradenitis suppurativa (HS) who have failed anti-TNF therapy and/or one approved non-anti-TNF inhibitor therapy for HS.
- In August 2023, AbbVie initiated its Phase 3 Select-SLE study to evaluate Rinvoq in moderate to severe systemic Lupus Erythematosus.
- In October 2023, AbbVie announced that its Phase 2b study evaluating Rinvoq in adults with non-segmental Vitiligo met the primary endpoint. Based on these data, AbbVie is advancing the program to Phase 3.

Skyrizi

- In March 2023, AbbVie announced positive top-line results from its Phase 3 induction study, INSPIRE, for Skyrizi in patients with moderately to severely active ulcerative colitis met the primary and all secondary endpoints.
- In June 2023, AbbVie announced positive top-line results from its Phase 3 maintenance study, COMMAND, for Skyrizi in patients with moderately to severely active ulcerative colitis met the primary and key secondary endpoints.
- In July 2023, AbbVie announced results from the head-to-head Phase 4 IMMpulse study that evaluated the efficacy and safety of Skyrizi compared to Otezla among adult patients with moderate plaque psoriasis (PsO) eligible for systemic therapy. In the study, significantly more patients achieved co-primary endpoints with Skyrizi versus Otezla. Skyrizi was well-tolerated with no new safety signals identified.
- In August 2023, AbbVie submitted regulatory applications to FDA and EMA for Skyrizi for the treatment of adults with moderately to severely active ulcerative colitis.
- In September 2023, AbbVie announced results from the head-to-head Phase 3 SEQUENCE study that evaluated the efficacy and safety of Skyrizi compared to Stelara among adult patients with moderately to severely active Crohn's disease. In the study, Skyrizi met both primary endpoints at week 24 and achieved superiority of endoscopic remission at week 48 versus Stelara. In addition, all secondary endpoints achieved statistical significance for superiority versus Stelara. Skyrizi was well-tolerated with no new safety signals identified.

Oncology

Epkinly

- In March 2023, AbbVie initiated a Phase 3 clinical trial to evaluate epcoritamab in combination with R-CHOP compared to R-CHOP in patients with newly diagnosed diffuse large B-cell lymphoma (DLBCL).

- In May 2023, AbbVie announced that the FDA approved Epkinly (epcoritamab) as the first and only bispecific antibody to treat adult patients with relapsed or refractory (R/R) DLBCL.
- In September 2023, AbbVie announced that the EC approved Tepkinly (epcoritamab) for adults with R/R DLBCL after two or more lines of systemic therapy.

Imbruvica

- In May 2023, AbbVie voluntarily withdrew, in the U.S., accelerated Imbruvica approvals for patients with mantle cell lymphoma (MCL) who have received at least one prior therapy and with marginal zone lymphoma (MZL) who require systemic therapy and have received at least one prior anti-CD20-based therapy. This voluntary action is due to requirements related to the accelerated approval status granted by the FDA for MCL and MZL. Other approved indications for Imbruvica in the U.S. are not affected.

Navitoclax

- In July 2023, AbbVie announced top-line results from the Phase 3 TRANSFORM-1 clinical trial evaluating the safety and efficacy of navitoclax, a BCL-XL/BCL-2 inhibitor, in combination with ruxolitinib in adult patients with primary or secondary myelofibrosis (MF). The combination of navitoclax and ruxolitinib met the study's primary endpoint, demonstrating statistically significant improvement in the number of patients who achieved Spleen Volume Reduction of at least 35 percent at week 24 compared to treatment with ruxolitinib and a placebo. The study did not meet the first ranked secondary endpoint of improvement in patients' Total Symptom Score from baseline to week 24. The company plans to wait for additional follow up data on the primary, secondary and other endpoints, expected in the fourth quarter of this year, before engaging with regulatory agencies regarding potential next steps.

Venclexta

- In September 2023, AbbVie announced top-line results from the Phase 3 CANOVA study evaluating the safety and efficacy of Venclexta plus dexamethasone (VenDex) for patients with t(11;14)-positive relapsed or refractory (R/R) multiple myeloma who have received two or more prior treatments. The data did not demonstrate that the treatment combination significantly improved progression-free survival (PFS), the primary endpoint of the trial. Patients receiving VenDex showed improvement in median PFS with the combination of study comparator pomalidomide and dexamethasone (PomDex); however, the results did not reach statistical significance. The company plans to discuss the data with health authorities in the near future to further understand the potential of Venclexta as a biomarker-driven therapy in multiple myeloma.

Aesthetics

Juvederm Collection

- In May 2023, AbbVie announced that the FDA approved Skinvive by Juvederm to improve skin smoothness of the cheeks in adults over the age of 21.

Botox Cosmetic

- In September 2023, AbbVie announced positive top-line results from the second of three Phase 3 clinical studies evaluating Botox Cosmetic for the treatment of moderate to severe platysma prominence associated with platysma muscle activity. All primary and secondary endpoints were met in the second Phase 3 study and results were consistent with findings from the first Phase 3 study. A Phase 3 open-label extension study is ongoing, with results expected later this year. The company plans to include data from the full Phase 3 study program as part of an upcoming FDA regulatory submission expected near the end of the year.

