Better health.
Within reach.
Every day.

Annual Report 2023

Who we are

Hikma puts better health within reach, every day. By creating high-quality products and making them accessible to those who need them, we are helping to shape a healthier world that enriches all our communities.

Performance highlights

Financial highlights

Revenue

$2,875m

+14% 2022: $2,517m

Operating profit

$367m

+30% 2022: $282m

Core[1] operating profit

$707m

+19% 2022: $596m

Profit to shareholders

$190m

+1% 2022: $188m

Core profit to shareholders

$492m

+21% 2022: $406m

Basic earnings per share

86c

+2% 2022: 84c

Core basic earnings per share[2]

223c

+23% 2022: 181c

Dividend per share

72c

+29% 2022: 56c

Non-financial highlights

Value of our donated medicines

$4.9m

2022: $4.3m

Reduction in our Scope 1 and 2 GHG emissions since 2020[3]

15%

2022: 17%[4]

1. Core results are presented to show the underlying performance of the Group, excluding the exceptional items and other adjustments set out in Note 6 of the Group consolidated financial statements. A reconciliation from core to reported operating profit is included within the consolidated income statement in the financial statements
2. Core basic earnings per share is reconciled to basic earnings per share in Note 14 of the Group consolidated financial statements
3. We have committed to reducing Scope 1 and Scope 2 greenhouse gas emissions (market-based) by 25% by 2030, using a 2020 baseline year. Emissions data for this report uses actual data from January to October 2023 and an uplifting exercise to estimate quantities for October to December 2023. See page 50 for further details on our target and our environmental reporting methodology
4. Emissions for 2022 have been restated by +2% as we continue to improve our monitoring and analysis of environmental metrics

Contents

For more information visit **www.hikma.com**

What we do

We bring patients across North America, MENA and Europe a broad range of generic, specialty and branded pharmaceutical products.

Our markets

North America

Our large manufacturing facilities in the United States (US) supply generic and specialty products across a broad range of therapeutic areas, including respiratory, oncology and pain management. We also have two R&D facilities to support sustainable growth.

61%
Group core revenue

c.2,150
Employees

MENA

We sell branded generics and in-licensed patented products across the Middle East and North Africa (MENA). We have manufacturing facilities in six MENA countries, including US FDA-inspected plants in Jordan and Saudi Arabia. Around 2,000 sales representatives and support staff market our brands to healthcare professionals across 17 markets.

32%
Group core revenue

c.5,700
Employees

Europe and rest of the world

Our injectable manufacturing facilities in Portugal, Italy and Germany have a range of capabilities, including dedicated capacity for oncology and cephalosporins. These facilities supply injectable products to North America, MENA and a growing number of markets in Europe.

8%
Group core revenue

c.1,250
Employees

Global reach

Manufacturing plants R&D hubs Corporate HQ

9,100
Employees

29
Manufacturing plants

8
R&D centres

760+
Products

Our business segments

Injectables
We supply hospitals across our markets with generic injectable products, supported by our manufacturing facilities in the US, Europe and MENA.

Read more on page 28

Branded
We supply branded generics and in-licensed patented products from our local manufacturing facilities to retail and hospital customers across the MENA region.

Read more on page 30

Generics
We supply oral and other non-injectable generic and specialty products to the US retail market, leveraging our state-of-the-art manufacturing facility in Columbus, Ohio.

Read more on page 32

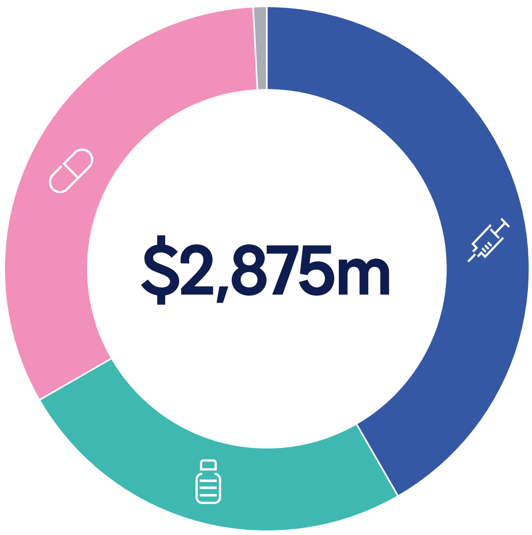
Segmental revenue

Injectables
$1,203m[1]
2022: $1,140m[1]

Branded
$714m
2022: $691m

Generics
$937m
2022: $672m

Other
$21m
2022: $14m[1]



1. During 2023, the Group has revised its injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business' 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment.

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[1], 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 Feburary 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.

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

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.

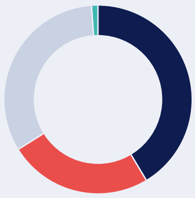
I have held several leadership roles during my time at Hikma, most recently leading our largest division, the Injectables business. Becoming CEO is a huge honour for me personally, and also a great opportunity to play a key role in continuing Hikma's growth trajectory.

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%.

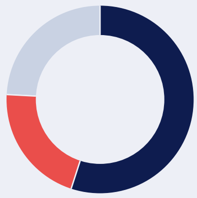
Injectables revenue grew 6% and core operating profit 2%. We are the third largest generic injectable company by volume in the US[2] and have a portfolio of over 150 products. Our operating margins are industry leading and our strategy to focus on our portfolio and pipeline makeup, high-quality manufacturing 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



Injectables	42% ($1,203m)
Branded	25% ($714m)
Generics	33% ($937m)
Others	1% ($21m)
Total	**$2,875m**

Core operating profit – 2023[1]



Injectables	55%
Branded	21%
Generics	24%

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 eaches, 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 benefitting 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

Find out more about our Strategy on page 10

Find out more about our KPI's on page 16

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	Responsibiity
1	Basel Awad	Senior VP, Corporate Quality Compliance
2	Michael Balog	Senior VP Operations, Generics Business
3	Patricia Bousfield	Chief Information Officer
4	Tareq Darwazeh	Senior VP, Branded Business
5	Natheer Masarweh	Senior VP, Injectables Operations
6	Samuel Park	General Counsel
7	Hana Darwazeh	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 Darwazeh	VP, Business Development & Alliances

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

Our strategy

Together we are building a leading generics and specialty pharmaceutical company where everyone can thrive.

Our strategic pillars

Strive for excellence

Diversify and differentiate

People and responsibility

Find out more about our key performance indicators on page 16

Find out more about our risks on page 68

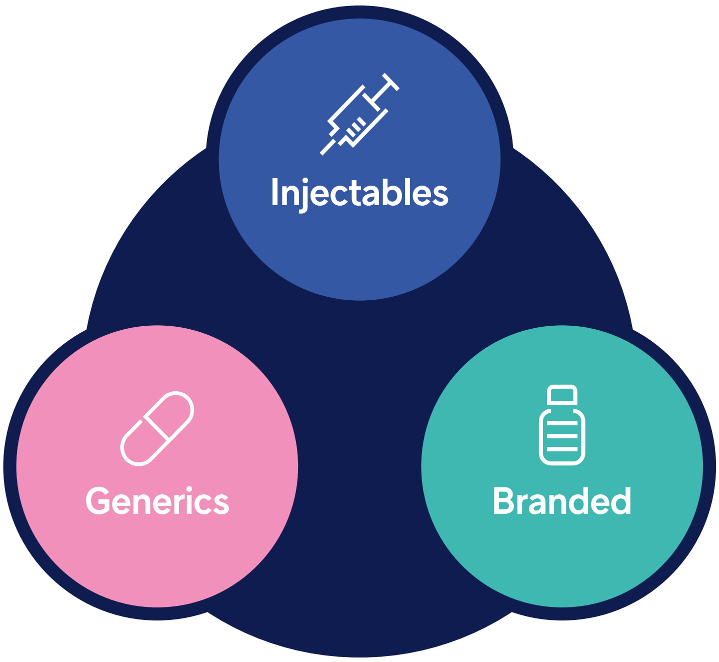
Our approach		KPIs
Enhance	operational efficiencies and embrace new technologies, maintaining our high-quality levels	– Core revenue – Core operating profit – Return on invested capital
Leverage	our broad portfolio and strong commercial capabilities	
Develop	a more differentiated pipeline	– Percentage of revenue from new business over 3 years
Expand	into adjacent businesses and geographies	
Empower	our people and cultivate a unified culture	– Employee enablement and engagement – Reduction in Scope 1 and 2 emissions
Act	responsibly across our local markets and communities	

Our business model

Our diversified business model allows us to respond to the many opportunities and threats we face, while delivering for our stakeholders.

Better health within reach every day

Our business segments



Our resources

Financial
Investment in R&D, manufacturing facilities, partnerships and M&A collectively enable us to expand our product portfolio, technical capabilities and operations.

People
We have a highly skilled, diverse and effective workforce. Through continuous investment in the development of our people and by hiring new talent, we secure our future.

Values
Our culture of progress and belonging is backed by our values – innovative, collaborative and caring.

Relationships
Strong relationships with regulators, customers and health authorities across all our markets, and successful collaborations with industry partners, enable us to deliver on our purpose.

Capabilities
We have extensive commercial, R&D, manufacturing and distribution capabilities across our markets, focused on quality and efficiency.

What we do

Offer a broad product portfolio

We offer a broad and differentiated portfolio of more than 760 products. It includes high-quality generic and branded generic medicines, and a growing number of in-licensed, specialty and compounded products.

Develop and innovate

We are developing a more differentiated pipeline to meet the evolving needs of patients and healthcare professionals through investments in R&D, partnerships and strategic acquisitions.

Manufacture and maintain quality

Our extensive and high-quality manufacturing capabilities are at the heart of what we do. We have 29 plants across the Group that supply our global markets with a broad range of injectable and non-injectable products, including 13 US FDA-inspected plants and 12 EMA-inspected plants.

Market across geographies

We distribute our products through experienced sales and marketing teams. In the MENA region, around 2,000 representatives and support staff market our brands to doctors and pharmacists, while our sales teams in North America and Europe sell to wholesalers, pharmacy chains, governments and hospital purchasing organisations.

The value we create

Patient benefits

We provide patients across our markets with high-quality and affordable medicines.

760+
Products

Employee enablement

By focusing on the development of our people, we provide long and rewarding careers for our talented and diverse workforce.

69%
Employee enablement score

Shareholder returns

We have a long history of creating value for our shareholders.

76%
Total shareholder return over last ten years

Sustainable business

We act responsibly, advancing health and wellbeing, empowering our people, protecting the environment and building trust through quality in everything we do.

10
Manufacturing capabilities in 10 countries, ensuring reliability and security of supply

Find out more about our key performance indicators on page 16

Investment case

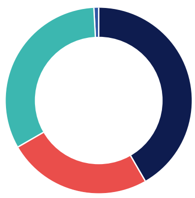
A strong business model with significant opportunities to further enhance our portfolio, to drive growth and deliver value for shareholders.

Solid platform for growth

- Leading supplier of both generic injectable and non-injectable products in the US, the largest pharmaceutical market globally
- Leading market position in MENA (2nd largest pharmaceutical company by sales) and a growing presence in Europe
- Trusted partner known for our commitment to quality and reliability of supply
- A broad portfolio of high-quality products
- Agile supply chain, flexible manufacturing and leading technical capabilities

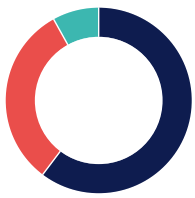
Revenue by segment

Injectables[1]	$1,203m (2022: $1,140m)
Branded	$714m (2022: $691m)
Generics	$937m (2022: 672m)
Other	$21m (2022: $14m)



Revenue by region

North America[2]	61% (2022: 57%)
MENA	32% (2022: 34%)
Europe & ROW	8% (2022: 9%)



Increasingly diverse portfolio and pipeline

- Growing presence in specialty and complex products, which offer less competition and more potential for further margin growth
- Focus on higher-value therapeutic areas such as cardiovascular, central nervous system (CNS) and oncology
- Annual investment in R&D to ensure we are consistently launching new products across our markets
- Strong track record of value-creating partnerships, strategic acquisitions and geographic expansion, to enhance pipeline and access to new markets

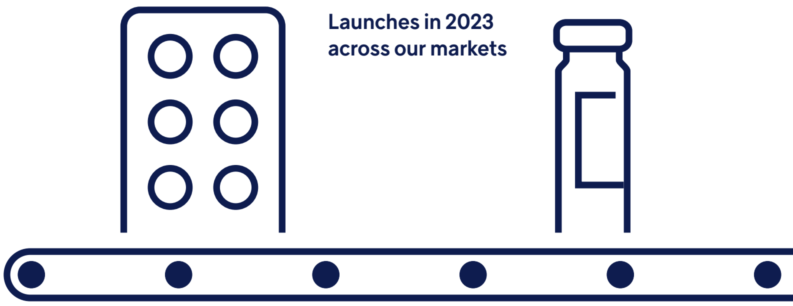
8
R&D centres

5%
R&D spend as % of revenue (2022: 6%)

250+
Projects in our pipeline

20+
Products added through business development

157
Launches in 2023 across our markets



1. During 2023, the Group has revised its Injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business' 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment
2. Canada is now included in North America (previously in Europe and rest of the world). Canada's 2022 sales of $18 million have therefore been reclassified to North America
3. Core EBTIDA is earnings before interest, tax, depreciation, amortisation, impairment charges and unwinding of acquisition related inventory step-up, adjusted for exceptional items and other adjustments. Core EBITDA is a non-IFRS measure, see page 36 for a reconciliation to reported IFRS results
4. Total shareholder return (TSR) is the performance of Hikma shares including dividends paid

Excellent financial discipline with a strong balance sheet and robust cash generation

- Good cash flow generation, with $608 million operating cash flow in 2023
- Disciplined approach to cash management and acquisitions
- Strong balance sheet that provides financial flexibility to support future growth, and low leverage of 1.2x net debt/ core EBITDA[3]

$608m

Operating cash flow (2022: $530m)

21%

Operating cash flow / revenue (2022: 21%)

Proven track record of delivering value for shareholders and a clear vision for growth

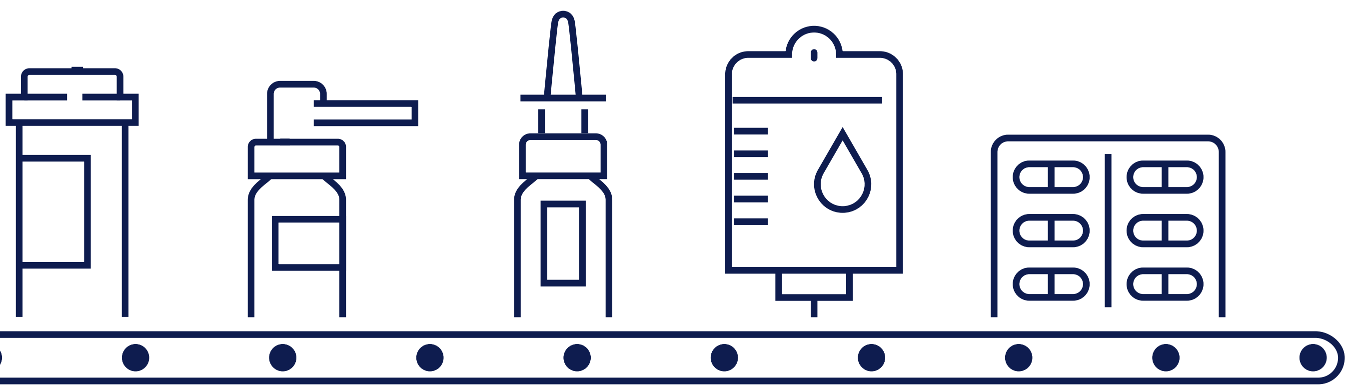
- Group core revenue compound annual growth rate (CAGR) of 7% and core EBITDA[3] CAGR of 8% since 2018
- TSR[4] of 76% over the last ten years
- Progressively increasing dividend

7%

Group core revenue growth – five-year CAGR

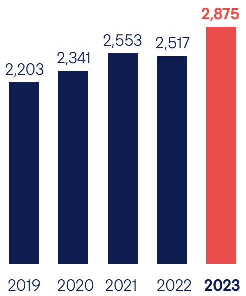
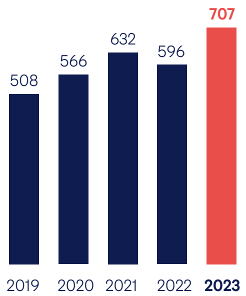
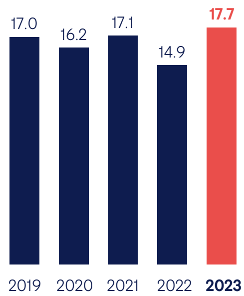
76%

TSR over the last ten years



Our progress

We are delivering on our strategy and measuring our performance with key performance indicators (KPIs).

