

# Executive Chairman's statement

Hikma was founded over 45 years ago with the mission to make high-quality medicines accessible to those who need them. This has been our focus every day since, and now, with new leadership and a refreshed, ambitious strategic focus, we are well placed for our next chapter of growth.

**Said Darwazah**  
Executive Chairman



"We have had a year of excellent financial and strategic progress and I am excited for the opportunities ahead."

## Evolving our leadership

I was delighted that the Board appointed my long-standing colleague, Riad Mishlawi, as Hikma's new Chief Executive Officer in September 2023. Having worked closely with Riad for three decades, I have seen the impact of his leadership and strong focus on execution and delivery. Riad knows Hikma extremely well, having led our US manufacturing operations in the 1990s, and then in Europe during the early 2000s. High-quality manufacturing is instrumental to success and Riad has been an entrusted steward of this. Riad was President of Injectables for the past 11 years where he has overseen significant expansion in the US, Europe and MENA, delivering compound annual growth for Injectables of 12% since 2011. Riad has already brought a fresh perspective to Hikma's strategy and I have no doubt that he will apply his extensive expertise to drive growth across the Hikma Group.

Following a year as Chief Executive Officer, I will continue to serve as Executive Chairman, working closely with Riad and the Executive Committee. On behalf of the Board, I would like to congratulate Riad and I know he will continue to bring success to Hikma, our stakeholders and our employees over the coming years.

## Committed to our purpose

Hikma was founded to reliably supply its customers with the vital, and often life-saving medications they need. We have never strayed from this purpose and I am proud that our 9,100 people at Hikma are guided by it every day. This purpose also informs our strategy and drives our growth, which further enables us to put better health within reach, every day. We are doing that across the US and Europe, regularly stepping up to address drug shortages and enabling hospitals to provide essential medicines to their patients. In MENA, where we have recently become the second largest pharmaceutical company by sales<sup>1</sup>, we provide essential medicines, including to lower and middle-income countries where patients might not otherwise have access to them. As we grow, driven by our purpose, we are having an ever-increasing positive impact on society.

There is increasing uncertainty in the world, with conflicts, economic and political factors influencing the geopolitical environment. Irrespective of this, there is always a vital need for medicines and we will continue to focus on making them more accessible. Where we can act in a more humanitarian capacity, we will, and you can find more information on our medicine donations in the sustainability section of this report on page 45.

## Generating returns

The Group delivered an excellent set of results in 2023, ahead of our original expectations, with Group core operating profit increasing by 19% and core basic earnings per share up 23%.

This is also reflected in the recent returns generated for our shareholders. As of 31 December 2023, our shares were up 18% over the previous twelve months, and had delivered a total shareholder return of 76% over the past ten years. This compares with the FTSE 100 of 68% and the FTSE 350 Pharmaceuticals index of 147%. We returned to the FTSE 100 during 2023, and we are committed to remaining an important constituent of the London market.

## Mindful of all our stakeholders

We are focused on delivering for all our stakeholders, including shareholders, customers and our talented employees around the world and this is embedded in our Acting Responsibly framework. Our people are essential to our success, and at Hikma we believe cultivating and nurturing a culture of progress and belonging is central to delivering on our strategy. This culture is driven by our three core values. We're innovative – embracing new perspectives to find a better way and inspire each other. We're caring – taking time to build relationships that are grounded in understanding, fairness and respect. And we're collaborative, never losing sight of the shared goal that unites us and drives us forward. It has been my privilege to meet with many employees across the business this year, and I have been impressed not only by their deep expertise but, even more so, by their commitment to our purpose.

We also continue to build and strengthen relationships with healthcare professionals, regulators and governments, as well as our suppliers and the patients and communities we serve. You can find descriptions of how we approach these stakeholder relationships in the stakeholder section of this report, on pages 20 to 25.

Environmental sustainability continues to be front of mind for us and I am pleased with the progress we are making against our environmental targets.

## Corporate governance and our strong Board

I am pleased to lead a strong, diverse and impactful Board of Directors. The Board worked hard this year to successfully complete the search process for our new CEO. This thorough exercise unanimously concluded Riad was the person best suited for the job and has put Hikma on a strong platform for continued growth.

As announced at the 2023 AGM, our former Senior Independent Director Patrick Butler will step down from Hikma's Board on 29 February 2024. On behalf of the Board I would like to thank Pat for his leadership and thoughtful counsel during his time at Hikma. You can find out more about the Board's activities, make-up and the work of the Committees in the corporate governance section of this report from page 82.

## Looking ahead

We are well placed for the future. We have a strategy which focuses on our strengths while also ensuring we are identifying and taking opportunities to diversify and differentiate, leveraging new technologies and driving efficiencies. We have the leadership team in place to ensure Hikma's success will continue and, most importantly, that our customers and their patients have access to the medicines they need.