BoNT/E

- In October 2023, AbbVie announced positive top-line results from two pivotal Phase 3 clinical studies evaluating trenibotulinumtoxinE (BoNT/E) for the treatment of moderate to severe glabellar lines. All primary and secondary endpoints were met for both Phase 3 studies and results support BoNT/E as a novel botulinum neurotoxin serotype E characterized by a rapid onset of action as early as 8 hours after administration and short duration of effect within 2-3 weeks.

Neuroscience

ABBV-951

- In March 2023, AbbVie announced that the FDA issued a Complete Response Letter (CRL) for the New Drug Application (NDA) for ABBV-951 (foscarbidopa/foslevodopa) for the treatment of motor fluctuations in adults with advanced Parkinson's disease. In its letter, the FDA requested additional information about the device (pump) as part of the NDA review. The CRL did not request that AbbVie conduct additional efficacy and safety trials related to the drug.

Qulipta

- In April 2023, AbbVie announced that the FDA approved Qulipta for the preventive treatment of chronic migraine in adults.
- In August 2023, AbbVie announced that the EC approved Aquipta (Qulipta) for the preventive treatment of migraine in adults who have four or more migraine days per month.

For a more comprehensive discussion of AbbVie's products and pipeline, see the company's Annual Report on Form 10-K for the year ended December 31, 2022.

RESULTS OF OPERATIONS

Net Revenues

The comparisons presented at constant currency rates reflect comparative local currency net revenues at the prior year's foreign exchange rates. This measure provides information on the change in net revenues assuming that foreign currency exchange rates had not changed between the prior and current periods. AbbVie believes that the non-GAAP measure of change in net revenues at constant currency rates, when used in conjunction with the GAAP measure of change in net revenues at actual currency rates, may provide a more complete understanding of the company's operations and can facilitate analysis of the company's results of operations, particularly in evaluating performance from one period to another.

(dollars in millions)	Three months ended		Percent change				Nine months ended		Percent change			
	September 30,		At actual currency rates		At constant currency rates		September 30,		At actual currency rates		At constant currency rates	
	2023	2022					2023	2022				
United States	\$ 10,852	\$ 11,763	(7.7)	%	(7.7)	%	\$ 30,773	\$ 33,521	(8.2)	%	(8.2)	%
International	3,075	3,049	0.8	%	1.4	%	9,244	9,412	(1.8)	%	1.6	%
Net revenues	\$ 13,927	\$ 14,812	(6.0)	%	(5.8)	%	\$ 40,017	\$ 42,933	(6.8)	%	(6.0)	%

The following table details AbbVie's worldwide net revenues:

(dollars in millions)		Three months ended		Percent change		Nine months ended		Percent change					
		September 30,		At actual currency rates	At constant currency rates	September 30,		At actual currency rates	At constant currency rates				
		2023	2022			2023	2022						
Immunology													
Humira	United States	\$	3,020	\$	4,956	(39.1) %	(39.1) %	\$	9,420	\$	13,613	(30.8) %	(30.8) %
	International		527		603	(12.6) %	(12.2) %		1,680		2,045	(17.9) %	(14.8) %
	Total	\$	3,547	\$	5,559	(36.2) %	(36.2) %	\$	11,100	\$	15,658	(29.1) %	(28.7) %
Skyrizi	United States	\$	1,875	\$	1,221	53.5 %	53.5 %	\$	4,648	\$	3,081	50.9 %	50.9 %
	International		251		176	42.5 %	40.7 %		721		508	41.8 %	45.5 %
	Total	\$	2,126	\$	1,397	52.1 %	51.9 %	\$	5,369	\$	3,589	49.6 %	50.1 %
Rinvoq	United States	\$	801	\$	505	59.0 %	59.0 %	\$	1,895	\$	1,228	54.4 %	54.4 %
	International		309		190	61.8 %	61.2 %		819		524	56.1 %	61.0 %
	Total	\$	1,110	\$	695	59.8 %	59.6 %	\$	2,714	\$	1,752	54.9 %	56.4 %
Oncology													
Imbruvica	United States	\$	678	\$	849	(20.2) %	(20.2) %	\$	1,982	\$	2,585	(23.4) %	(23.4) %
	Collaboration revenues		230		286	(19.6) %	(19.6) %		711		868	(18.0) %	(18.0) %
	Total	\$	908	\$	1,135	(20.0) %	(20.0) %	\$	2,693	\$	3,453	(22.0) %	(22.0) %
Venclexta	United States	\$	281	\$	259	8.1 %	8.1 %	\$	811	\$	740	9.4 %	9.4 %
	International		309		256	21.1 %	19.9 %		888		753	18.1 %	21.4 %
	Total	\$	590	\$	515	14.6 %	14.0 %	\$	1,699	\$	1,493	13.8 %	15.5 %
Epkinly	Collaboration revenues	\$	14	\$	—	n/m	n/m	\$	14	\$	—	n/m	n/m
Aesthetics													
Botox Cosmetic	United States	\$	388	\$	370	5.0 %	5.0 %	\$	1,217	\$	1,232	(1.1) %	(1.1) %
	International		232		267	(13.3) %	(10.9) %		747		741	0.7 %	6.0 %
	Total	\$	620	\$	637	(2.7) %	(1.7) %	\$	1,964	\$	1,973	(0.4) %	1.6 %
Juvederm Collection	United States	\$	116	\$	125	(6.4) %	(6.4) %	\$	363	\$	420	(13.3) %	(13.3) %
	International		205		227	(9.8) %	(8.7) %		681		686	(0.8) %	4.5 %
	Total	\$	321	\$	352	(8.6) %	(7.9) %	\$	1,044	\$	1,106	(5.6) %	(2.3) %
Other Aesthetics	United States	\$	255	\$	265	(4.0) %	(4.0) %	\$	785	\$	837	(6.3) %	(6.3) %
	International		43		47	(8.1) %	(7.0) %		130		130	0.5 %	5.4 %
	Total	\$	298	\$	312	(4.6) %	(4.4) %	\$	915	\$	967	(5.4) %	(4.7) %
Neuroscience													
Botox Therapeutic	United States	\$	626	\$	584	7.2 %	7.2 %	\$	1,827	\$	1,641	11.3 %	11.3 %
	International		122		115	6.5 %	8.6 %		388		350	10.9 %	16.6 %
	Total	\$	748	\$	699	7.1 %	7.4 %	\$	2,215	\$	1,991	11.3 %	12.3 %
Vraylar	United States	\$	750	\$	554	35.2 %	35.2 %	\$	1,967	\$	1,473	33.6 %	33.6 %
	International		1		—	>100.0 %	>100.0 %		3		—	>100.0 %	>100.0 %
	Total	\$	751	\$	554	35.4 %	35.4 %	\$	1,970	\$	1,473	33.7 %	33.7 %
Duodopa	United States	\$	25	\$	22	10.6 %	10.6 %	\$	74	\$	72	2.8 %	2.8 %
	International		93		88	6.6 %	2.3 %		279		279	— %	1.1 %
	Total	\$	118	\$	110	7.4 %	4.0 %	\$	353	\$	351	0.6 %	1.5 %
Ubreelvy	United States	\$	230	\$	160	43.7 %	43.7 %	\$	574	\$	483	18.8 %	18.8 %
	International		3		—	>100.0 %	>100.0 %		7		—	>100.0 %	>100.0 %
	Total	\$	233	\$	160	45.6 %	45.6 %	\$	581	\$	483	20.3 %	20.3 %
Qulipta	United States	\$	131	\$	62	>100.0 %	>100.0 %	\$	292	\$	106	>100.0 %	>100.0 %
	International		1		—	n/m	n/m		2		—	n/m	n/m
	Total	\$	132	\$	62	>100.0 %	>100.0 %	\$	294	\$	106	>100.0 %	>100.0 %