Strategic priority	**Strive for excellence**		
KPI	**Core[1] revenue** ($m) **$2,875m** 	**Core[1] operating profit** ($m) **$707m** 	**Return on invested capital[2]** (%) **17.7%** 
Description	Total annual core revenue generated across all businesses	Core operating profit	Core operating profit after tax divided by invested capital (calculated as total equity plus net debt[3])
Why is it a KPI?	This measures our ability to maximise value from our current product portfolio across our global markets and generate revenue from new launches	This measures our ability to grow revenue and maintain quality while delivering efficiencies and ensuring cost control	This measures our efficiency in allocating capital to businesses and projects
2023 performance	Group core revenue increased reflecting good performance from all three business segments, supported by recent launches	The increase in core operating profit was driven by growth in profit of our three businesses, particularly in Branded and Generics	The increase in return on invested capital is primarily the result of the increase in core operating profit
Link to remuneration	R	R	

1. Core results are presented to show the underlying performance of the Group, excluding the exceptional items and other adjustments set out in Note 6 in the Notes to the consolidated financial statements. A reconciliation from core to reported operating profit is included within the consolidated income statement in the financial statements
2. See reconciliation on page 36
3. Group net debt is calculated as Group total debt less Group total cash. Group total debt excludes co-development agreements and contingent liabilities

Diversify and differentiate

New business (%)

16%

Targeting core revenue of 16% from new business over three years

Percentage of core revenue contribution from new business added from 1 July 2022 and measured over the period 1 January 2023 to 31 December 2025. New business includes products launched, new contracts and new geographies

This will measure our ability to extract value from our global product pipeline and new business opportunities

This metric is measured on a cumulative basis and will be reported on in our full year 2025 results. In 2023 we launched 157 products, signed new contract manufacturing agreements and continued to make progress in new markets

R

People and sustainability

Employee engagement (%)

73%

(2020: 73%)

Employee enablement (%)

69%

(2020: 64%)

Global employee engagement and enablement scores

Engagement measures people's pride in working for Hikma, their willingness to recommend Hikma as an employer and their desire to stay long term. Enablement measures whether people find their work fulfilling and rewarding and whether they feel supported to achieve their full potential

We completed Hikma's 'People Voice Survey' in January 2024. Compared to our 2020 survey, employee engagement remained consistent, reflecting pride and recognition of Hikma as a great place to work. Employee enablement improved by five percentage points as we continue to enhance our workplace environment, focus on job-skill alignment and offer fulfilling work opportunities

Scope 1 and 2 (market-based) emissions reduction (%)

15%

Change in Scope 1 and 2 since base year 2020

	2020	**2023**
Total emissions (tCO_2e)	144,899	**123,638**
% change from 2020	–	**15%**

We have committed to reducing Scope 1 and Scope 2 GHG emissions (market-based) by 25% by 2030, using a 2020 baseline year.

Change in Scope 1 and 2 (market-based) greenhouse gas emissions using a 2020 baseline

We strive to minimise our environmental impacts and are committed to making our operations more energy efficient

In 2023 we continued to invest in increasing energy efficiency, cleaner technologies and renewable energy generation, which enabled us to minimise our emissions impact while expanding our manufacturing footprint and significantly increasing production. For more details, refer to Protecting the environment section on page 50

R

Our markets

Understanding global healthcare in an evolving world.

A growing pharmaceutical sector

The global pharmaceutical market continues to grow and is expected to reach $1.9 trillion in 2027, growing at between 3% and 6% per annum[1]. Long-term demographic trends, changing lifestyles and the impact of climate change are continuing to drive increased demand for healthcare globally.

Where we operate

Our commitment to our vision of shaping a healthier world is as important as ever to the millions of people we serve. We operate across three geographies – North America, Middle East and North Africa (MENA) and Europe.

The US is our largest market. The US pharmaceutical market is growing at a slower pace compared with historic trends due to rising competition and pricing pressure[2]. However, it remains the largest generics market in the world[3], with generics and biosimilars representing 90% of prescriptions filled and accounting for only 17.5% of prescription drug spending[4], demonstrating the cost-savings of these vital medicines. Generic uptake is being driven by patent expiries and governments' focus on affordable healthcare.

MENA is our second largest region. Growth continues to be underpinned by demographic trends, including a fast growing and ageing population, and increasing prevalence of chronic diseases. To keep pace, governments and businesses across the MENA region are increasing investments in healthcare. We have a long track record of achieving good growth in our MENA markets.

In Europe, where we are gradually growing our presence and entering new markets, generic medicines uptake is increasing, particularly as governments look to maintain more sustainable healthcare budgets. Generic medicines have helped to increase patients' access. Today, 67% of dispensed medicines in the region are generic, accounting for less than 30% of pharmaceutical spending[5].

Impact of changing demographics and climate change

Scientific advances and improved access to healthcare, with more preventative treatments, are contributing to a rise in life expectancy and an expanding ageing population[6]. According to the United Nations' projections, the world's population is expected to increase by 2 billion people by 2050[7], with the number of people aged 60 or over expected to double to reach 2.1 billion[8].

In addition, changes in lifestyles and climate change are contributing to a rise in chronic diseases, particularly cancer, respiratory and cardiovascular diseases[9,10]. Climate change in the form of extreme weather conditions, rising sea levels and declining biodiversity is also having a significant impact on health globally and quality of life. As a result, demand for long-term care is rising.

9.7 billion

estimated global population in 2050, two billion higher than today[7]

Strategic response

As a pharmaceutical company with a purpose to put better health within reach, every day, we are committed to improving patients' access to high-quality affordable healthcare. Our strategy aligns with market trends, such as in MENA, where there is an increase in prevalence of lifestyle diseases. Over the last few years, we have been rapidly developing our product portfolio for MENA in the fast-growing chronic disease areas. Today, chronic medications make up 60% of our Branded portfolio.

Refer to the access to medicines section on page 44 for more information on our efforts to make medicines more affordable and accessible across our geographies, and to the Task Force for Climate-related Financial Disclosures section on page 56.

1. IQVIA, Outlook for medicine use and spending through 2027: impact on the pharmacy sector
2. DCAT Value Chain Insights available at https://bit.ly/3HxBIsq
3. KPMG, Generics 2030
4. AAM, The U.S. Generic & Biosimilar Medicines Savings Report, September 2023
5. Medicines for Europe available at https://bit.ly/3UeNijS
6. United Nations available at https://bit.ly/47MXxPd
7. United Nations, available at https://bit.ly/3u5dkeu
8. WHO, available at https://bit.ly/3D7gGz1
9. United Nations available at https://bit.ly/428tsIR
10. WHO, available at https://bit.ly/3w2hDb6
11. International Monetary Fund available at https://bit.ly/3HwiN17
12. FDA; includes both final and tentative approvals (calendar years); 2023 estimate based on May run-rate
13. Evaluate, World Preview 2023: Pharma's Age of Uncertainty

Increasing economic and geopolitical uncertainty

According to the IMF, global economic recovery remains slow – growth is forecast to slow down from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024[11]. Rising healthcare costs due to increased demand for high-quality medicines, tightening financial conditions and geopolitical tension around the world is contributing to this slowdown. As a result, the need for more cost-effective healthcare is driving an increase in generic penetration.

157

products launched in 2023 across our markets

Strategic response

In a cost-conscious environment, we are well positioned to meet patients' needs as one of the largest suppliers of high-quality, affordable medicines across our markets. Generic medicines play an important role in increasing patients' access worldwide to more affordable treatments. We are committed to our purpose of bringing better health within reach, every day, and in 2023 we launched 157 products across our markets.

The impact of a competitive environment on pricing and access

The generic pharmaceutical market is becoming increasingly competitive. In the US, particularly in the non-injectable market, there has been a higher number of competitors and an acceleration in the FDA's generic drug approval process over the last decade. This has resulted in more persistent price erosion and a higher rate of commoditisation across individual molecules. For example, in 2013, the FDA approved 518 Abbreviated New Drug Applications (ANDAs), 106 (20%) of which were first-time generic approvals. In 2023, the FDA is on track to approve c.1,000 ANDAs, with only ~60 (6%) first-time generic approvals[12].

We are also seeing increased competition in the MENA region, particularly from Indian and Russian players, which is putting some pressures on pricing. At the same time, big pharma and multinational companies are deprioritising the region, opting to partner with strong local players instead. As a result, patients in MENA do not always have access to the latest treatments available.

5%

of revenue spent on R&D in 2023 to ensure we remain competitive

Strategic response

Our focus on operational and commercial excellence, as well as launching a steady stream of new products across our markets, enables us to be resilient in a competitive environment. To ensure continued growth, we are increasingly focusing our development activities on complex generic products that require advanced manufacturing technologies.

In MENA, our broad geographic presence, deep knowledge of local market gaps and long-standing reputation in the region makes us uniquely positioned to capture market opportunities. We see it is as our duty and responsibility to bring new treatments, access and innovative drugs into the region. We also engage with partners early on, proactively seeking out innovative drugs and therapies to ensure our patients across MENA have fair access.

An evolving regulatory environment

The need for more cost-effective healthcare is driving legislative and regulatory changes that are impacting the pharmaceutical market. In the US, Congress approved the Inflation Reduction Act (IRA) in August 2022. It aims to curb inflation by implementing various cost-containment measures, one of which is lowering the cost of prescription drugs. It does so by limiting above-inflation annual drug price rises and allows for price negotiations, constrained by mandatory minimum discounts, around the costliest Medicare drugs. IRA only targets products without generic competition[13]. The full impact from IRA remains uncertain.

In addition, the Drug Supply Chain Security Act in the US, a federal law enacted in 2013 to enhance the security and traceability of pharmaceutical products, is expected to be fully implemented in November 2024. As a result, manufacturers need to be ready to ship fully aggregated products.

In MENA, many countries are promoting local production through incentives and import restrictions. Some governments are also shifting towards unifying procurement to reduce cost and improve patient access.

45 years

of expertise across our markets

Strategic response

We have deep-rooted expertise in all the markets where we operate, enabling us to keep pace with the evolving pharmaceutical regulations. In the US, where we have a broad portfolio and pipeline, we do not expect a significant impact from IRA. We will continue to work to understand IRA implications, if any. In addition, our sites are well-positioned to ship fully aggregated products, ahead of the Drug Supply Chain Security Act deadline.

In MENA, we are an established player with global expertise and a local presence. We have an extensive local manufacturing footprint and are investing in expanding our capacity.

Find out more about our approach to **identify, analyse and evaluate strategic and emerging risks** on page 68

Stakeholder engagement

Our vision is of a healthier world that enriches all of our communities. For more than 45 years, we have been dedicated to transforming people's lives by providing the medicine and support that they need every day.

Our purpose of putting better health within reach, every day, guides everything we do now and into the future. To ensure we continue delivering on our purpose and drive long-term sustainable growth of our business, it is important we build strong engagement with all of our stakeholders. Our teams continue to work hard to stay connected to all of our stakeholders, including the patients who use our medicines, healthcare professionals, our customers, our employees and the wider community.

Continuous engagement with all our stakeholders allows us to better understand their needs and informs our day-to-day commercial and operational decisions, our long-term investments in our business and our people, as well as our sustainability framework.

Patients and healthcare professionals

Employees
refer to Acting responsibly page 40

Customers

Communities
refer to Acting responsibly page 40

Government and regulators

Suppliers

Investors
refer to Investment case page 14

Stakeholders and the Board

The Directors consider their duties to stakeholders at each Board meeting, and in their capacity as members of the Group's respective Board committees, and are particularly aware of their duty to promote the success of the Group for the benefit of all its stakeholders. Over the next few pages, we set out how we engage with our key stakeholders and build consideration of stakeholder issues into our decision making, in accordance with section 172 of the Companies Act 2006. Through case studies, we have outlined how groups of stakeholders were taken into consideration in Board decisions.

Patients and healthcare professionals

Our purpose is to put better health within reach, every day for healthcare professionals (HCPs) and their patients. We engage with doctors, clinicians and pharmacists to better understand their needs, helping them treat the patients they serve.

Why is it important to engage with this group and what do they expect from us?

Patients and HCPs need us to:

- consistently provide a broad portfolio of products
- improve access to high-quality, affordable medicines

It is essential that we align our commercial activities, operations and R&D efforts to the changing needs of patients and HCPs.

How we engage across the Group

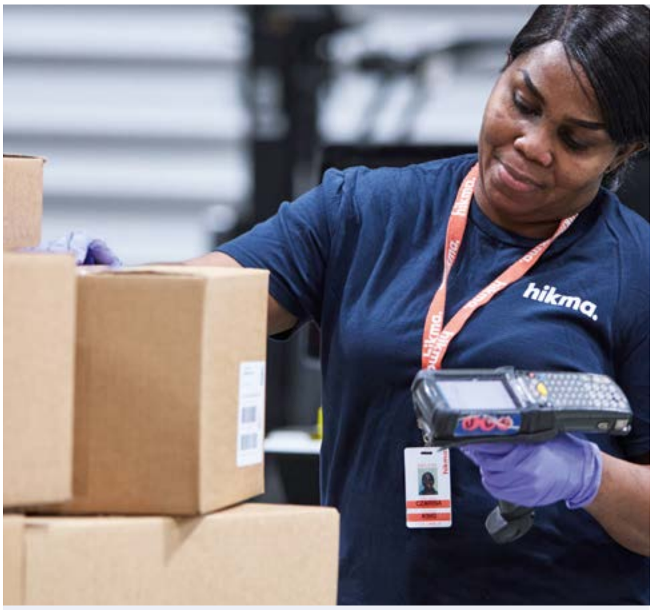
- Our commercial teams meet regularly with doctors and hospital clinicians to better understand their needs and keep them informed about our products
- In MENA, we run regular forums bringing together key opinion leaders, doctors and global research institutes to share knowledge and raise awareness of healthcare trends and disease management
- We meet with patient advocacy groups for diseases such as multiple sclerosis, cardiovascular disease and diabetes

How we engage at Board level

- The Compliance, Responsibility and Ethics Committee is responsible for direct oversight of the Group's approach to ethical issues associated with HCPs
- Our management teams present to the Board at least once per year, providing updates on how we are addressing the needs of patients and healthcare providers across our markets

Outcomes and actions

- Hosted our fifth annual MENA Cancer Network in collaboration with MD Anderson Cancer Center, where experts presented updates on clinical practice and cutting-edge cancer research
- Signed agreements with companies including Celltrion, Junshi Biosciences, Rakuten Medical and SK Biopharmaceuticals in order to be able to expand patients' access in MENA to new medicines and technologies previously unavailable
- Through our Hikma Community Health™ initiative, we partnered with state governments, non-profits and harm reduction organisations across the US to expand access to the opioid overdose reversal medicine naloxone
- Hosted our second annual Biotech Forum in Istanbul, designed to tackle the latest advancements in gastroenterology, dermatology, rheumatology and oncology



Increasing access to life saving medicine

Stakeholders considered

We are proud of the important role we play in manufacturing and providing affordable, high-quality medicines to treat a growing number of illnesses and conditions. Our customers, healthcare professionals (HCPs) and patients look to us to meet their evolving needs and ensure reliable access to medicines.