**Said Darwazah**  
Executive Chairman

1. Based on internal analysis by Hikma using IQVIA MIDAS® Monthly value sales data for Kuwait, KSA, UAE, Jordan, Lebanon, Egypt, Tunisia, Algeria and Morocco, MAT Dec 2023, reflecting estimates of real-world activity. Copyright IQVIA. All rights reserved.

# CEO Statement

I am honoured to have been appointed CEO of Hikma. I have worked at this wonderful company for over 30 years and I am hugely passionate about what we do. I am excited to work with my colleagues across the globe to take Hikma forward on its next phase of growth.



**Riad Mishlawi**  
Chief Executive Officer

Having been announced as Hikma's new Chief Executive Officer in April 2023, a role that I officially started in September, I have spent much of my time travelling to our sites, meeting with our people, and working with the wider leadership team on our growth plans. The potential I see for the whole Group in the years ahead is even greater than I first thought. While there will be no material changes to our proven strategy, I will be focusing on further strengthening our execution and leveraging our talent, resources and new technologies to capture new opportunities and on driving increased efficiencies across the Group.

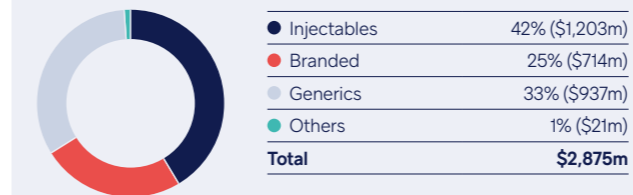
I have held several leadership roles during my time at Hikma, most recently leading our largest division, the Injectables business. Becoming CEO is a huge honour for me personally, and also a great opportunity to play a key role in continuing Hikma's growth trajectory.

### 2023 – a year of good growth and progression in all our businesses

2023 was a great year for Hikma, with all three businesses contributing to the Group's growth. Revenue grew 14% and core Group operating profit was up an impressive 19%.

Injectables revenue grew 6% and core operating profit 2%. We are the third largest generic injectable company by volume in the US<sup>2</sup> and have a portfolio of over 150 products. Our operating margins are industry leading and our strategy to focus on our portfolio and pipeline makeup, high-quality manufacturing capabilities, and the needs of our customers, will continue to underpin our growth in the years ahead. We continued to launch new products across our markets, and were able to supply into shortage situations in the US and key European markets, leveraging the breadth of our portfolio. Some supply constraints in the third quarter were resolved when new high speed lines in New Jersey and Portugal became fully operational, strengthening our ability to capture growth opportunities going forward. We recently appointed Dr Bill Larkins to run our Injectables business. I have known Bill for

### Revenue – 2023



### Core operating profit – 2023<sup>1</sup>



1. Core operating profit is \$707 million. Before unallocated corporate costs of \$90 million and operating loss from Other business of \$9 million, core operating profit contribution from business segments is \$806 million

many years and he is an outstanding operator in the injectables space. I am excited about the impact he will have on this important part of our business.

Branded, our MENA-based business, is very well positioned to capture future growth at good margins. Our 2023 performance demonstrates this, with revenue growth of 3%, core operating profit up 16% and core operating margin of 23.8%. These impressive results were achieved despite the difficult decision to halt our operations in Sudan in April due to the ongoing conflict. We also faced some currency headwinds due to the devaluation of the Egyptian Pound. Excluding this, on a constant currency basis, Branded revenue growth was 6%. The strong margin reflects the improvement in product mix as we launch and grow products used to treat chronic illnesses. We have many opportunities for growth in MENA and I am confident that Branded will be a key contributor to Hikma's future success.

Generics had an exceptional year, with revenue up 39% and core operating profit up 86%. Our performance, particularly at the profit level, was driven by sodium oxybate, which we launched at the start of the year and benefitted from six months of exclusivity.

We were also pleased to see a broader recovery across the wider portfolio after a challenging 2022. We continue to invest in our specialty portfolio and in 2023 saw good momentum for Kloxxado®, our 8mg naloxone nasal spray. I have spent time with the team at our manufacturing facility in Columbus, Ohio and I am excited by the potential to leverage this site for additional contract manufacturing opportunities, while also gradually expanding our portfolio over time.

During the year, we completed an acquisition as part of the Akorn bankruptcy process in July for \$98 million, including manufacturing equipment and portfolio and pipeline products that will support our US businesses.

2. IQVIA MAT December 2023, generic injectable volumes by eachees, excluding branded generics and Becton Dickinson

On 1 February 2024, the Group reached an agreement in principle to resolve the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. These cases represent the vast majority of cases brought against Hikma related to the manufacture and sale of prescription opioid medications. The agreed upon settlement is not an admission of wrongdoing or legal liability. The Group booked a total provision of \$129 million to cover the expected settlement amount for all related cases in North America.