		Three months ended		Percent change		Nine months ended		Percent change	
		September 30,		At actual	At constant	September 30,		At actual	At constant
(dollars in millions)		2023	2022	currency rates	currency rates	2023	2022	currency rates	currency rates
Other Neuroscience	United States	\$ 55	\$ 82	(31.9) %	(31.9) %	\$ 195	\$ 400	(51.3) %	(51.3) %
	International	6	5	6.2 %	9.6 %	15	14	6.4 %	11.8 %
	Total	\$ 61	\$ 87	(29.9) %	(29.7) %	\$ 210	\$ 414	(49.3) %	(49.1) %
Eye Care									
Ozurdex	United States	\$ 34	\$ 35	(4.5) %	(4.5) %	\$ 107	\$ 104	2.6 %	2.6 %
	International	86	71	22.3 %	21.7 %	247	219	13.1 %	16.1 %
	Total	\$ 120	\$ 106	13.2 %	12.8 %	\$ 354	\$ 323	9.7 %	11.7 %
Lumigan/Ganfort	United States	\$ 28	\$ 59	(53.0) %	(53.0) %	\$ 142	\$ 186	(23.6) %	(23.6) %
	International	63	62	2.7 %	1.4 %	198	205	(3.1) %	(0.9) %
	Total	\$ 91	\$ 121	(24.8) %	(25.5) %	\$ 340	\$ 391	(12.9) %	(11.8) %
Alphagan/Combigan	United States	\$ 30	\$ 37	(16.0) %	(16.0) %	\$ 90	\$ 161	(43.5) %	(43.5) %
	International	40	36	10.1 %	17.3 %	116	111	4.2 %	10.6 %
	Total	\$ 70	\$ 73	(3.1) %	0.4 %	\$ 206	\$ 272	(24.0) %	(21.4) %
Restasis	United States	\$ 104	\$ 132	(20.7) %	(20.7) %	\$ 265	\$ 518	(48.8) %	(48.8) %
	International	13	10	35.0 %	42.1 %	43	38	14.2 %	20.1 %
	Total	\$ 117	\$ 142	(17.0) %	(16.5) %	\$ 308	\$ 556	(44.5) %	(44.1) %
Other Eye Care	United States	\$ 114	\$ 99	16.3 %	16.3 %	\$ 334	\$ 296	13.0 %	13.0 %
	International	93	82	11.9 %	12.0 %	288	273	5.1 %	8.6 %
	Total	\$ 207	\$ 181	14.2 %	14.2 %	\$ 622	\$ 569	9.2 %	10.9 %
Other Key Products									
Mavyret	United States	\$ 167	\$ 190	(12.3) %	(12.3) %	\$ 531	\$ 562	(5.6) %	(5.6) %
	International	203	193	5.2 %	5.8 %	590	599	(1.5) %	1.8 %
	Total	\$ 370	\$ 383	(3.5) %	(3.2) %	\$ 1,121	\$ 1,161	(3.5) %	(1.8) %
Creon	United States	\$ 305	\$ 336	(9.1) %	(9.1) %	\$ 892	\$ 941	(5.2) %	(5.2) %
Linzess/Constella	United States	\$ 279	\$ 262	6.8 %	6.8 %	\$ 799	\$ 742	7.7 %	7.7 %
	International	9	9	(11.1) %	(13.0) %	26	24	7.0 %	9.3 %
	Total	\$ 288	\$ 271	6.2 %	6.1 %	\$ 825	\$ 766	7.7 %	7.8 %
All other		\$ 782	\$ 925	(15.5) %	(14.1) %	\$ 2,214	\$ 3,145	(29.6) %	(28.5) %
Total net revenues		\$ 13,927	\$ 14,812	(6.0) %	(5.8) %	\$ 40,017	\$ 42,933	(6.8) %	(6.0) %

n/m – Not meaningful

The following discussion and analysis of AbbVie's net revenues by product is presented on a constant currency basis.

Global Humira sales decreased 36% for the three months and 29% for the nine months ended September 30, 2023. In the United States, Humira sales decreased 39% for the three months and 31% for the nine months ended September 30, 2023 primarily driven by direct biosimilar competition following the loss of exclusivity on January 31, 2023. Internationally, Humira revenues decreased 12% for the three months and 15% for the nine months ended September 30, 2023 primarily driven by the continued impact of direct biosimilar competition. AbbVie continues to pursue strategies to maintain broad formulary access of Humira and manage the impact of biosimilar erosion.

Net revenues for Skyrizi increased 52% for the three months and 50% for the nine months ended September 30, 2023 primarily driven by continued strong volume and market share uptake as well as market growth across all indications, partially offset by unfavorable pricing.

Net revenues for Rinvoq increased 60% for the three months and 56% for the nine months ended September 30, 2023 primarily driven by continued strong volume and market share uptake as well as market growth across all indications, partially offset by unfavorable pricing.

Net revenues for Imbruvica represent product revenues in the United States and collaboration revenues outside of the United States related to AbbVie's 50% share of Imbruvica profit. AbbVie's global Imbruvica revenues decreased 20% for the three months and 22% for the nine months ended September 30, 2023 primarily driven by decreased demand and lower market share in the United States as well as decreased collaboration revenues.

Net revenues for Venclexta increased 14% for the three months and 15% for the nine months ended September 30, 2023. In the United States, net revenues increased 8% for the three months and 9% for the nine months ended September 30, 2023 primarily driven by market growth across all indications and favorable pricing. Internationally, net revenues increased 20% for the three months and 21% for the nine months ended September 30, 2023 primarily driven by market growth across all indications as well as continued market share uptake.

Net revenues for Botox Cosmetic decreased 2% for the three months and increased 2% for the nine months ended September 30, 2023. In the United States, Botox Cosmetic net revenues increased 5% for the three months ended September 30, 2023 primarily driven by increased consumer demand due to a recovery in the toxin market. Internationally, Botox Cosmetic net revenues decreased 11% for the three months ended September 30, 2023 primarily driven by decreased consumer demand due to economic weakening and the timing of shipments in the prior year. International net revenues increased 6% for the nine months ended September 30, 2023 primarily driven by recovery from COVID-19 in China, partially offset by economic weakening during the third quarter and the timing of shipments in the prior year.

Net revenues for Juvederm Collection decreased 8% for the three months ended September 30, 2023 and 2% for the nine months ended September 30, 2023. In the United States, Juvederm Collection net revenues decreased 6% for the three months and 13% for the nine months ended September 30, 2023 primarily driven by decreased consumer demand due to economic pressures, partially offset by new product launches. Internationally, Juvederm Collection net revenues decreased 9% for the three months ended September 30, 2023 primarily driven by decreased consumer demand due to economic weakening and the timing of shipments in the prior year. International net revenues increased 5% for the nine months ended September 30, 2023 primarily driven by recovery from COVID-19 in China, partially offset by economic weakening in the third quarter and the timing of shipments in the prior year.