We supply a range of opioid-based pain medicines, including those used in hospitals and surgical procedures. Unfortunately in the US there is an increasing prevalence of misuse of opioid based products. The CDC reported that approximately 80,000 Americans died from an opioid-involved drug overdose in 2022[1].

Recently, an incident in Alaska made it clear that our outreach efforts and our products are saving lives.

In April 2023, a group of five high school students used a substance off campus, returned to school, and all experienced fentanyl overdoses. Thanks to the quick action of the school's nurse – who had six doses of Kloxxado® (naloxone HCl) Nasal Spray 8 mg on hand – all five students were successfully revived.

Following the incident, the Anchorage School District made emergency overdose kits containing Kloxxado®, which is manufactured and tested by teams in our Columbus, Ohio facility, available in every school and held trainings for principals on how to properly administer Kloxxado®. The emergency kits are available thanks to a partnership between Hikma and the State of Alaska, making Kloxxado® the opioid-overdose reversal medicine available state-wide.

Long-term implications

By continuously adding products, strengthening our pipeline and building relationships with our customers, we are able to better serve the growing needs of hospitals, healthcare professionals and patients. Through our Hikma Community Health™ initiative, we have partnered with state governments, non-profits and harm reduction organisations across the US to expand access to the opioid overdose reversal medicine Kloxxado®.

1. Centers for Disease Control and Prevention available at: https://bit.ly/3u4aruA

Employees

Our employees have always been at the heart of everything we do. As the driving force behind Hikma's growth and success, our people are our most valuable asset.

Why is it important to engage with this group and what do they expect from us?

Our employees need us to:

- support them and provide development and growth opportunities
- protect their health and safety
- foster a diverse and inclusive culture

The passion and commitment of our people to our values is key to delivering our purpose and supports our growth plans. One of our key strategic priorities is to build a culture that inspires and enables our people, one in which they are empowered to drive innovation and are committed to caring for customers, patients and communities around the world.

How we engage across the Group

- We are committed to empowering our people by offering ongoing training and diverse learning experiences that are accessible and engaging. Our goal is to support career growth and lifelong learning for all employees
- Our Group-wide principles for ensuring employee health and safety are outlined in our Group Environmental, Health and Safety Policy Statement. We also have local policies and procedures in place
- We conduct employee surveys and use this feedback to improve our performance and culture
- We have an active internal communications programme to keep employees engaged and informed on Group strategy, progress, culture, values and sustainability

How we engage at Board level

- Nina Henderson has Board-level responsibility for employee engagement. She reports on employee issues as required during Board or Committee business
- The Board receives regular reports on communications activities with employees, including employee surveys and events or feedback that are reported by the Chief Executive Officer

Outcomes and actions

- Following the Board's annual review of the Group's strategic plan, the CEO, in his new role, hosted an all-employee call to communicate the strategy, with a live Q&A session
- The safety and wellbeing of our employees is a top priority. In response to the conflict in Sudan, local management established regular two-way communication with the team to ensure that, given the hugely challenging environment, we were supporting their needs, including financially to the degree possible
- The Board approved a minimum guaranteed wage increase for lower paid employees, recognising that the rising cost of living has a disproportionate impact on them
- Through our Women's Network, we hosted multiple events aimed at supporting women in their professional and personal development

Building a strong culture

Board employee engagement

The Board recognises that having a strong and unified culture that supports our purpose and enables our strategy is critical to achieving long-term success. It is key for our employees to feel empowered and enabled to do their best work. As a result, members of our Board seek to engage with our colleagues, both directly and indirectly, throughout the year. By continuously listening to the views of our employees, we can protect what works and improve on what doesn't.

In 2023, members of our Board had a comprehensive agenda of employee engagement. This included:

- a visit to our corporate headquarters in Jordan and tour of our manufacturing facilities, where Non-Executive Directors spent time with employees, including members of our women's network, and developed their understanding of our MENA business and markets
- a tour of our facilities, including injectables plants in the US and Portugal, our non-injectables plant in the US and our compounding plant in the US, where they met with local management teams and learned more about our manufacturing processes and safety procedures
- a meeting with Injectables and Generics management teams to learn about our growth initiatives for each business and challenge the team where necessary

Outcomes and long-term implications

Members of the Board had the chance to proactively engage with our employees across the business. The Board recognises the importance of investing in the development of our employees. As a result, a key priority the Board has outlined for 2024 is to review our succession plans for senior management roles, ensuring that we are empowering our employees by providing them with the right tools to progress in their careers. In addition, the safety and wellbeing of our employees is one of our top priorities. The Board supported Riad in the creation of an Executive Committee level role with responsibility for quality and health and safety, underlining our commitment to maintaining the highest standards.

Customers

Our customers are our business partners and we are committed to providing them with a consistent and reliable supply of high-quality medicines. We work closely with Group Purchasing Organisations (GPOs), hospitals, retailers, wholesalers and others to build strong relationships and enhance service levels.

Why is it important to engage with this group and what do they expect from us?

Customers need us to:

- offer a broad product portfolio
- have a consistent and reliable supply of medicines
- maintain service levels

Our commercial teams work closely with our different customers to understand their needs, reduce drug shortages and ensure we invest in the products, manufacturing capacity and capabilities needed to meet their requirements.

How we engage across the Group

- We have commercial, sales and marketing teams dedicated to our varied customer groups in North America, MENA, and Europe
- Our customer discussions inform our pipeline decisions, in an effort to bring them the products most in need

How we engage at Board level

- Commercial leads present to the Board at least once a year providing updates on our customer relationships and how we are meeting customer needs
- As part of its strategic review process, the Board reviews information on the generic pharmaceutical customer landscape
- The Board periodically receives industry updates from leading external professional groups

Outcomes and actions

- Continued to build our portfolio to address specific growing healthcare needs and therapeutic areas. In 2023 we had 157 new launches across our markets
- Launched the first authorised generic of sodium oxybate in the US
- Expanded our addiction therapy portfolio with the launch of Naloxone Hydrochloride Injection USP, in prefilled syringe form
- Continued to work closely with our customers to understand their needs and improve service levels
- In response to the need for more high-quality US manufacturing capacity, we signed new agreements for contract manufacturing opportunities, leveraging our capabilities in our Columbus, Ohio facility

Communities and environment

Our vision is to create a healthier world that enriches all our communities by developing high-quality medicines and making them accessible to those who need them. We are a responsible and sustainable company and have a duty of care towards our communities and the environment.

Why is it important to engage with this group and what do they expect from us?

Our communities value our efforts to:

- improve healthcare quality and access to medicines
- strengthen educational infrastructures
- support local communities and people in need
- minimise our impact on the environment

Since its inception, Hikma has been dedicated to transforming people's lives by providing the medicines they need and supporting the communities where we live and work. Making positive contributions to the communities where we operate, and providing assistance to those in need, supports long-term, sustainable growth, while positively impacting society.

We also strive to minimise our environmental impacts and are committed to making our operations more energy efficient.

How we engage across the Group

- We have developed collaborative partnerships and programmes to promote positive change and address the needs of our communities. These initiatives include increasing access to medicine, supporting education and assisting refugees and low-income groups
- We work internally on a regular basis to progress our understanding of climate-related risks and opportunities and are working to achieve our greenhouse gas emissions reduction target

How we engage at Board level

- The Board oversees our sustainability strategy and monitors our progress against our ESG-related targets
- Our Vice Chairman sits on our Access to Medicine Committee, which is co-chaired by our Executive Vice President of Corporate Development and M&A
- Our Executive Vice President of Strategic Planning and Global Affairs, who reports directly into our CEO, leads our sustainability team. More information on our sustainability efforts can be found on pages 40 to 65 and on our corporate governance and our management of ESG issues on page 42

Outcomes and actions

- Increased medicine donations from $4.3 million in 2022 to $4.9 million in 2023 (value based on cost of goods)
- The Executive Chairman attended an event hosted by the Access to Medicine Foundation and World Economic Forum to discuss the role of generics companies in increasing access to medicines in low- and middle-income countries. See page 89
- Achieved a 15% reduction in Scope 1 and 2 GHG emissions since 2020

Stakeholder engagement
continued

Government and regulators

Our industry is highly-regulated and we must operate in accordance with a wide range of industry and government policies and regulations, including those of the US Food and Drug Administration (FDA), the European Medicines Agency (EMA), MENA health authorities and other regulatory agencies across our markets.

Why is it important to engage with this group and what do they expect from us?

Our regulators expect us to:

- adhere to regulatory requirements
- maintain high-quality manufacturing facilities
- provide safe and effective medicines

Quality is in everything we do and has been since our inception. We need to ensure that our quality systems operate in full compliance with the requirements of international agencies as well as domestic regulatory bodies.

How we engage across the Group

- We have strong internal pharmacovigilance, regulatory and quality teams who ensure our quality systems operate in full compliance with the regulatory requirements of the FDA, the EMA, MENA health authorities and other regulatory agencies across our markets
- We work closely with local governments and regulatory bodies to ensure current and proposed regulations and policies support patients' needs and our operations

How we engage at Board level

- The Board receives regular reports on relations with regulators, particularly from a manufacturing quality and product approval perspective, and receives an update on legal matters at each meeting
- The Board oversees the Group's risk programme and receives reports on relevant issues, which include specific principal risks covering product quality and safety and legal, regulatory and intellectual property

Outcomes and actions

- Engaged in shaping US generic pharmaceutical policies and legislation as a member of the Association of Accessible Medicines (AAM) trade association
- The Board received a presentation from AAM members regarding the impact of US regulations on the generics industry
- Engaged with the New Jersey and Ohio delegations and the Congressional Domestic Pharmaceutical Manufacturing Caucus group to showcase Hikma's strengths as a US generic manufacturer
- Hosted a virtual FDA training session in April with 26 trainees and two trainers at our Columbus Ohio facility to train them on non-sterile pharmaceutical operations, and another hybrid session in November with 21 trainees and seven trainers
- Regularly meet with governing bodies and industry regulators in MENA to understand the unmet healthcare needs in key markets and ensure our product portfolio addresses them

Suppliers

We have an extensive global network of suppliers who provide us with the goods and services needed for us to deliver our medicines. We actively engage with our suppliers to ensure the social, ethical and environmental standards we require are upheld.

Why is it important to engage with this group and what do we expect from them?

We want our suppliers to:

- uphold high ethical standards
- operate in a responsible and sustainable manner
- work collaboratively to build strong relationships

Our suppliers are critical to our business, and their products and expertise support us in the delivery of high-quality medicines to patients around the world. Working together and building strong relationships not only enables us to deliver on our purpose but it also ensures we have a sustainable and resilient supply chain.

Operating responsibly and ethically is vital to our long-term success, and we work with our suppliers to ensure the social and ethical standards we require are upheld.

How we engage across the Group

- We conduct quality audits prior to on-boarding any new API supplier and on a regular basis for our current supplier base
- We reinforce our local sourcing and procurement presence in our key supplier markets to secure preferred access to capacity, innovation and pricing
- We share our Supplier Code of Conduct through our supplier onboarding process, which sets out the standards we expect from all our suppliers, including fundamental principals on human rights, modern slavery and our sustainability expectations
- We conduct initial and ongoing due diligence to assess third-party risks and run sustainability assessments through EcoVadis and regularly work with our suppliers to improve their sustainability maturity levels
- We engage with our suppliers to understand their commitments and efforts to reduce greenhouse gas (GHG) emissions as well as the future impact on our emissions

How we engage at Board level

- The Board receives updates on supplier issues as part of its review of operational matters
- The Board oversees the Group's risk programme and receives reports on relevant issues, which include a specific principal risk for API and third-party risk management and ethics and compliance
- The Compliance, Responsibility and Ethics Committee is responsible for direct oversight of the Group's approach to ethical issues associated with suppliers

Outcomes and actions

- Through our partnership with EcoVadis, we have assessed suppliers who make up around 49% of our procurement spend
- Actively engaged with key suppliers who generate (from the purchased goods and services) around 45% of our Scope 3 footprint
- Automated the Supplier Code of Conduct acknowledgement as part of the onboarding process, ensuring our expectations are shared and understood prior to collaboration

Investors

We maintain regular contact with investors to ensure they have a strong understanding of our business. Our investors are largely global institutions and include both equity and debt holders.

Why is it important to engage with this group and what do they expect from us?

Our investors want us to:

- deliver sustainable long-term value
- effectively communicate our long-term strategy, financial and operational performance and growth drivers
- meet industry and global standards for good Environmental, Social and Governance (ESG) practices

We ensure our investors have an in-depth understanding of our operations, financial performance, growth drivers and ESG efforts. The Board receives regular updates and feedback on these activities. This helps ensure that the views of our investors are considered in the Board's decision-making.

How we engage across the Group

- We maintain regular contact with our shareholders through a comprehensive investor relations (IR) programme of conferences, roadshows, meetings and site visits
- We maintain regular dialogue with our debt holders and rating agencies
- We communicate our strategy and financial performance through regular financial reporting and investor events, such as the Annual General Meeting (AGM)
- A targeted external communications programme ensures we are informing key audiences on our strategic progress and impact on our communities

How we engage at Board level

- The Board receives regular updates on the IR programme, including investor feedback from the AGM, IR meetings and investor perception studies
- The Executive Directors are informed of investor engagement activities on a regular basis
- The Non-Executive Directors make themselves available to meet with investors as required in the conduct of their responsibilities (eg as Chair of a committee) and are available to shareholders at the AGM to answer related questions

Outcomes and actions

- We maintained regular contact with our analysts and investors to give business updates. We met with 133 investors in 2023
- Organised investor roadshows in new markets across Europe
- We hosted a site visit for investors at our Injectables manufacturing facility in Portugal
- The Executive Chairman and CEO met with several of our shareholders to ensure a smooth transition in leadership
- Provided EC and Board members with third-party perception studies to engage investor sentiment

"At Hikma, we are committed to acting in the best interest of all our stakeholders."

Business and financial review

A strong 2023 performance, with growth in all three businesses, and a positive 2024 outlook.

Khalid Nabilsi
Chief Financial Officer

Reported results (statutory)

	2023 $ million	2022 $ million	Change	Constant currency[1] change
Revenue	**2,875**	2,517	14%	15%
Operating profit	**367**	282	30%	34%
Profit attributable to shareholders	**190**	188	1%	7%
Cashflow from operating activities	**608**	530	15%	–
Basic earnings per share (cents)	**86**	84	2%	8%
Total dividend per share (cents)	**72**	56	29%	–

Core results[2] (underlying)

	2023 $ million	2022 $ million	Change	Constant currency[1] change
Core revenue	**2,875**	2,517	14%	15%
Core operating profit	**707**	596	19%	20%
Core EBITDA[3]	**811**	695	17%	17%
Core profit attributable to shareholders	**492**	406	21%	23%
Core basic earnings per share (cents)	**223**	181	23%	25%

"I am delighted with the performance of the Group in 2023, with all our teams working hard to deliver excellent growth."