### Evolving our existing strategy

I have had significant input into developing and implementing Hikma's strategy for many years. Our strong track record confirms my belief that we are on the right path. Following my appointment as CEO, I have worked with the leadership team to evolve this strategy to ensure we are making the most of available opportunities and maximising our ability to profitably grow and operate as efficiently as possible. In addition, to accurately track progress against our strategy, we have evolved our KPIs and aligned them to management's incentive plans. Our strategic focus is centred around three core pillars:

#### Strive for excellence

We already have a broad product portfolio, strong commercial capabilities, high-quality manufacturing facilities and an extensive network of global partners. We want to leverage these strengths to make sure we are capturing all the opportunities available to us, while ensuring we are operating as efficiently as possible. In the year ahead we will continue to expand our manufacturing capabilities, optimise operational efficiencies and invest in new technologies. We will also leverage our capacity for contract manufacturing. We will maximise the potential of our products by deploying a more targeted commercial approach with customers to ensure we make full use of our world class portfolio.

#### Diversify and differentiate

Expanding our portfolio across our businesses and global markets continues to be a fundamental priority. Although generic

medicine prices erode as competition increases, our pipeline of new products enables us to mitigate this while also benefiting our customers. We are expanding our R&D capabilities and investing in new projects to ensure that our pipeline reflects the future needs of our customers. This is complemented by strategic partnerships and acquisitions that bring complex products we are not able to develop in-house, and enable us to partner with others to bring novel products to market. We also see potential to expand selectively into adjacent markets and businesses, for example via our sterile compounding business in the US, or portfolio expansion in Canada and new countries in Europe.

#### People and responsibility

From my many years' experience at Hikma, I know the skill, experience, commitment and determination of our people. They are the cornerstone of our company and without them, our products wouldn't be developed and launched, our plants wouldn't run and our customers wouldn't receive the vital medicines they need. As such, the growth



With our outstanding manufacturing capabilities, skilled people and extensive portfolio and pipeline, I am excited for the future."





## CEO Statement continued

and development of Hikma employees is fundamental to our strategy and success. Our culture is one of progress and belonging and I want to ensure we cultivate this to help empower our people to find the best way of bringing success to Hikma and fulfilling the needs of our customers. From recruiting and retaining the best talent, to providing the best training we can, and fostering a workplace where everyone feels included and can perform at their best, our people will remain a central strength of Hikma.

Our broader Acting Responsibly framework will now be embedded within our corporate strategy. While we have always been guided by responsibility, this should go hand-in-hand with how we go to market. Access to medicine, for example, is a material sustainability topic, and is reflected in our purpose. Managing our use of energy and water is important for minimising our impact on the environment, but can also ensure we are operating as efficiently as possible. Finally, our focus on trust and quality is central to being a reliable supplier and minimising the risks around us.

### Long-term growth that will benefit our patients

I am truly excited about this wonderful company and the numerous opportunities that lie ahead. We have a strong team, an impressive history and an important purpose. I look forward to working with our teams to leverage what we have achieved so far, and to continue serving the needs of health care providers and the millions of patients who rely on our medicines for better health every day.

I would like to thank the Board, and in particular the Chairman and Vice Chairman, Said and Mazen Darwazah, for entrusting me to lead Hikma forward.

**Riad Mishlawi**  
Chief Executive Officer



We are committed to making medicines more accessible."

### Establishing a leadership council

In September 2023, we established a Leadership Council (LC), comprising 13 senior Hikma employees, to support our Executive Committee (EC). The main objective of the LC is to significantly improve communications among leaders at every level of our organisation. The LC will serve as a platform for the free flow of ideas, experience and knowledge, to continuously improve the way we work and enhance our ability to seize new opportunities.

The LC members are now attending EC meetings on a scheduled rotational basis and as required.



### Our leadership council



Member	Responsibility
1 Basel Awad	Senior VP, Corporate Quality Compliance
2 Michael Balog	Senior VP Operations, Generics Business
3 Patricia Bousfield	Chief Information Officer
4 Tareq Darwazah	Senior VP, Branded Business
5 Natheer Masarweh	Senior VP, Injectables Operations
6 Samuel Park	General Counsel
7 Hana Darwazah	VP, Corporate Social Responsibility
8 Kristy Ronco	Chief Commercial Officer US Generics Business
9 Joel Rosenstack	Chief Commercial Officer US Injectables Business
10 François Rousselot	VP, Supply Chain Systems and Procurement
11 Amjad Wahbeh	VP, Corporate Engineering
12 Tamer Jardaneh	VP, Operations, Branded Business
13 Faisal Darwazah	VP, Business Development & Alliances



Our senior leaders are integral to Hikma's ongoing success."