Net revenues for Botox Therapeutic increased 7% for the three months and 12% for the nine months ended September 30, 2023 primarily driven by market growth as well as market share uptake.

Net revenues for Vraylar increased 35% for the three months and 34% for the nine months ended September 30, 2023 primarily driven by continued volume and market share uptake as well as market growth. Net revenues for the nine months ended September 30, 2023 were also favorably impacted by the regulatory approval of Vraylar as an adjunctive therapy to antidepressants for the treatment of major depressive disorder in adults.

Net revenues for Ubrovelvy increased 46% for the three months and 20% for the nine months ended September 30, 2023 primarily driven by continued volume and market share uptake as well as market growth.

Net revenues for Qulipta increased greater than 100% for the three and nine months ended September 30, 2023 primarily driven by continued strong volume and market share uptake as well as market growth. Net revenues for the three months ended September 30, 2023 were also favorably impacted by the recent regulatory approval of Qulipta for the preventative treatment of chronic migraine in adults.

Gross Margin

(dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% change	2023	2022	% change
Gross margin	\$ 7,442	\$ 9,790	(24) %	\$ 25,306	\$ 29,689	(15) %
as a % of net revenues	53 %	66 %		63 %	69 %	

Gross margin as a percentage of net revenues decreased for the three and nine months ended September 30, 2023 compared to the prior year. Gross margin percentage for the three and nine months ended September 30, 2023 was unfavorably impacted by an intangible asset impairment charge of \$2.1 billion related to Imbruvica, higher amortization of intangibles and changes in product mix, partially offset by the favorable impact of tax law changes in Puerto Rico.

Selling, General and Administrative

(dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% change	2023	2022	% change
Selling, general and administrative	\$ 3,372	\$ 3,304	2 %	\$ 9,679	\$ 11,843	(18) %
as a % of net revenues	24 %	22 %		24 %	28 %	

SG&A expenses as a percentage of net revenues increased for the three months and decreased for the nine months ended September 30, 2023 compared to the prior year. SG&A expense percentage for the three months ended September 30, 2023 was

unfavorably impacted by increased brand investments and lower net revenues primarily driven by the Humira loss of exclusivity in the United States. SG&A expense percentage for the nine months ended September 30, 2023 was favorably impacted by lower litigation reserve charges, partially offset by lower net revenues primarily driven by the Humira loss of exclusivity in the United States. Litigation reserve charges were \$2.5 billion for the nine months ended September 30, 2022.

Research and Development

(dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	% change	2023	2022	% change
Research and development	\$ 1,723	\$ 1,614	7 %	\$ 5,748	\$ 4,720	22 %
as a % of net revenues	12 %	11 %		14 %	11 %	

Research and development (R&D) expenses as a percentage of net revenues increased for the three and nine months ended September 30, 2023 compared to the prior year. R&D expense percentage for the three and nine months ended September 30, 2023 was unfavorably impacted by increased funding to support all stages of the company's pipeline assets and lower net revenues primarily driven by the Humira loss of exclusivity in the United States. R&D expense percentage for the nine months ended September 30, 2023 was also unfavorably impacted by an intangible asset impairment charge of \$630 million.

Acquired IPR&D and Milestones

(dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Upfront charges	\$ 44	\$ 40	\$ 396	\$ 392
Development milestones	22	—	100	62
Acquired IPR&D and milestones	\$ 66	\$ 40	\$ 496	\$ 454

Acquired IPR&D and milestones expense for the nine months ended September 30, 2022 included a charge related to the upfront payment of \$130 million to acquire Syndesi Therapeutics SA. See Note 4 to the Condensed Consolidated Financial Statements for additional information.

Other Operating Expense (Income)

Other operating expense (income), net included a gain of \$169 million for the nine months ended September 30, 2023 and a charge of \$229 million for the three and nine months ended September 30, 2022 related to a development liability associated with an asset divested as part of the Allergan acquisition. Other operating expense, net for the nine months ended September 30, 2022 also included \$172 million of income related to the sale of worldwide commercial rights of a mature brand Pylera, which is used for the treatment of peptic ulcers with an infection by the bacterium *Helicobacter pylori*. See Note 4 to the Condensed Consolidated Financial Statements for additional information.

Other Non-Operating Expenses (Income)

(in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Interest expense	\$ 555	\$ 560	\$ 1,660	\$ 1,664
Interest income	(157)	(63)	(354)	(96)
Interest expense, net	\$ 398	\$ 497	\$ 1,306	\$ 1,568
Net foreign exchange loss	\$ 25	\$ 36	\$ 97	\$ 108
Other expense (income), net	(95)	(330)	3,121	427

Interest expense remained flat for the three and nine months ended September 30, 2023 compared to the prior year primarily driven by the impact of higher interest rates, offset by lower average debt balances as a result of deleveraging.