Double digit revenue and profit growth

- Group revenue up 14% reflecting growth across all three businesses
- Core operating profit up 19% at a margin of 24.6%, driven by improving profitability in our Branded and Generics businesses. Reported operating profit up 30%, reflecting higher 2022 impairment charges, but after including the 2023 impact of a $129 million provision to cover the expected settlement amount for all opioid related cases in North America
- Group core EBITDA up 17% to $811 million at a margin of 28.2%
- Core profit attributable to shareholders up 21% and reported profit attributable to shareholders up 1%
- Cashflow from operating activities up 15% to $608 million primarily reflecting growth in operating profit
- $149 million invested in R&D (2022: $144 million), growing our pipeline of complex and specialty products
- Strong balance sheet with low leverage at 1.2x net debt to core EBITDA (31 December 2022: 1.5x)
- Full-year dividend of 72 cents per share, up from 56 cents per share in 2022. The Board intends to progressively increase Hikma's dividend, with a payout ratio in the range of 30% to 40% reflecting confidence in the long-term growth prospects for the Group

Growth in all three businesses

- **Injectables[4]:** revenue up 6% reflecting growth in all three geographies. Injectables core operating profit increased by 2% with a core operating margin of 36.9% (2022: 38.3%). Revenue and operating losses in our 503B compounding business are now reported in our Others segment[4]
- **Branded:** revenue up 3% (up 6% in constant currency) reflecting a good performance across the majority of our markets, offsetting the impact of halting our operations in Sudan. Core operating profit growth of 16% and a core operating margin of 23.8% (2022: 21.1%)
- **Generics:** revenue up 39% and core operating profit up 86% with a core operating margin of 20.5% (2022: 15.3%), reflecting good recovery in the base business and strong contribution from the authorised generic of sodium oxybate

Strategic updates

- Riad Mishlawi appointed CEO in September 2023, with Dr Bill Larkins appointed President of Injectables
- Added differentiated products to our MENA portfolio and enhanced our pipeline through a series of exclusive licensing agreements
- Expanded our Injectables capacity, adding new lines and technology
- Strengthened our contract manufacturing pipeline in Generics with several new contract wins
- Completed the acquisition of part of the Akorn business through a bankruptcy process for $98 million, including manufacturing equipment and portfolio and pipeline products that will support our US businesses
- Halted operations in Sudan, which represented less than 3% of Group revenue in 2022, as a result of the ongoing conflict in the country. This resulted in $83 million of impairment and costs

2024 Group outlook

- Group revenue growth in the range of 4% to 6%
- Group core operating profit in the range of $660 million to $700 million

Group

Group revenue was up 14% reflecting growth in all three business. Group gross margin declined slightly primarily driven by shifting product and geographic mix in the Injectables business.

Group operating expenses were $1,023 million (2022: $956 million). Excluding adjustments related to the amortisation of intangible assets (other than software) of $88 million (2022: $92 million) and exceptional items and other adjustments of $235 million (2022: $195 million), Group core operating expenses were $700 million (2022: $669 million).

Selling, general and administrative (SG&A) expenses were $767 million (2022: $615 million). This includes a provision of $129 million related to an agreement in principle and provisions to resolve outstanding opioid-related cases in North America, which is considered an exceptional item. Core SG&A expenses were $544 million (2022: $509 million), up 7%, primarily reflecting investment in sales and marketing in the US and MENA.

Research and development (R&D) expenses were $149 million (2022: $144 million), representing 5% of Group core revenue (2022: 6%), as we continue to invest in adding more complex and differentiated products to our pipeline and expanding our portfolios across our markets.

Other net operating expenses were $75 million (2022: $192 million) primarily reflecting the impairment charge related to halting our operations in Sudan. Core other net operating expenses were $4 million (2022: $11 million), primarily comprising foreign exchange-related costs.

The increase in core operating profit by 19% and core operating margin to 24.6% were driven by the strong performance of both Generics and Branded. Reported operating profit grew 30%, reflecting lower reported operating profit in 2022 resulting from higher 2022 impairment charges, but after including the 2023 impact of a $129 million provision to cover the expected settlement amount for all opioid related cases in North America.

1. Constant currency numbers in 2023 represent reported 2023 numbers translated using 2022 exchange rates, excluding price increases in the business resulting from the devaluation of the Egyptian and Sudanese pound and excluding the impact from hyperinflation accounting.
2. Core results throughout the document are presented to show the underlying performance of the Group, excluding the exceptional items and other adjustments set out in Note 6 of this report. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided on page 35.
3. Core EBTIDA is earnings before interest, tax, depreciation, amortisation, impairment charges and unwinding of acquisition related inventory step-up, adjusted for exceptional items and other adjustments. Core EBITDA is a non-IFRS measure, see page 36 for a reconciliation to reported IFRS results.
4. During 2023, the Group has revised its injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business' 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment. 2023 Others revenue was $21 million (2022: $14 million) with an operating loss of $9 million (2022: $6 million loss).

Injectables

We supply hospitals across our markets with generic injectable products, supported by our manufacturing facilities in the US, Europe and MENA.

Financial highlights

	2023 $ million	2022[1] $ million	Change	Constant currency change
Revenue	**1,203**	1,140	6%	6%
Gross profit	**655**	625	5%	5%
Gross margin	***54.4%***	*54.8%*	*(0.4)pp*	*(0.3)pp*
Core gross profit	**657**	651	1%	1%
Core gross margin	***54.6%***	*57.1%*	*(2.5)pp*	*(2.4)pp*
Operating profit	**358**	354	1%	2%
Operating margin	***29.8%***	*31.1%*	*(1.3)pp*	*(1.0)pp*
Core operating profit	**444**	437	2%	2%
Core operating margin	***36.9%***	*38.3%*	*(1.4)pp*	*(1.2)pp*

Injectables revenue grew 6% in 2023, reflecting good growth in all three geographies, benefitting from the breadth of our global portfolio and advanced manufacturing capabilities. This helped to fully offset loss of sales from halting our operations in Sudan.

In North America[2] we are benefiting from good demand for our broad product portfolio, including for products in short supply, recent launches and a full contribution from the acquisitions of Custopharm and Teligent's Canadian assets. This more than offset increased competition on certain products.

In Europe and rest of the world (ROW) we are delivering good growth across all of our markets, benefitting from our growing portfolio of products as well as our short supply chain and lead times, enabling us to respond to shortages in Germany. We continue to make progress in new markets including France, Spain and the UK.

In MENA we achieved strong growth driven by good demand for our portfolio across most of our markets, including for our biosimilar products as we continue to launch into new markets.

Core gross profit grew 1% to $657 million and core gross margin was 54.6%, reflecting changes in geographic and product mix and some inflationary pressure.

Injectables operating profit, which includes a $14 million impairment charge and costs related to halting our operations in Sudan, grew 1%. Injectables core operating profit grew 2% and core operating margin was 36.9%. This reflects the change in gross profit, offset by good control of costs.

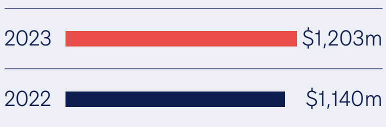
During the year, the Injectables business had 28 launches in North America, 25 in MENA and 67 in Europe and ROW. We submitted 55 filings to regulatory authorities across all markets. We further developed our portfolio through new licensing agreements.

Outlook for 2024

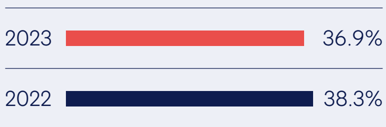
In 2024, we expect Injectables revenue to grow in the range of 6% to 8%. We expect core operating margin to be in the range of 36% to 37%.

Strong positioning across our three geographies is helping drive consistent growth."

Core revenue



Core operating margin



1. During 2023, the Group has revised its Injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business' 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment.
2. Canada is now included in North America (previously in Europe and ROW). Canada's 2022 sales of $18 million have therefore been reclassified to North America.

Branded

We supply branded generics and in-licensed patented products from our local manufacturing facilities to retail and hospital customers across the MENA region.

Financial highlights

	2023 $ million	2022 $ million	Change	Constant currency change
Revenue	**714**	691	3%	6%
Gross profit	**351**	350	0%	2%
Gross margin	***49.2%***	*50.7%*	*(1.5)pp*	*(1.8)pp*
Core gross profit	**366**	350	5%	8%
Core gross margin	***51.3%***	*50.7%*	*0.6pp*	*0.6pp*
Operating profit	**95**	136	(30)%	(24)%
Operating margin	***13.3%***	*19.7%*	*(6.4)pp*	*(5.7)pp*
Core operating profit	**170**	146	16%	19%
Core operating margin	***23.8%***	*21.1%*	*2.7pp*	*2.6pp*

Our Branded business grew revenue 3% on a reported basis and 6% in constant currency. This reflects a good performance across most of our markets, enabling us to fully offset the loss of sales resulting from halting our operations in Sudan. We also saw strong demand for medicines focused on chronic illnesses, particularly our growing oral oncology portfolio.

Core gross profit grew and core gross margin improved to 51.3%, reflecting an improvement in product mix, driven by our focus on building a portfolio of treatments for chronic illnesses.

Reported operating profit, which includes a $69 million impairment charge and cost in relation to halting our operations in Sudan, declined 30%. Core operating profit grew 16% and core operating margin expanded to 23.8%. This reflects the improvement in core gross profit, which more than offset the negative foreign exchange impact related to the currency devaluation in Egypt. On a reported basis, operating profit was down due to the impairment we took on our Sudanese business where we are unable to operate due to the ongoing conflict.

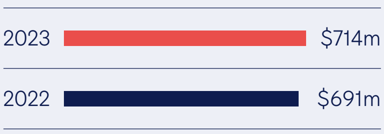
During the year, the Branded business had 32 launches and submitted 47 filings to regulatory authorities. Revenue from in-licensed products represented 29% of Branded revenue (2022: 29%)[1].

Outlook for 2024

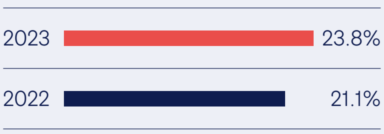
We expect Branded revenue in 2024 to grow in the mid to high single-digits in constant currency, or low-single digits on a reported basis, and for reported core operating profit to be broadly in line with 2023.

"We are launching new products and signing new partnerships, and this is driving increasingly profitable growth."

Core revenue



Core operating margin



1. Hikma now owns the rights for three products that were previously under-licensed. Revenue from these products have been excluded from this calculation.

Generics

We supply oral and other non-injectable generic and specialty branded products in the US retail market, leveraging our state-of-the-art manufacturing facility in Columbus, Ohio.

Financial highlights

	2023 $ million	2022 $ million	Change
Revenue	**937**	672	39%
Gross profit	**387**	265	46%
Gross margin	***41.3%***	*39.4%*	*1.9pp*
Core gross profit	**387**	266	45%
Core gross margin	***41.3%***	*39.6%*	*1.7pp*
Operating profit	**147**	(117)	226%
Operating margin	***15.7%***	*(17.4)%*	*33.1pp*
Core operating profit	**192**	103	86%
Core operating margin	***20.5%***	*15.3%*	*5.2pp*

Revenue in our Generics business grew 39% in 2023, driven by good volume growth in our base business, an improved pricing environment, and an exceptionally strong contribution from the launch of the authorised generic of sodium oxybate.

The increase in Generics core gross profit and margin expansion to 41.3% was primarily a result of improved product mix and the strong profitability of the authorised generic of sodium oxybate in the first six months of the year. Royalties payable on this product increased in the second half due to the terms of our settlement agreement.

Generics core operating profit was up 86%, reflecting growth in gross profit. This strong profit contribution enabled us to invest back into this business, particularly in sales and marketing, as we continue to build our specialty business, and in R&D. Core operating margin was 20.5%.

In 2023, the Generics business launched five products and submitted five filings to regulatory authorities.

Outlook for 2024

In 2024, we expect Generics revenue to grow in the range of 3% to 5%. We expect core operating margin to be in the mid-teens.

> An exceptionally strong year, with a key new launch as well as strong performance across the base business."

Other businesses

Other businesses, which now includes our 503B compounding business, as well as Arab Medical Containers (AMC), a manufacturer of plastic specialised medicinal sterile containers, and International Pharmaceuticals Research Centre (IPRC), which conducts bio-equivalency studies, contributed revenue of $21 million in 2023 (2022: $14 million[1]) with an operating loss of $9 million (2022: $6 million loss). The loss reflects our ongoing investment into developing our compounding business. We are making good progress in growing our compounding business and continue to invest in building our manufacturing and commercial capabilities.

Research and development

Our investment in R&D and business development enables us to continue expanding the Group's product portfolio. During 2023, we had 157 new launches and received 128 approvals. To ensure the continuous development of our product pipeline, we submitted 107 regulatory filings.

	2023 submissions[2]	2023 approvals[2]	2023 launches[2]
Injectables	55	87	120
North America	27	31	28
MENA	21	23	25
Europe & ROW	7	33	67
Branded	47	37	32
Generics	5	4	5
Total	**107**	**128**	**157**

Net finance expense

	2023 $ million	2022 $ million	Change	Constant currency change
Finance income	**7**	29	(76)%	(76)%
Finance expense	**95**	81	17%	18%
Net finance expense	**88**	52	69%	70%
Core finance income	**7**	3	133%	133%
Core finance expense	**90**	77	17%	17%
Core net finance expense	**83**	74	12%	12%

Core net finance expense increased to $83 million (2022: $74 million), reflecting the increase in interest rates during 2023.

We expect core net finance expense to be around $91 million in 2024[3].

Profit before tax

Reported profit before tax increased to $281 million (2022: $233 million), primarily due to the good growth in all three businesses, partially offset by the opioid legal settlement provision. Excluding exceptional items and other adjustments, core profit before tax was $626 million (2022: $520 million), up 20%.

Tax

The Group incurred a reported tax expense of $89 million (2022: $42 million) and a reported effective tax rate of 31.7% (2022: 18.0%). Excluding exceptional items and other adjustments, Group core tax expense was $131 million (2022: $111 million). The core effective tax rate was 20.9% (2022: 21.3%).

We expect the Group core effective tax rate to be in the range of 22% to 23% in 2024.

Profit attributable to shareholders

Profit attributable to shareholders was $190 million (2022: $188 million). Core profit attributable to shareholders increased by 21% to $492 million (2022: $406 million).

Earnings per share

	2023	2022	Change	Constant currency change
Basic earnings per share (cents)	**86**	84	2%	8%
Core basic earnings per share (cents)	**223**	181	23%	25%
Diluted earnings per share (cents)	**85**	84	2%	8%
Core diluted earnings per share (cents)	**221**	180	23%	25%
Weighted average number of Ordinary Shares for the purposes of basic earnings	**220,862,103**	223,728,472	–	–
Weighted average number of Ordinary Shares for the purposes of diluted earnings	**222,368,714**	224,908,809	–	–

The increase in core earnings per share reflects the increase in profit attributable to shareholders as a result of the strong performance in all three businesses.

1. During 2023, the Group has revised its Others operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business' 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment.
2. Pipeline projects submitted, approved and launched by country in 2023.
3. Based on the composition of the Group's net debt portfolio as at 31 December 2023, a one percentage point increase/decrease in interest rates would result in $3 million decrease/increase in net finance cost per year (2022: $4 million increase/decrease).

Dividend

The Board is recommending a final dividend of 47 cents per share (2022: 37 cents per share) bringing the total dividend for the full year to 72 cents per share (2022: 56 cents per share). This equates to a payout ratio of around 32%, which is above our historical range of 20% to 30%. We intend to progressively increase our dividend, with a payout ratio in the range of 30% to 40%, reflecting the Board's confidence in the long-term growth prospects for the Group. The proposed dividend will be paid on 3 May 2024 to eligible shareholders on the register at the close of business on 22 March 2024, subject to approval at the Annual General Meeting on 25 April 2024.

Net cash flow, working capital and net debt

The Group generated operating cash flow of $608 million (2022: $530 million). This change primarily reflects the increase in operating profit.

Group working capital days were 243 at 31 December 2023. Compared to the position on 31 December 2022, Group working capital days decreased by 8 days from 251 days, due primarily to an improvement in receivable days.

Capital expenditure was $169 million (2022: $138 million). In the US, $46 million was spent on upgrades, new technologies and capacity expansion across our Cherry Hill, Dayton, and Columbus sites. In MENA, $96 million was spent strengthening and expanding manufacturing capabilities, including two ongoing greenfield Injectables production sites in Algeria and Morocco, expanding our site in Algeria and a new land purchase in Saudi Arabia. In Europe, we spent $27 million enhancing our manufacturing capabilities, including new filling lines in Portugal and Italy and adding lyophilisation capacity in Portugal. We expect Group capital expenditure to be in the range of $160 million to $180 million in 2024.

The Group's total debt was $1,191 million at 31 December 2023 (31 December 2022: $1,283 million).

The Group's cash balance at 31 December 2023 was $215 million (31 December 2022: $270 million).

The Group's net debt (excluding co-development agreements and contingent liabilities) was $976 million at 31 December 2023 (31 December 2022: $1,013 million). We continue to have a healthy balance sheet, with a net debt to core EBITDA ratio of 1.2x (31 December 2022: 1.5x).

Balance sheet

Net assets at 31 December 2023 were $2,209 million (31 December 2022: $2,148 million). Net current assets were $761 million (31 December 2022: $922 million).

Definitions

We use a number of non-IFRS measures to report and monitor the performance of our business. Management uses these adjusted numbers internally to measure our progress and for setting performance targets. We also present these numbers, alongside our reported results, to external audiences to help them understand the underlying performance of our business. Our core numbers may be calculated differently to other companies.

Adjusted measures are not substitutable for IFRS results and should not be considered superior to results presented in accordance with IFRS.

Core results

Reported results represent the Group's overall performance. However, these results can include one-off or non-cash items which are excluded when assessing the underlying performance of the Group. Our core results exclude the exceptional items and other adjustments set out in Note 6 in this report.

Group gross profit	2023 $ million	2022 $ million
Core gross profit	**1,407**	**1,265**
Provision against inventory related to halted operations in Sudan	(17)	–
Unwinding of acquisition related inventory step-up	–	(27)
Reported gross profit	**1,390**	**1,238**

Group operating profit	2023 $ million	2022 $ million
Core operating profit	**707**	**596**
Provision related to expected North America opioid legal settlement	(129)	–
Impairment and cost related to halted operations in Sudan	(83)	–
Intangible assets amortisation other than software	(88)	(92)
Reorganisation costs	–	(14)
Impairment of property, plant and equipment and right-of-use-assets	(8)	(80)
Impairment of intangible assets	(32)	(101)
Unwinding of acquisition related inventory step-up	–	(27)
Reported operating profit	**367**	**282**

Constant currency
As the majority of our business is conducted in the US, we present our results in US dollars. For both our Branded and Injectable businesses, a proportion of their sales are denominated in a currency other than the US dollar. In order to illustrate the underlying performance of these businesses, we include information on our results in constant currency.

Constant currency numbers in 2023 represent reported 2023 numbers translated using 2022 exchange rates, excluding price increases in the business resulting from the devaluation of the Egyptian and Sudanese pound and excluding the impact from hyperinflation accounting.

Core EBITDA
Core EBITDA is earnings before interest, tax, depreciation, amortisation, impairment charges and unwinding of acquisition related inventory step-up, adjusted for exceptional items and other adjustments.

	2023 $ million	2022 $ million
Reported operating profit	**367**	**282**
Depreciation and impairment charges/ reversals in relation to property, plant and equipment	110	157
Amortisation and impairment charges/ reversals in relation to intangible assets	131	202
Depreciation and impairment charges/ reversals in relation to right-of-use assets	18	13
Unwinding of acquisition related inventory step-up	–	27
Provision related to expected North America opioid legal settlement	129	–
Provision against inventory related to halted operations in Sudan	17	–
Impairment charge on financial assets	29	–
Impairment charge on other current assets	2	–
Cost from halted operations in Sudan	8	–
Reorganisation costs	–	14
Core EBITDA	**811**	**695**

Working capital days
We believe Group working capital days provides a useful measure of the Group's working capital management and liquidity. Group working capital days are calculated as Group receivable days plus Group inventory days, less Group payable days. Group receivable days are calculated as Group trade receivables x 365, divided by 12 months Group revenue. Group inventory days are calculated as Group inventory x 365, divided by 12 months Group cost of sales. Group payable days are calculated as Group trade payables x 365, divided by 12 months Group cost of sales.

Group net debt
We believe Group net debt is a useful measure of the strength of the Group's financing position. Group net debt is calculated as Group total debt less Group total cash. Group total debt excludes co-development agreements and contingent liabilities.

Group net debt	**31 Dec 2023 $ million**	31 Dec 2022 $ million
Short-term financial debts	(150)	(139)
Short-term leases liabilities	(11)	(9)
Long-term financial debts	(975)	(1,074)
Long-term leases liabilities	(55)	(61)
Total debt	**(1,191)**	**(1,283)**
Cash and cash equivalents	205	270
Restricted cash	10	–
Net debt	**(976)**	**(1,013)**

ROIC
ROIC is calculated as core operating profit after tax divided by invested capital (calculated as total equity plus net debt). This measures our efficiency in allocating capital to profitable investments.

ROIC	**2023 $ million**	2022 $ million
Core operating profit	707	596
Total tax	(144)	(124)
Core operating profit after tax	**563**	**472**
Net debt	976	1,013
Equity	2,209	2,148
Invested capital	**3,185**	**3,161**
ROIC	**17.7%**	**14.9%**

Sustainability

Acting responsibly at Hikma

Being a responsible organisation and advancing our sustainability agenda is integral to how we do business.

Pursuing strong environmental, social and governance (ESG) programmes creates long-term value for both Hikma and our stakeholders and helps us deliver on our purpose to provide better health within reach, every day.

We are focused on the ESG issues that are most material to our business and stakeholders. These material issues form the basis of our sustainability framework and strategy and we align our business with these priorities.

- We advance health and wellbeing
- We empower our people
- We protect the environment
- We build trust through quality in everything we do

This section outlines how we address our most material ESG issues and highlights some of the major activities, milestones and achievements made throughout the year. More information on sustainability and ESG will be provided in our upcoming Sustainability Report 2023.

For more information visit **www.hikma.com/sustainability**

Focus on health at COP28

The Conference of the Parties (COP28) convention held in 2023 in Dubai, United Arab Emirates included a landmark recognition of the urgency for governments and organisations to address health impacts related to ongoing climate change. The declaration made on Health Day of the COP included a commitment to proactively address both the direct and indirect climate-related health impacts and was endorsed by 124 countries.

Climate change is currently among the most significant health threats globally. Climate change is expected to create both direct health impacts through heat waves, droughts and other extreme weather events, as well as indirect health impacts such as increased prevalence of vector-borne and airways diseases, food and water insecurity, undernutrition, and forced displacements.

As a manufacturer of generic medicines, we recognise our role in mitigating the health-related impacts of global climate change. We do so by prioritising the availability and access of medicines, addressing and anticipating national health priorities and evolving patient needs, and working within our markets to launch more products and strengthen the resilience of healthcare systems.

> We recognise our role in mitigating the health-related impacts of global climate change."

Advancing health and wellbeing

Providing better healthcare and supporting our communities

- Access to medicines
- Corporate social responsibility
  - Providing better health
  - Supporting education
  - Helping people in need

$4.9m

value of our donated medicines

Read more on page 45

Empowering our people

Shaping an inclusive culture where everyone can thrive

- Recruitment, retention and promotion
- Diversity, equity and inclusion
- Ensuring health and safety

>95%

favourable score from learners and managers for instructor-led programmes

Read more on page 48

Protecting the environment

Minimising our impact on the planet

- Reduction of greenhouse gas emissions (GHG)
- Sustainable supply chain
- Water management
- Waste management

15%

Reduction achieved in our Scope 1 and 2 emissions since the 2020 base year

Read more on page 51

Building trust through quality in everything we do

Upholding ethical standards and acting with integrity

- Ethics and compliance
- Product quality and safety
- Corporate governance

9

Maintaining membership in the FTSE4Good for nine consecutive years

Read more on page 55

Acting responsibly at Hikma
continued

Prioritising the right issues

The ESG issues we have prioritised as a business are those that create shared value for our business and stakeholders, mitigate business risks and ensure we continue to do business responsibly and ethically.

Our sustainability framework was developed through an internal materiality assessment that integrated both current and expected legislative requirements and best practice. We have also considered global sustainability standards such as GRI, sector-specific standards as outlined by SASB, as well as ratings frameworks including MSCI, Sustainalytics, and the FTSE4Good – all of which help us fully understand material issues from an external perspective.

We also take into account investor considerations around ESG matters, and all our other key stakeholders, including patients and healthcare professionals, employees, customers, communities, government, regulators and suppliers.

Going forward, our aim is to develop more comprehensive materiality analyses through further engagement with our stakeholders and within our business. We also intend to align our materiality assessment methodology to that required under CSRD, including use of 'double materiality' analyses.

Governance of sustainability

Board of Directors
Overarching oversight of sustainability

Executive Committee
Leadership and alignment of sustainability with corporate strategy

Sustainability team

Global functions and site management teams

Employee networks

Executive Sponsor-led:
Steer and coordination

ESG Committee: Access to Medicine

ESG Committee: Environmental Sustainability

Our sustainability performance and commitments

MSCI ESG RATINGS	SUSTAINALYTICS	FTSE4Good	CDP
Achieved an ESG rating score of A	Ranked in the 15th percentile of the Pharmaceuticals sub-industry (where first is lowest risk)	Constituents since 2014	Achieved a score of B for CDP Climate Change 2023
UN Global Compact	Sustainable Development Goals	Women's Empowerment Principles	Modern Slavery Act 2015
Signatory to the United Nations Global Compact	Supporters of the UN Sustainable Development Goals	Signatory to the United Nations Women's Empowerment Principles	Signatory to the Modern Slavery Act

Sustainability reporting readiness

We are proactive in assessing and ensuring our preparedness with evolving regulations, obligations and best practices around the management and reporting of ESG issues. There are several regulatory developments that we have identified that will impact our reporting in future years.

Corporate Sustainability Reporting Directive (CSRD)
In 2023, the CSRD entered into force and established a harmonised ESG reporting regime for companies operating in the European Union. Companies that are within the scope of CSRD will have to report against the European Sustainability Reporting Standards (ESRS) for material ESG matters and comply with the EU Taxonomy Directive.

Hikma is preparing to report in alignment with CSRD and evaluating reporting timelines. To align with CSRD requirements, in 2024 we will focus on developing a double materiality assessment and increase our preparedness in obtaining external limited assurance for externally disclosed ESG metrics.

UK Sustainability Disclosure Standards (SDS) and IFRS Sustainability Disclosure Standards
The UK SDS is expected to be published in 2024 and will set out corporate disclosures on the sustainability-related themes for UK-based companies. SDS disclosures will form the basis for companies to report on sustainability-related risks and opportunities. SDS is using the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards as a baseline to develop their standards, which our teams have considered or have been considering when developing our ESG reporting.

Legislation in the US around climate reporting
In the US, evolving regulations that relate to public disclosure of ESG-related issues have been identified to be relevant to Hikma. These include bills SB-253 Climate Corporate Data Accountability Act, SB-261 Greenhouse gases: climate-related financial risk, and AB-1305 Voluntary carbon market disclosures, all issued in California. In 2024 our aim is to assess our alignment with these bills, and to continue assessing the US legislative landscape.

Our alignment with evolving stakeholder expectations
Expectations around ESG reporting among investors and other stakeholders continue to expand and evolve. Sector-based standards, such as those developed by the Sustainability Accounting Standards Board (SASB), which has now been folded into the International Sustainability Standards Board (ISSB), define material topics as those that "are reasonably likely to significantly impact the financial condition, operating performance, or risk profile of the company." We align our reporting with these and other relevant standards to facilitate the comparability of our ESG performance with those of our industry peers. We also report our climate-related disclosures in alignment with the Greenhouse Gas (GHG) Protocol, and will ensure that our GHG accounting maintains alignment following its expected 2025 Corporate Standard update.

Advancing health and wellbeing

Providing better healthcare and supporting our communities

> The manufacture and availability of our medicines globally is helping to alleviate healthcare disparities."

Access to medicines

At Hikma, we are dedicated to improving people's lives by providing access to affordable, high-quality medicines to patients in need. This is embodied in our corporate purpose: putting better health within reach, every day.

To fulfill this purpose, we continually develop and launch products at competitive prices across our markets and expand the availability of our existing product portfolio by entering new markets or expanding manufacturing capabilities in our existing markets.

We are also working with stakeholders including healthcare professionals and policy makers to ensure better support for patient needs and stronger local healthcare ecosystems, and with non-governmental organisations to continue expanding our medicine donation programme.

Generic pharmaceutical companies play a pivotal role in enhancing global access to medicines. The manufacture and availability of generic medicines help to improve the affordability and reliability of supply for essential medications, thereby alleviating global disease burdens and healthcare disparities.

Governance

In 2022, we established an Access to Medicine Committee chaired by two members of the Executive Committee, one of whom sits on the Board of Directors – the Executive Vice Chairman and President of MENA, and the EVP, Corporate Development and M&A. The aim of the Committee is to strengthen collaboration across our business in promoting equitable access and improving the patient journey.

During the year, coordination within the Committee took place to identify and establish meaningful metrics that measure patient impacts and outcomes, and to enhance disclosure and reporting around accessibility. The latter is reflected in higher scores that were achieved by Hikma for ESG ratings agencies including MSCI and Sustainalytics, due largely to enhanced disclosure of Hikma's efforts to advance health equity and access to medicines.

MENA

We operate 20 manufacturing plants in MENA and are constructing new injectable plants in Algeria and Morocco. We are now the second largest[1] pharmaceutical company by sales (up from third in 2022) and we continue to expand our local manufacturing capacity to ensure patients have access to critical medicine throughout the region.

Across the region, our areas of focus align closely with national healthcare priorities and disease burdens, and we work with the relevant stakeholders to strengthen national healthcare systems. Our commercial teams meet and collaborate with doctors, clinicians, and pharmacists regularly to improve disease awareness, healthcare standards and access to quality medical care in the region.

North America

In the US, we are a top 10 generic medicines manufacturer[2]. We supply a broad range of injectable and non-injectable products to patients in the US and, more recently, in Canada. We operate manufacturing, R&D and distribution facilities across New Jersey and Ohio and are a leading provider of oral solid, liquid and nasal generic medicines distributed to patients through pharmacies, hospitals, health benefits programmes and other customers.