Interest income increased for the three and nine months ended September 30, 2023 compared to the prior year primarily due to the impact of higher interest rates.

Other expense (income), net included charges related to changes in fair value of contingent consideration liabilities of \$8 million for the three months and \$3.4 billion for the nine months ended September 30, 2023. Other expense (income), net included a benefit related to changes in fair value of contingent consideration liabilities of \$214 million for the three months and a charge of \$647 million for the nine months ended September 30, 2022. The fair value of contingent consideration liabilities is impacted by the passage of time and multiple other inputs, including the probability of success of achieving regulatory/commercial milestones, discount rates, the estimated amount of future sales of the acquired products and other market-based factors. For the three months ended September 30, 2023, the change in fair value reflected the passage of time offset by higher discount rates. For the nine months ended September 30, 2023, the change in fair value reflected higher Skyrizi sales driven by stronger market share uptake and the passage of time, partially offset by higher discount rates. For the three months ended September 30, 2022, the change in fair value reflected higher discount rates partially offset by the passage of time. For the nine months ended September 30, 2022, the change in fair value reflected higher estimated Skyrizi sales driven by stronger market share uptake and the passage of time, partially offset by higher discount rates.

Income Tax Expense

The effective tax rate was 9% for the three months and 20% for the nine months ended September 30, 2023 compared to 10% for the three months and 11% for the nine months ended September 30, 2022. The effective tax rate in each period differed from the U.S. statutory tax rate of 21% principally due to the impact of foreign operations which reflects the impact of lower income tax rates in locations outside the United States and business development activities. The effective tax rate for the nine months ended September 30, 2023 and September 30, 2022 and the three months ended September 30, 2022 were also impacted by changes in fair value of contingent consideration. The increase in the effective tax rate for the nine months ended September 30, 2023 over the prior year was primarily due to changes in fair value of contingent consideration.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

(in millions)	Nine months ended September 30,	
	2023	2022
Cash flows provided by (used in):		
Operating activities	\$ 18,086	\$ 17,515
Investing activities	(1,209)	(175)
Financing activities	(12,773)	(15,169)

Operating cash flows for the nine months ended September 30, 2023 increased compared to the prior year due to the timing of working capital partially offset by decreased results of operations primarily driven by lower net revenues as well as higher payments for income taxes.

Investing cash flows for the nine months ended September 30, 2023 included payments made for acquisitions and investments of \$670 million and capital expenditures of \$572 million. Investing cash flows for the nine months ended September 30, 2022 included payments made for acquisitions and investments of \$494 million, capital expenditures of \$482 million and net sales and maturities of investment securities totaling \$32 million.

Financing cash flows for the nine months ended September 30, 2023 included repayments of \$1.0 billion floating rate term loan, \$1.0 billion aggregate principal amount of 2.85% senior notes and \$350 million aggregate principal amount of the company's 2.80% senior notes. Financing cash flows for the nine months ended September 30, 2022 included repayment of \$2.9 billion aggregate principal amount of the company's 3.45% senior notes, \$1.7 billion aggregate principal amount of the company's 3.25% senior notes and \$1.0 billion aggregate principal amount of the company's 3.2% senior notes. Additionally, financing cash flows included repayment of \$2.0 billion floating rate term loan due May 2025 and issuance of a new \$2.0 billion floating rate term loan as part of the term loan refinancing in February 2022.

Financing cash flows also included cash dividend payments of \$7.9 billion for the nine months ended September 30, 2023 and \$7.5 billion for the nine months ended September 30, 2022. The increase in cash dividend payments was primarily driven by the increase in the quarterly dividend rate.

On September 8, 2023, the board of directors declared a quarterly cash dividend of \$1.48 per share for stockholders of record at the close of business on October 13, 2023, payable on November 15, 2023. On October 26, 2023, the board of directors declared an increase in the company's quarterly dividend from \$1.48 per share to \$1.55 per share beginning with the dividend payable on February 15, 2024 to stockholders of record as of January 16, 2024. This reflects an increase of approximately 4.7% over the previous quarterly rate. The timing, declaration, amount of and payment of any dividends by AbbVie in the future is within the discretion of its board of directors and will depend upon many factors, including AbbVie's financial condition, earnings, capital requirements of its operating subsidiaries, covenants associated with certain of AbbVie's debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by its board of directors.

The company's stock repurchase authorization permits purchases of AbbVie shares from time to time in open-market or private transactions at management's discretion. The program has no time limit and can be discontinued at any time. On February 16, 2023, AbbVie's board of directors authorized a \$5.0 billion increase to the existing stock repurchase authorization. AbbVie repurchased 10 million shares for \$1.6 billion during the nine months ended September 30, 2023 and 8 million shares for \$1.1 billion during the nine months ended September 30, 2022.