We are also a top three manufacturer of injectable medicines by volume[3] and operate a sterile compounding business focused on providing high quality, ready-to-administer injectable medications that are customised to the specific needs of hospital patients in the US.

Our work also involves coordination with policy makers to better address persistent drug shortages and to align our domestic production with the needs of patients and medicine availability. During 2023, we continued our membership in the Association for Accessible Medicines to advocate for national and local policies, legislation and regulation aimed at supporting and strengthening Hikma's ability to supply the U.S. healthcare system and its patients with a steady supply of essential medicines, especially certain medicines that are often in shortage.

1. Source: 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
2. Source: IQVIA MAT December 2023, includes all generic injectable and non-injectable products
3. Source: IQVIA MAT December 2023, generic injectable volumes by eaches, excluding branded generics and Becton Dickinson

Europe

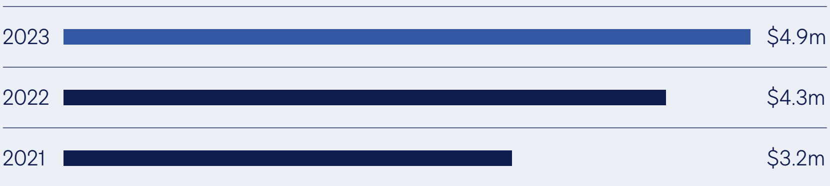
We manufacture sterile injectable products in Portugal, Germany and Italy which supply our global markets. Within the continent, we continue to make progress in new markets including France and Spain and we are expanding our manufacturing site in Italy.

Medicine donations and other support programmes

We partner with local and international NGOs to donate medicines to patients in need and to support aid and relief to those impacted by natural disasters and conflicts. Through our programmes, we are able to divert urgent care to underserved population segments, such as low-income groups, displaced persons and those lacking sufficient medical coverage.

In the US, our collaboration with the Global Smile Foundation over the last three years has enabled a group of volunteers to perform thousands of critical surgeries globally. In 2023, the Foundation's team conducted a medical programme in Guayaquil, Ecuador, where they performed more than 160 surgeries coupled with other comprehensive cleft services.

Medicine donations
(COGS) $m



During the year, we also maintained our emergency response donations, supporting those affected by the conflicts in Palestine, Sudan and Ukraine.

This year, the value of our donations increased to $4.9m. Since 2021, our medicine donation programme has grown by 53%.

Working with the Access to Medicine Foundation

In 2023, we worked with the Access to Medicine Foundation to support their effort in assessing the role, impact and opportunities of the generics industry in expanding access to medicine in low- and middle-income countries (LMICs). The report, which includes assessments on Hikma, Cipla, Sun Pharma, Teva, and Viatris, contributes to a better understanding of the opportunities available for generic pharmaceutical companies to impact the availability, affordability and reliability of essential medicines in LMICs. Through our collaboration with the Foundation, we improved our understanding of the role we can play in reducing healthcare disparities and improving accessibility to the essential medicines in our portfolio.

Community outreach

Community engagement is central to our sustainability agenda. We organise activities across our global footprint to address social and economic challenges facing our communities and empower our employees with opportunities to affect positive and meaningful change.

Where we focus

Providing better health
We work to address unmet healthcare needs by conducting community outreach and providing in-kind medicine donations to patients in need

Supporting education
We are committed to providing our people and communities with opportunities to realise their full potential through continuous learning and development

Helping people in need
We believe in supporting the communities in which we live and work through local non-profit sponsorships and empowering our employees to support our neighbours in need

Community outreach highlights

4,800+
volunteers

9,000+
volunteering hours

96
partners globally

Providing better health

Establishing clinics in Jordan to support the Medical Aid for Palestinians organisation

Since 2019, we have supported Medical Aid for Palestinians (MAP) in Jordan, which operates orthopaedic clinics across three Palestinian refugee camps in the country. More than 7,500 patients benefit from this support every year. Through the clinics we extend medicines, treatment and patient consultancy to improve the patient journey and outcome for those in the camps.

Helping people in need

Supporting the UN Refugee Agency scholarship programme in MENA

In 2020, we began our partnership with the United Nations Refugee Agency's (UNHCR) Albert Einstein German Academic Refugee Initiative (DAFI) scholarship programme to provide scholarships to 40 displaced students residing in Algeria, Egypt and Jordan. Displaced persons and refugees often face barriers to receiving quality education and securing employment.

Since its inception in 1992, the DAFI programme has extended scholarships to more than 24,000 displaced students globally, helping to provide them with opportunities to pursue higher education.

In 2023, we undertook several activities in support of the DAFI Programme:

- Organised site visits for 29 students to visit our manufacturing plants in Algeria, Egypt and Jordan
- Provided internship opportunities to several programme participants in Jordan
- Enabled DAFI participants to join our internal Innovation Camp platform in Jordan, which is dedicated to cultivating innovative thinking and collaborative problem-solving

Photo (left): Photographer, Claire Thomas (UNHCR)

Helping people in need

Supporting local food banks across the US

Since 2020, all of our locations in the US have partnered with local food banks or food pantries to help provide meals to community members in need. As communities struggled with the pandemic, job security and a recent rise in inflation, providing free meals is increasingly vital for those in need within our communities. In this spirit, we continue to provide financial donations to each partner, but also adapt our programmes to their needs. This includes organising volunteer activities, fundraisers, and in-kind donations.

Empowering our people

Shaping an inclusive culture where everyone can thrive

> We are committed to engaging with our people to consistently improve the employee experience."

Employee wellbeing

We are committed to continuously engaging with our people to ensure that the employee experience improves over time and the feedback of our people is consistently taken into consideration.

Our recent Hikma's People Voice Survey, completed in early February 2024, measured employee sentiment across a range of issues and will enable us to improve the employee experience at Hikma.. This is one of the many engagement tools that we are using to ensure an open-feedback culture among our people.

At Hikma, we deliver high quality instructor-led programmes to our employees globally. Feedback has been very positive from both employees and managers on the effectiveness, quality, design and practicality of these programmes. In 2023, we received feedback from a total of more than 1,400 learners and managers, achieving a favourability score of more than 95% from both segments.

Employee health and safety

We continue to prioritise the health and safety of our people. Our Group Environmental Health and Safety policy statement, updated in 2024, strengthened and standardised our approach to ensuring the wellbeing of our employees globally.

We are continuously taking steps to improve the accuracy of health and safety-related performance metrics as well as how we govern the issue at the Group level. In 2024, we are appointing Julie Hill as the Senior Vice President of Corporate Quality Compliance and Health and Safety to improve how we govern health and safety and to standardize our methodology and ambitions around the issue.

Pay increases for employees

In our unwavering commitment to the wellbeing and long-term retention of our employees and recognising the global surge in inflation rates impacting our team members, Hikma is providing a targeted higher pay increase percentage in 2024 than in previous years.

This approach is specifically directed towards employees who are disproportionately impacted by higher inflation rates, which is the group from the first level of management and below these employees will receive a minimum guaranteed increase aligned with their country-base inflation rates.

Investing in our future leaders

In 2023, we launched both the Multipliers and Blanchard leadership programmes to cultivate leadership potential among high-performing employees. The focus of the programmes is on developing leadership skills and enabling employees to maximise the potential of their respective teams. The programmes involved 265 employees and included 360-degree feedback assessments and development plans for our people to continue to nurture their skills and grow within the Company.

We also continued to provide scholarship opportunities to employees through our global Continuing Education Programme.

In 2023, we offered scholarships to 22 employees, an increase of five over the previous year. Since its inception, the programme has supported 150 employees, including undergraduate and masters level scholarships, enabling our people to continue their education in fields valuable to the Group.

Learning and development

We continue to focus on learning and development to improve the capabilities of our employees and strengthen their career growth potential. We are continually expanding our online resources and introducing structured curricula that are tailored to the needs of specific business functions. We are also improving accessibility and inclusivity of training programmes, offering training digitally and in various languages.

Diversity, equity and inclusion

Promoting diversity, equity and inclusion among our employees is a key ESG focus area that we feel strengthens the effectiveness of our workforce and promotes better employee satisfaction and retention.

We remain committed to promoting a culture of progress and belonging that provides all employees with opportunities for personal and professional growth. We believe in fostering an inclusive workplace where all employees feel they belong, and as they grow and develop, so does Hikma.

We continue building our network of Employee Resource Groups (ERGs) by strengthening our Black Employees Advisory Board and Hikma Women's Network.

"We continue to focus on learning and development to improve the capabilities and growth potential of our people."

Protecting the environment

Minimising our impact on the planet

Target	2023 Progress	Status	Our aim for 2024
By 2023, reduce Scope 1 and 2 emissions by 17% (baseline: 2020) S	Achieved a 15% reduction compared to our 2020 baseline	Partially achieved	Continue to identify opportunities to improve energy efficiency and reduce our emissions footprint
By 2023, conduct two energy audits in the MENA region S	Conducted energy audits in Jordan (APM Salt), Egypt (October 6) and JPI (Saudi Arabia)	Achieved	Continue implementation of action plans following site energy audits
By 2030, reduce our scope 1 and scope 2 emissions by 25% (baseline: 2020) L	Continued to invest in increasing energy efficiency, cleaner technologies and renewable energy generation, which enabled us to minimise our emissions impact while expanding our manufacturing footprint and significantly increasing production	On track	Continue to pursue energy efficiency projects at our manufacturing sites through more efficient machinery and the adoption of renewable energy options. Continue to pursue long-term green electricity procurement solutions where we operate
By 2025, identify and set water targets for all MENA sites S	Continued to identify opportunities to improve efficiency of water consumption and develop water management systems	On track	Continue to invest in technologies and practices that promote water reuse, efficiency and reduction opportunities across our sites, focusing on those located in water-stressed areas.

Timeframe: L Long-term S Short-term
Status: Achieved On track Partially achieved

> We continue to invest in efficiency while pursuing long-term, feasible opportunities to reduce our emissions footprint."

We are committed to making our operations greener and to improving our environmental performance

In 2023, our Scope 1 and 2 emissions (market-based) measured 123,638 tonnes of carbon dioxide equivalent (tCO_2e), achieving a 15% emissions decrease from our 2020 base year.

During the year, we enhanced capacity for solar energy generation in Portugal and Jordan and completed equipment and machinery upgrades across our sites to improve energy efficiency. Investments in energy efficiency, cleaner technologies and renewable energy generation enabled us to maintain a stable emissions footprint during the year, despite significant site expansions and increases in production in multiple manufacturing facilities.

Our Scope 1 and 2 emissions reduction target

In 2021, we put in place a target to reduce our Scope 1 and 2 GHG emissions by 25% by 2030, using a 2020 baseline and market-based calculations. The target was developed using the absolute contraction approach and is in line with the Paris Climate Agreement's well-below 2°C scenario.

We are making significant progress towards achieving our target. Compared to our base year (2020), our 2023 Scope 1 and 2 emissions have decreased by 15%.

These reductions were achieved largely through the expansion of green electricity procurement in all of our European facilities and through investments in renewable energy infrastructure and other initiatives to improve energy efficiency across our sites. Although emissions increased by 3% between 2022 and 2023, largely due to growth in the business, we continue to invest in efficiency while pursuing long-term, feasible opportunities to reduce our emissions footprint.

1. Emissions for 2022 have been restated by -3% as we continue to improve our monitoring and analysis of environmental metrics

Methodology and assurance

We quantify and report our organisational GHG emissions in alignment with the World Resources Institute's Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in alignment with the Scope 2 Guidance.

We consolidate our organisational boundary according to the operational control approach, as described in the GHG Protocol Reporting Standard. This includes all our facilities and locations where we have operational control.

The GHG sources that constituted our operational boundary for Scope 1 and 2 are:

Scope 1:
- Natural gas combustion
- Diesel combustion
- Petrol combustion
- LPG/Propane combustion
- Vehicle emissions
- Fugitive emissions

Scope 2 (market-based and location-based):
- Purchased electricity – standard
- Purchased electricity – renewable

For reporting in this Annual Report, we have used data from January to September of 2023 and conducted an uplifting exercise to estimate quantities for October to December 2023. More information on this methodology can be found on our website. Our Sustainability Report, published later in 2024, will contain updated emissions and environmental data for full-year 2023.

We continue to refine and improve how we monitor and manage our emissions. In this context, we engaged an external assurance provider to undertake private, independent limited assurance, through which we identified misstatements in 2022 energy and emissions calculations that are now accounted for and have subsequently lowered our stated 2022 GHG emissions by 3%. The misstatements occurred due to errors when recording natural gas consumption in our Columbus, Portugal and Egypt facilities. All references to 2022 energy and emissions profile in this report refer to the restated amounts.

We have internal sustainability reporting criteria for key metrics which guide our sustainability reporting. The criteria define our reporting boundary and conditions for restatements, and establish a unified hierarchy for estimating consumption where actual data are not available. Our emissions calculation contains no material omissions, as determined by our reporting criteria and the reasonable level of assurance received on these data.

UK Emissions

The Group operates one location within the United Kingdom, where we are listed, which is an office building that is managed by a third party. During the year, the UK site consumed 167 MWh of energy, which is equivalent to 61 tCO_2e.

The energy consumption is measured by meter readings provided by the managing agent and relates to electricity and gas used for heating, cooling and general office power. Reported fuel use between 2020 and 2022 for the UK was an estimate that was developed based on employee headcount. The 2023 disclosure is based on actual data for which there was negligible reported fuel consumption.

The Group does not provide transport within the UK other than via private hire vehicles for which consumption data is not available.

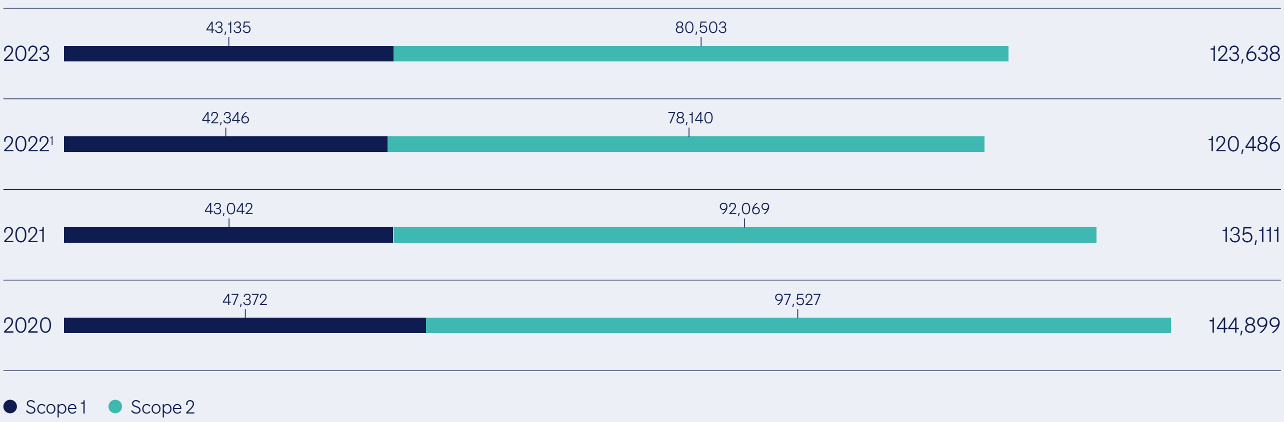
Proportion of Group emissions derived from the United Kingdom and offshore area

UK	0.05%

GHG emissions (tCO_2e)

	2020	2021	2022[1]	**2023**
Scope 1 – Combustion of fuel and operation of facilities	47,372	43,042	42,346	**43,135**
Scope 2 (market-based) – Electricity	97,527	92,069	78,140	**80,503**
Total Scope 1 and 2 emissions (market-based)	144,899	135,111	120,486	**123,638**
Year-on-year change in Scope 1 and 2 emissions (market-based)	N/A	(7%)	(10%)	**3%**
Change in Scope 1 and 2 emissions (market-based) since base year 2020	N/A	(7%)	(17%)	**(15%)**
Scope 2 (location-based) – Electricity	94,949	84,708	79,601	**84,006**

GHG emissions
(tCO_2e)



Energy consumption (MWh)

	2020			2021			2022[1]			**2023**		
	UK	Rest of the world	Total	UK	Rest of the world	Total	UK	Rest of the world	Total	**UK**	**Rest of the world**	**Total**
Electricity	129	223,634	223,763	125	209,778	209,903	116	247,011	247,127	**167**	**218,854**	**219,021**
Fuels	871	217,644	218,514	882	209,646	210,528	882	178,326	179,208	**1**	**211,373**	**211,374**

Emissions intensity by revenue[2] (tCO_2e / $m revenue)

	2021	2022[1]	**2023**
Scope 1 and 2 emissions (market-based) / revenue	47.1	47.9	**43.0**
Scope 1 and 2 emissions (location-based) / revenue	50.0	48.4	**44.2**

GHG emissions: Scope 3

We began measuring our indirect, Scope 3 emissions in 2021, prioritising the oversight of emissions most relevant to our business. We continue to refine the quality of our emissions measurements and engage with our suppliers to better understand their commitments to emission reductions.