Credit Risk

AbbVie monitors economic conditions, the creditworthiness of customers and government regulations and funding, both domestically and abroad. AbbVie regularly communicates with its customers regarding the status of receivable balances, including their payment plans and obtains positive confirmation of the validity of the receivables. AbbVie establishes an allowance for credit losses equal to the estimate of future losses over the contractual life of outstanding accounts receivable. AbbVie may also utilize factoring arrangements to mitigate credit risk, although the receivables included in such arrangements have historically not been a significant amount of total outstanding receivables.

Credit Facility, Access to Capital and Credit Ratings

Credit Facility

In March 2023, AbbVie entered into an amended and restated five-year revolving credit facility. The amendment increased the unsecured revolving credit facility commitments from \$4.0 billion to \$5.0 billion and extended the maturity date of the facility from August 2023 to March 2028. This credit facility enables the company to borrow funds on an unsecured basis at variable interest rates and contains various covenants. At September 30, 2023, the company was in compliance with all covenants, and commitment fees under the credit facility were insignificant. No amounts were outstanding under the company's credit facility as of September 30, 2023 and December 31, 2022.

Access to Capital

The company intends to fund short-term and long-term financial obligations as they mature through cash on hand, future cash flows from operations or has the ability to issue additional debt. The company's ability to generate cash flows from operations, issue debt or enter into financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for the company's products or in the solvency of its customers or suppliers, deterioration in the company's key financial ratios or credit ratings or other material unfavorable changes in business conditions. At the current time, the company believes it has sufficient financial flexibility to issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms to support the company's growth objectives.

Credit Ratings

In August 2023, Moody's Investors Service upgraded AbbVie's senior unsecured long-term credit rating to A3 with a stable outlook from Baa1 with a positive outlook and affirmed AbbVie's Prime-2 short-term credit rating. Unfavorable changes to the ratings may have an adverse impact on future financing arrangements; however, they would not affect the company's ability to draw on its credit facility and would not result in an acceleration of scheduled maturities of any of the company's outstanding debt.

CRITICAL ACCOUNTING POLICIES

A summary of the company's significant accounting policies is included in Note 2, "Summary of Significant Accounting Policies" in AbbVie's Annual Report on Form 10-K for the year ended December 31, 2022. There have been no significant changes in the company's application of its critical accounting policies during the nine months ended September 30, 2023.

FORWARD-LOOKING STATEMENTS

Some statements in this quarterly report on Form 10-Q are, or may be considered, forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995. The words “believe,” “expect,” “anticipate,” “project,” and similar expressions and use of future or conditional verbs, generally identify forward-looking statements. AbbVie cautions that these forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements. Such risks and uncertainties include, but are not limited to challenges to intellectual property, competition from other products, difficulties inherent in the research and development process, adverse litigation or government action, and changes to laws and regulations applicable to our industry. Additional information about the economic, competitive, governmental, technological and other factors that may affect AbbVie’s operations is set forth in Item 1A, “Risk Factors,” in AbbVie’s Annual Report on Form 10-K for the year ended December 31, 2022, which has been filed with the Securities and Exchange Commission. AbbVie notes these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. AbbVie undertakes no obligation, and specifically declines, to release publicly any revisions to forward-looking statements as a result of subsequent events or developments, except as required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of the company’s market risk, see Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in AbbVie’s Annual Report on Form 10-K for the year ended December 31, 2022.

ITEM 4. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. The Chief Executive Officer, Richard A. Gonzalez, and the Chief Financial Officer, Scott T. Reents, evaluated the effectiveness of AbbVie’s disclosure controls and procedures as of the end of the period covered by this report, and concluded that AbbVie’s disclosure controls and procedures were effective to ensure that information AbbVie is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms, and to ensure that information required to be disclosed by AbbVie in the reports that it files or submits under the Securities Exchange Act of 1934 is accumulated and communicated to AbbVie’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Changes in internal control over financial reporting. There were no changes in AbbVie’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have materially affected, or are reasonably likely to materially affect, AbbVie’s internal control over financial reporting during the quarter ended September 30, 2023.

Inherent Limitations on Effectiveness of Controls. AbbVie’s management, including its Chief Executive Officer and its Chief Financial Officer, do not expect that AbbVie’s disclosure controls or internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls.

The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings is provided in Note 12 to the Condensed Consolidated Financial Statements and is incorporated by reference herein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Issuer Purchases of Equity Securities

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
July 1, 2023 - July 31, 2023	1,132 ⁽¹⁾	\$136.90 ⁽¹⁾	—	\$4,808,991,028
August 1, 2023 - August 31, 2023	984 ⁽¹⁾	\$149.66 ⁽¹⁾	—	\$4,808,991,028
September 1, 2023 - September 30, 2023	1,059 ⁽¹⁾	\$144.25 ⁽¹⁾	—	\$4,808,991,028
Total	3,175 ⁽¹⁾	\$143.31 ⁽¹⁾	—	\$4,808,991,028 ⁽²⁾

1. In addition to AbbVie shares repurchased on the open market under a publicly announced program, if any, these shares also included the shares purchased on the open market for the benefit of participants in the AbbVie Employee Stock Purchase Plan – 1,132 in July; 984 in August; and 1,059 in September.
2. On February 16, 2023, AbbVie's board of directors authorized a \$5.0 billion increase to the existing stock repurchase authorization.