In 2023, emissions from purchased goods and services increased compared to the previous year, reflecting the significant growth in production across our businesses. The increase in business travel emissions is attributable to an increase in travel spend after COVID-19 measures were removed. For employee commuting, which we began to measure in 2022, we continue to improve our mapping and classification of spend data to measure emissions from this source.

Several categories were determined to be 'not relevant' after we conducted an analysis of Scope 3 categories. Hikma does not have sufficient upstream or downstream leased assets to constitute a relevant emissions source. End of life treatment of our sold products also does not generate a significant emissions footprint. Lastly, Hikma does not maintain any franchises and no corresponding emissions footprint. More information about the rationale for categories that are determined to be 'not relevant,' is available in our 2023 CDP response. For categories that are 'relevant but not yet calculated,' we aim to consider their inclusion progressively over time. We have significantly improved our CO_2 emissions calculations by further fine-tuning our classification, resulting in adjustments across greenhouse gas (GHG) emissions categories. In addition, a thorough review and modification of the mapping process was undertaken, with a deliberate focus on moving to a quantitative rather than a monetary mapping methodology.

Assurance of emissions data

EcoAct was engaged by Hikma to provide independent third-party reasonable verification of its direct (Scope 1) and indirect (Scope 2 and selected Scope 3) GHG emissions, as detailed in this report. Based on the data and information provided by Hikma and the processes and procedures followed, it is EcoAct's verification opinion that the following GHG emissions totals are fairly stated and free from material error.

Verified emissions by EcoAct include:
- Scope 1 emissions
- Combustion of gaseous fuels (natural gas, diesel, petrol and LPG)
- Fugitive emissions
- Scope 2 emissions – Purchased electricity consumption (location and market-based)
- Scope 3 emissions – Emissions including Scope 3 Category 3: Fuel & Energy Related Activities not included in Scope 1 or Scope 2 (FERA), Category 5: Waste generated in operations (including water), and Category 7: Employee commuting

For external assurance of the remaining Scope 3 categories (Category 1: Purchase of goods and services, Category 2: Capital goods, Category 4: Upstream transportation and distribution, and Category 6: Business Travel), we worked with an external third party, Sievo Oy, to assess our carbon footprint for these categories. Sievo has contracted Ernst & Young (EY) under a 'limited assurance engagement', as defined by International Standards on Assurance Engagements 3000 (ISAE 3000) to report on the methodology and the emission factors used behind the 'CO_2 Analytics' tool (the Tool) as of 2023.

The full verification statements can be found here: **www.hikma.com/sustainability**.

Sustainable supply chain

We remain dedicated to addressing the most critical social and environmental sustainability concerns throughout our value chain. Our Supplier Code of Conduct, introduced in 2022, articulates our core values and principles, defining our values and standards for ourselves, partners, and suppliers. This Code serves as the cornerstone of our ongoing efforts to fortify relationships, foster collaboration, and cultivate trust among all stakeholders, ultimately driving enhanced performance across our value chain.

The Code reinforces standards we deem essential, such as safeguarding human rights, upholding ethical conduct, combatting modern slavery, and addressing environmental issues. The Code is available on our website.

In collaboration with EcoVadis, we are advancing our understanding of the sustainability maturity of our suppliers, covering around 49% of our annual spend. Throughout the year, we actively engaged with our procurement community and key suppliers to elevate awareness of our suppliers' sustainability maturity levels. Our outreach extended to primary materials suppliers through various supplier engagements covering suppliers who make up around 45% of Hikma's Scope 3 footprint. Through this outreach we are better able to understand their aspirations for reducing their carbon footprint, transitioning to renewable energy and their aspirations for reducing carbon footprint, transitioning to renewable energy, and enhancing energy efficiency in production.

Our objective is to expand the screening of sustainability criteria to a greater proportion of our major spend suppliers through collaboration with EcoVadis as well as utilising Hikma's own sustainability questionnaire sent to selected suppliers. This commitment underscores our continuous pursuit of sustainable practices and responsible business conduct throughout our supply chain.

1. Emissions for 2022 have been restated by -3% as we continue to improve our monitoring and analysis of environmental metrics
2. Emissions intensity is calculated using Group-wide revenue ($m)
   - Revenue 2021: 2,553
   - Revenue 2022: 2,517
   - Revenue 2023: 2,875

Water and waste management

The use of water and the management of waste are critical for the pharmaceutical manufacturing process and we have policies and practices in place to ensure we manage both effectively and in compliance with laws and regulations.

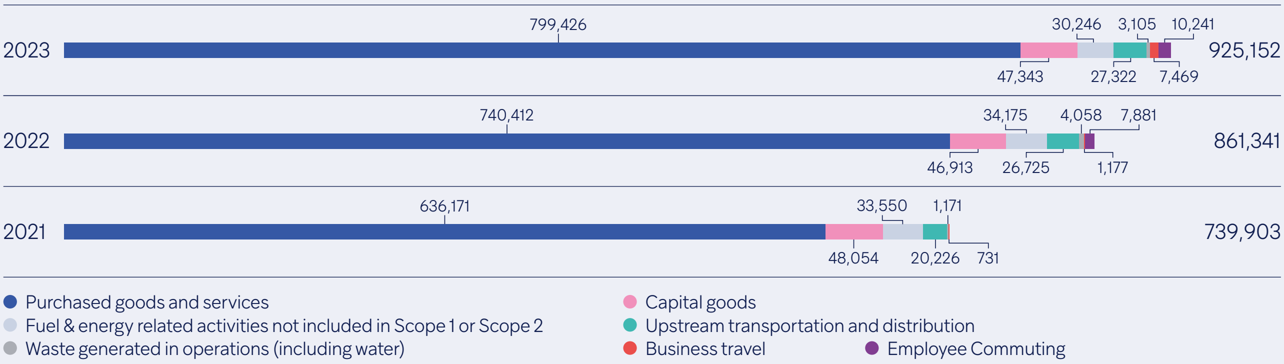
Following our assessment of water-related risks across all of our locations in 2021, we began a deep dive analysis of our facilities located in water-scarce areas. In order to address water scarcity in our locations of operation, we are improving water management systems and identified opportunities and gaps to conserve and use water more effiently. We also incorporated water as part of the Executive Director's long-term incentive plan in 2023 and annual bonus in 2024 with an aim to set water management targets for all MENA sites by the end of 2025. More information about water and waste management will be included in our 2023 Sustainability Report.

"We conducted a deep-dive analysis of water consumption for sites located in water-stressed areas."

GHG emissions, Scope 3 (tCO_2e)

Scope 3 category	Category description	Notes	2021	2022	**2023**
1	Purchased goods and services		636,171	740,412	**799,426**
2	Capital goods		48,054	46,913	**47,343**
3	Fuel & energy related activities not included in Scope 1 or Scope 2		33,550	34,175	**30,246**
4	Upstream transportation and distribution		20,226	26,725	**27,322**
5	Waste generated in operations (including water)		1,171	4,058	**3,105**
6	Business travel		731	1,177	**7,469**
7	Employee Commuting		–	7,881	**10,241**
8	Upstream leased assets	• not relevant	–	–	**–**
9	Downstream transportation and distribution	• included in Category 4: Upstream transportation and distribution	–	–	**–**
10	Processing of sold products	• not relevant	–	–	**–**
11	Use of sold products	• relevant, not yet calculated	–	–	**–**
12	End of life treatment of sold products	• relevant, not yet calculated	–	–	**–**
13	Downstream leased assets	• not relevant	–	–	**–**
14	Franchises	• not relevant	–	–	**–**
15	Investments	• relevant, not yet calculated	–	–	**–**
	Total[3]		739,903	861,341	**925,152**

GHG emissions, Scope 3
(tCO_2e)



3. Changes in Scope 3 emissions totals between years is partially due to the introduction of new emissions categories to our reporting boundary

Building trust through quality in everything we do

Upholding ethical standards and acting with integrity

We are committed to upholding the highest ethical standards in the conduct of our global business operations."

Ethics and Compliance

We are committed to upholding the highest ethical standards in the conduct of our global business operations. This is grounded in our values: innovative, caring, and collaborative. These values serve as the foundation for our strong governance framework. Our Code of Conduct (Code) sets out behaviours we expect from our employees as we conduct our business, and provides an overview of our legal, regulatory, and ethical requirements.

Our Code provides guidance to our employees and partners on the ethics of Hikma's business activities through the identification and discussion of various risks associated with our business. Hikma employees, officers and directors are trained on the Code of Conduct as part of their orientation and are provided refresher training on a periodic basis. In 2023, the Code of Conduct training completion rate was 98%.

In addition to our Code, we have also developed policies and procedures designed to help employees and third parties put these behaviours into practice. Through our global compliance programme, we have adopted internal controls and management processes to ensure the responsible and ethical conduct of our business. This includes compliance with all relevant global and local laws, codes and regulations wherever we operate. We believe in transparency and promote a culture that encourages employees to raise any concerns about potential violation of laws and regulations, or any other behaviours or incidents that do not comply with our Code of Conduct.

In addition, our speak up line provides both internal and external stakeholders the ability to raise concerns about suspected misconduct confidentially. All cases received are reviewed by our Legal and Compliance teams, and investigated, as appropriate, by Legal and Compliance personnel. Substantiated violations of our Code of Conduct or other policies and procedures are addressed through our disciplinary procedures.

Our Compliance, Responsibility and Ethics Committee provides oversight of our global compliance programme and the management of associated risks, including bribery and corruption. We have a zero-tolerance policy for bribery and corruption at Hikma. As a publicly listed company on the London Stock Exchange (LSE), we are subject to the regulations of the UK Listing Authority.

We also comply with the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act, as well as global anti-corruption standards and local anti-bribery and corruption laws.

We operate a formal third-party due diligence process for all third parties with whom we do business. This uses a set of risk evaluation criteria to place third parties into categories based on level of risk. High-risk third parties are subject to enhanced due diligence processes. Additionally, third parties are continuously monitored to identify potential reputational and compliance risks including sanctions, adverse media coverage and political affiliations. In 2023, our management team consolidated multiple platforms used for supplier registration, onboarding, risk and performance evaluation, sourcing, and contracting by transitioning into a single, multifunctional tool. It seamlessly integrated with our ERP system, Moody's risk data, and EcoVadis's sustainability rating tool to ensure full transparency and adherence to our risk processes.

Product quality and safety

Ensuring the wellbeing and safety of our patients is the core of our mission. We uphold a strict pharmacovigilance framework to safeguard against patient harm and to guarantee the safe, effective use of our products.

We have globally aligned processes to identify, assess, and communicate any changes in the benefit-risk balance of our products and to implement timely corrective and preventative actions.

Our pharmacovigilance efforts span the entire lifecycle of our products on a global scale, adhering to all regional regulations and deadlines for safety reporting.

Pharmacovigilance is monitored at the highest levels of our business and is included in our enterprise risk management process, which is overseen by the Executive Committee and the Board on a regular basis.

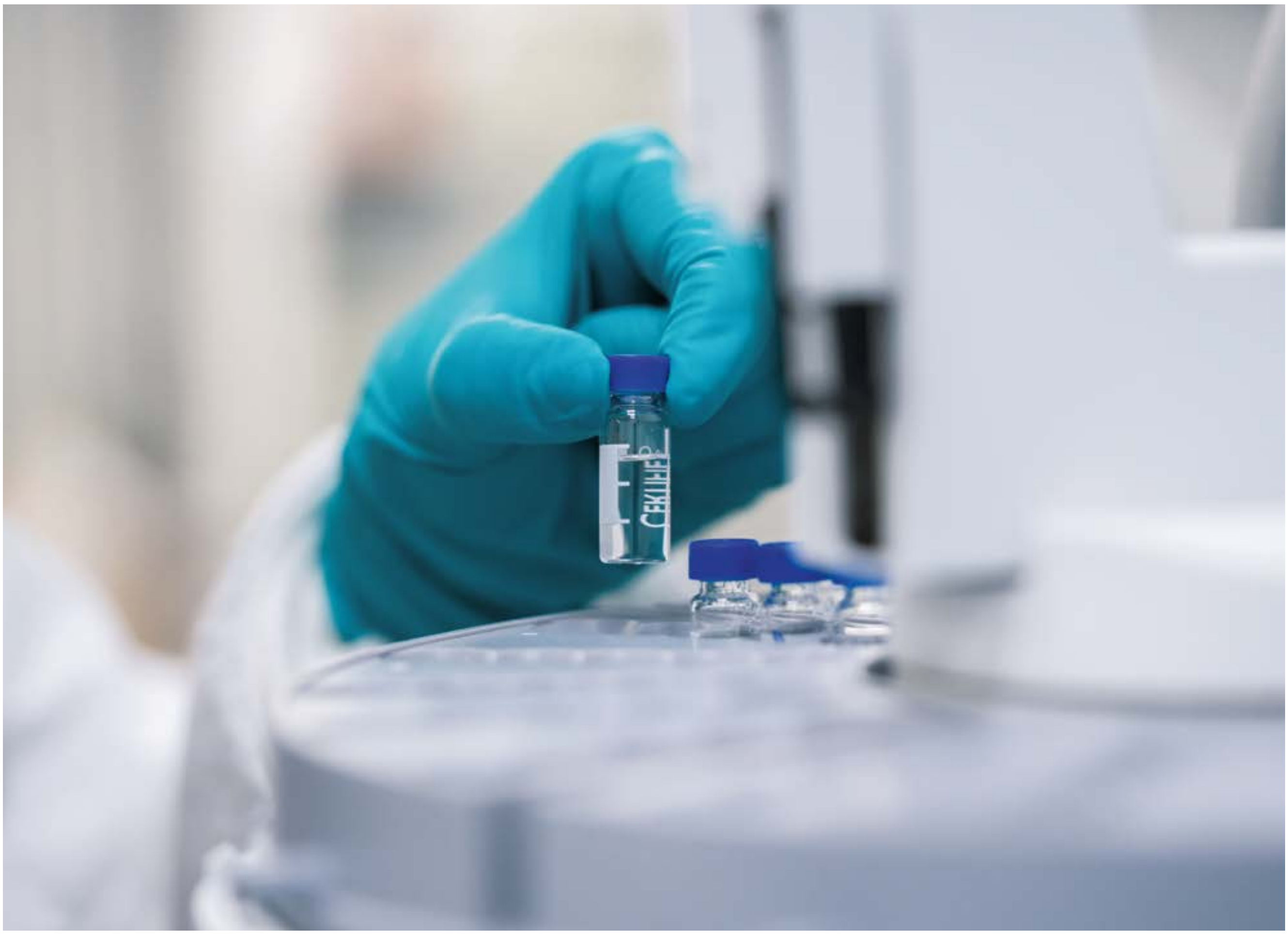
To ensure the applicability, adequacy, and effectiveness of our pharmacovigilance system, we monitor our worldwide compliance metrics on a monthly basis. These metrics are documented in global pharmacovigilance monthly reports and are discussed in global pharmacovigilance monthly meetings. Furthermore, findings from pharmacovigilance audits and inspections and the status of implementing corrective and preventative actions are discussed in quarterly pharmacovigilance quality meetings.