These shares do not include the shares surrendered to AbbVie to satisfy minimum tax withholding obligations in connection with the vesting or exercise of stock-based awards.

ITEM 5. OTHER ITEMS

(c) Director and Officer Trading Arrangements

During the three months ended September 30, 2023, no director or officer of the company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

Exhibits 32.1 and 32.2 are furnished herewith and should not be deemed to be “filed” under the Securities Exchange Act of 1934.

Exhibit No.	Exhibit Description
10.1	Amendment to the AbbVie 2013 Performance Incentive Plan. *
31.1	Certification of Chief Executive Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
31.2	Certification of Chief Financial Officer Required by Rule 13a-14(a) (17 CFR 240.13a-14(a)).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements and notes from the AbbVie Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2023, filed on November 6, 2023, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Earnings; (ii) Condensed Consolidated Statements of Comprehensive Income; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Equity; (v) Condensed Consolidated Statements of Cash Flows; and (vi) the Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (the cover page from the AbbVie Inc. Quarterly Report on Form 10-Q formatted as Inline XBRL and contained in Exhibit 101).

* Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ABBVIE INC.

By:

/s/ Scott T. Reents

Scott T. Reents

Executive Vice President,

Chief Financial Officer (Principal Financial Officer)

Date: November 6, 2023

**AMENDMENT TO THE
ABBVIE 2013 PERFORMANCE INCENTIVE PLAN**

This First Amendment (this “Amendment”) to the AbbVie 2013 Performance Incentive Plan (as amended and restated as of January 1, 2022) (the “Plan”) is hereby adopted as of September 8, 2023 (the “Effective Date”).

WHEREAS, AbbVie Inc., a Delaware corporation (the “Company”), maintains the Plan and the Company desires to amend the Plan to reflect the Company’s forfeiture and clawback policies.

NOW, THEREFORE, the Plan is amended, effective as of the Effective Date, to add a new Section 2.5, which shall read in its entirety as follows:

“FORFEITURE AND CLAWBACK PROVISIONS. Notwithstanding any other terms or conditions of the Plan, all awards (including any proceeds, gains, or other economic benefit actually or constructively received by, or for the benefit of, a Participant with respect to any award (collectively “Benefits”)) shall be subject to forfeiture, recovery, recoupment, clawback, and/or repayment, at the discretion of the Committee, to the extent and in the event the Participant has engaged in misconduct constituting a material breach of the Company Code of Business Conduct. Further, without limitation of the foregoing, all Benefits with respect to awards allocated after September 8, 2023 shall be subject to the Company’s Amended and Restated Clawback Policy (as amended from time to time).”

[Remainder of page intentionally left blank.]

**Certification of Chief Executive Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))**

I, Richard A. Gonzalez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AbbVie Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of AbbVie as of, and for, the periods presented in this report;
4. AbbVie's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for AbbVie and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to AbbVie, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of AbbVie's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in AbbVie's internal control over financial reporting that occurred during AbbVie's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, AbbVie's internal control over financial reporting; and
5. AbbVie's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to AbbVie's auditors and the audit committee of AbbVie's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect AbbVie's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in AbbVie's internal control over financial reporting.

Date: November 6, 2023

/s/ Richard A. Gonzalez

Richard A. Gonzalez, Chairman of the Board
and Chief Executive Officer

**Certification of Chief Financial Officer
Required by Rule 13a-14(a) (17 CFR 240.13a-14(a))**

I, Scott T. Reents, certify that:

1. I have reviewed this quarterly report on Form 10-Q of AbbVie Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of AbbVie as of, and for, the periods presented in this report;
4. AbbVie's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for AbbVie and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to AbbVie, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of AbbVie's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in AbbVie's internal control over financial reporting that occurred during AbbVie's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, AbbVie's internal control over financial reporting; and
5. AbbVie's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to AbbVie's auditors and the audit committee of AbbVie's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect AbbVie's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in AbbVie's internal control over financial reporting.

Date: November 6, 2023

/s/ Scott T. Reents

Scott T. Reents, Executive Vice President,
Chief Financial Officer

**Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of AbbVie Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Richard A. Gonzalez, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Richard A. Gonzalez

Richard A. Gonzalez

Chairman of the Board and Chief Executive Officer

November 6, 2023

A signed original of this written statement required by Section 906 has been provided to AbbVie Inc. and will be retained by AbbVie Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Pursuant To
18 U.S.C. Section 1350
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of AbbVie Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission (the "Report"), I, Scott T. Reents, Executive Vice President, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott T. Reents

Scott T. Reents

Executive Vice President, Chief Financial Officer

November 6, 2023

A signed original of this written statement required by Section 906 has been provided to AbbVie Inc. and will be retained by AbbVie Inc. and furnished to the Securities and Exchange Commission or its staff upon request.