Our marketed products (either manufactured by Hikma or outsourced through partners) comply with Current Good Manufacturing Practices (cGMPs). We implement quality oversight on our suppliers, partners and sub-licensors to ensure that these stakeholders are in full compliance with regulatory standards and Hikma requirements. Quality agreements are in place to focus on compliance to cGMPs and define each party's responsibilities. Risk-based cGMP audits are also conducted on suppliers by our global quality team and other reputable third-party consultants.

Maintaining constituency in FTSE4Good Index

We maintained our membership of the FTSE4Good Index Series for the ninth consecutive year. The FTSE4Good is an index of LSE-listed companies that demonstrate strong Environmental, Social and Governance (ESG) practices as measured against globally recognised standards. The index assesses the sustainability-related performance of companies, particularly around addressing themes including human rights, anti-corruption, environmental performance, health and safety, and community engagement. FTSE4Good assessments are used by a wide variety of market participants to develop responsible investment funds and other products.

Ensuring the quality and safety of our patients is the core of our mission."



TCFD Disclosure

We are including disclosures that are consistent with the Task Force for Climate-related Financial Disclosures (TCFD) recommendations.

In accordance with Listing Rule LR 9.8.6 (8) we are including disclosures that are consistent with the TCFD recommendations, recognising that we will continue to improve and refine our implementation of the recommendations. We considered the TCFD's All Sector Guidance. Data and records which support the TCFD disclosures are retained in accordance with the requirements for listed entities. This section summarises our progress as of 31 December 2023 against the four TCFD pillars and 11 recommendations. We are consistent with nine and partially consistent with two recommendation(s), as set out on page 56, 57.

Compliance statement and index table

Alignment: ● Aligned ● Work in progress

Disclosure	Alignment	Status	Reference
Governance			
a) Describe the board's oversight of climate-related risks and opportunities	● Aligned	– The Board has ultimate responsibility for the sustainability strategy and impact of climate change. Climate-related risks are documented on the emerging risk register	Page 58
b) Describe management's role in assessing and managing climate-related risks and opportunities	● Aligned	– The Executive Vice President (EVP) Strategic Planning and Global Affairs, a member of the Executive Committee, leads TCFD implementation through a cross-functional working group – The Environmental Sustainability Committee, chaired by two Executive Committee members, oversees our climate-related action plans	Page 58
Strategy			
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	● Aligned	– Through our climate scenario analysis (CSA), we assessed climate-related risks associated with carbon pricing, energy pricing, water stress, physical impacts such as floods and storms on our facilities	Page 61
b) Describe the impact of climate-related risks and opportunities on the business, strategy, and financial planning	● Aligned	– The financial impact of climate-related risks has been considered over three time horizons to 2050 – Until 2030, which is considered to be short term for the purpose of climate-related risk analysis, financial impact is not material	Page 62, 63
c) Describe the resilience of our strategy, considering different climate-related scenarios, including a 2°C or lower scenario	● Aligned	– The results of our CSA show that climate change is not expected to have a material impact on the Group's strategy or financial viability for the time horizon to 2030. Our CSA, longer-term viability statement and impairment tests are aligned through common scenario inputs	Page 64

Target	Alignment	Status	Reference
Risk management			
a) Describe processes for identifying and assessing climate-related risks	●	– In 2023 we reviewed and updated our climate-related risk and opportunities register including input from a business stakeholder workshop, peer review benchmarking, risk management programme, and other sources – The TCFD Working Group assessed risks and opportunities from the updated risks register in terms of likelihood, velocity and impact at group level	Page 59
b) Describe processes for managing climate-related risks	●	– Climate-related risks are identified, assessed and managed by teams across the organisation. The risk score and our risk appetite determine the level of escalation and monitoring within Hikma's risk management framework	Page 60
c) Describe how processes for identifying, assessing and managing climate-related risk are integrated into overall risk management	●	– We regularly review TCFD alignment as part of our enterprise risk management process, where climate change is characterised as an emerging risk	Page 60
Metrics and targets			
a) Disclose metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	●	– Metrics used to assess our climate-related risks and opportunities include Scope 1, 2 and 3 emissions, electricity consumption, emissions intensity, water consumption and waste generation among others	Page 65
b) Disclose Scope 1, Scope 2 and Scope 3 GHG emissions and related risk	●	– We disclose details of our Scope 1, Scope 2 and seven relevant categories in Scope 3 GHG emissions. We are reviewing the impact and materiality of the remaining Scope 3 categories for further analysis and possible future disclosure. Increasing energy costs and carbon pricing present potential risks to our business	Pages 51, 53
c) Describe targets used to manage climate-related risks and opportunities and performance against targets	●	– We are targeting to reduce our Scope 1 and 2 GHG emissions by 25% by 2030, using a 2020 baseline. In 2023, we used an interim target to reduce emissions (see performance update in the Sustainability section). We are actively engaging with our value chain partners to partially mitigate the impact of carbon cost pass-through in the future	Page 50

Key improvements in 2023

- Refined climate scenario narratives provide deeper insights into potential climate-related risks and opportunities, including the significance of their financial impacts
- Critical business stakeholders have been proactively engaged in pinpointing potential climate-related risks and opportunities that could influence their business areas
- Strengthened governance and more effective communication of climate-related risks and opportunities with the Board has now been established

Key improvements planned for 2024

- We will continue to analyse Scope 3 categories that are relevant but not yet calculated
- We will continue to develop our understanding of how we might benefit from climate-related opportunities
- We will expand our CSA on water stress risk for other MENA countries

> Our governance structure ensures we are effectively managing our TCFD-related activities in the Board and across the organisation"

Governance

Board level oversight
Our Board of Directors has overarching oversight of our environmental sustainability strategy and considers climate-related matters throughout the year. Our EVP Strategic Planning and Global Affairs provides ESG-related updates to the Board, including climate-related risks and opportunities, progress against environment-related targets and any changes in risk status, in scheduled bi-annual meetings. The Board has ultimate responsibility for the Group's approach to risk management and internal control. The Audit Committee oversees risk management and internal control activities with delegated authority from the Board (see Risk Management section, page 68).

The TCFD working group presented the findings from the TCFD work this year to the Audit Committee. A general progress report is sent to the Executive Chairman of the Board three times a year, that includes a section on TCFD-related projects progress and environmental impact reporting. The Remuneration Committee linked environment-related targets to the 2023 Annual bonus as well as the 3-year Long Term Incentive Plan (LTIP) for the Executive Chairman and Executive Vice Chairman of the Board, those were related to emissions reduction and water stress mitigation. ESG-related initiatives have been included in our five-year capital expenditure business plan, overseen by the Board.

Management level leadership
Our EVP Strategic Planning and Global Affairs, who reports directly into our CEO, heads up the TCFD working Group, that started in 2021 and consists of senior representatives from Group Risk Management, Procurement, Finance, Sustainability and Investor Relations. This group leads our internal cross-functional efforts to integrate the TCFD recommendations into our business and meets on a regular basis. Our crisis and continuity teams work closely with members of the TCFD working group and provide valuable insight into the potential impact of climate-related risks on our operations. In addition, external consultants help progress our understanding of Hikma's climate-related risks and opportunities. The Environmental Sustainability Committee reviews metrics, progress against TCFD recommendations and our targets and oversees the development of action plans. We continue to focus on strengthening our ESG governance, including climate change, at all levels of the organisation.

Governance of TCFD

Board
Overarching oversight of TCFD strategy

Executive Committee
Leadership of TCFD alignment and implementation

TCFD working group
Senior leaders in Finance, Risk, Sustainability, Procurement, Legal, and Investor Relations implement TCFD

Finance team | **Sustainability management team** | **Risk management team** | **Investor relations**

Site management teams

Crisis and continuity management

Risk management

Process for identifying and assessing climate-related risks

We identify and assess climate-related risks using a range of approaches. We conduct risk identification and assessment exercises as part of the enterprise risk management process with all risk owners across the business (see page 68) for details on our risk processes). The outcomes of these reviews feed into the TCFD working group's assessment of the most relevant climate-related risks for Hikma. The TCFD working group monitors relevant current and emerging regulation, market risks, reputational risks, technology risks and acute and chronic physical risks. In 2022, we went through an independent review of our CSA work and our efforts to align with the TCFD recommendations, concluding that we have a well-developed TCFD response, year-on-year improvement and clear management processes to assess climate-related risk. Our CSA exercises are robust, using publicly available data and projections.

Climate Scenario Analysis (CSA) methodology

To assess Hikma's climate-related risks and opportunities over the short, medium and long-term, we have undertaken, with third party support, a CSA and financial impact assessment. The CSA assessed a range of potential climate-related risks and opportunities across different climate scenarios and time horizons incorporating public reference projections for changes to the climate system, socio-economic pathways, energy market dynamics, technological progress and financial risks.

To support the narrative and understanding of climate-related risks and opportunities, we refined our climate scenario narratives in 2023. These narratives were informed by climate projections, per the table below.

We have been performing CSA since 2021 and are continuously improving our insights. The table shows the details of the climate scenarios that we used over the years.

Climate scenario narratives in 2023

Low Carbon world (~1.5°C) Orderly

This is a 'Net Zero by 2050' aligned scenario where global temperature rise is **limited to 1.5°C warming. The transition is smooth and immediate**.

Transition risks are likely to be experienced associated with the transition to a green economy however, physical risks will be reduced.

Low Carbon world (~1.5–2°C) Disorderly

This is a 'Net Zero by 2050' aligned scenario where global temperature rise is limited to **1.5°C but the transition is divergent and/or delayed**.

Significant transition risks are likely to be experienced associated with the transition; however, physical risks will be reduced.

High Carbon world (~3–4°C)

This is a 'business-as-usual' scenario where global **temperatures rise to 3–4°C** above pre-industrial levels.

Climate policies are not sufficient to achieve official commitments and **physical risks considerably increase** resulting in catastrophic impacts.

The Low Carbon world-Disorderly transition is considered the most relevant scenario to Hikma and those scenario assumptions have been used in financial statement preparations for alignment.

Time horizons used for CSA

Term	Years	Financial alignment
Short term	2023–2030	Include 5-year Business Plan and 3-year LTVS
Medium term	2031–2040	Next 8–16 years, asset life of equipment
Long term	2041–2050	Next 17–26 years, asset lifetime of properties and facilities

Risks	Climate projections*	Associated climate scenario narrative: Low Carbon world Orderly	Low Carbon world Disorderly	High Carbon world	Timeline	Last assessed
Physical risks						
Impact of storms	– NOAA and Bank of England 1.5°C, 2°C, 4°C, based off various NGFS Scenarios	–	Y	Y	Baseline and out to 2050	2021
Impact of floods	– IPCC RCP4.5 (~2.4°C), IPCC RCP8.5 (4°C)	–	Y	Y	Baseline and out to 2050	2022
Impact of water stress	– IPCC RCP 1.9, IPCC RCP 2.6, IPCC RCP 8.5 – NGFS NZ, NGFS Divergent NZ, NGFS Current Policies – CBES LA, CBES NAA – IEA APS, IEA NZE, IWEA STEPS – Carbon Brief	Y	Y	Y	2030, 2050	2023
Transition risks						
Impact of carbon pricing	– IPCC RCP 1.9, IPCC RCP 2.6, IPCC RCP 8.5	Y	Y	Y	2030, 2050	2023
Impact of energy pricing	– NGFS NZ, NGFS Divergent NZ, NGFS Current Policies – CBES LA, CBES NAA – IEA APS, IEA NZE, IEA STEPS – Carbon Brief	Y	Y	Y	2030, 2050	2023

* CBES = Climate Biennial Exploratory Scenario, IEA = International Energy Agency, IPCC = Intergovernmental Panel on Climate Change, NGFS = Network for Greening the Financial System, NOAA = National Oceanic and Atmospheric Administration, NZ= Net-zero

Integrating risk management processes
Climate-related risks are identified, assessed, and managed by teams across the organisation, depending on the nature of the risk. Our risk management framework (see page 68) provides a structure for significant risks to be escalated and integrated into our enterprise risk management process.

Examples of how climate-related risks are managed and integrated into existing risk management activities include:
– Longer-term viability assessment: environment and climate change related risks included in the scenario modelling (see page 76)
– Crisis and continuity management programme: site assessments of physical risks and controls (see page 74)
– TCFD alignment is considered as part of the 'Reputation' principal risk
– Climate change occurrence is monitored as an emerging risk

Strategy

Risks and opportunities identified

In 2023, we organised a workshop with key stakeholders from different businesses, corporate functions, and geographical regions to review how our strategic business drivers might be impacted by climate change. Participants included our TCFD Working Group (Investor relations, Finance, Sustainability, Risk, Procurement) as well as management from Operations, R&D, Manufacturing, Engineering, Supply Chain and Commercial. We explored how external influencing factors such as regulation, technology, energy costs, changing medical needs, supply chain vulnerability and the political landscape might translate into climate-related risks to our business, and also what kind of climate-related opportunities might arise. We have updated our risk register with several climate-related risks and opportunities to further explore in 2024.

Our updated climate-related risk register consists of 16 risks and opportunities. Through our risk management framework and assessment methodologies, we selected the following climate-related risks and opportunities, deemed to be most relevant and for which modelling could be enhanced, for further analysis:

Physical risks

- Impact of extreme weather events, including impact of severe floods and storms
- Impact of chronic changes to the natural environment, including increased water stress

Transition risks

- Impact of carbon pricing, including carbon pricing mechanisms, carbon pass-through costs in the supply chain and the increased cost of raw material
- Impact of energy pricing

Climate-related opportunities

We acknowledge that climate change can result in climate-related opportunities such as the impact on stakeholder expectations, talent attraction and retention. In addition, changing demographics, migration and evolving disease prevalence might drive changing needs for certain medicines. We have not yet quantified those opportunities. In 2024, we will continue to develop our understanding of how we might benefit from those opportunities. As part of our energy strategy, we invest in on-site renewable energy where possible and appropriate. Our geographical footprint covers a range of locations, some with mature energy transition strategies, and some with emerging economies and developing energy transition strategies. We are continuously monitoring these developments.

Financial impact of climate-related risks and opportunities

Materiality

For the purpose of climate risk analysis, we apply a risk scoring matrix that considers likelihood, velocity of risks, financial impact, and a wide variety of possible impacts including but not limited to delivery of strategic objectives, patient safety, product quality, reputation, continuity of supply, management time and effort to remediate. In the context of climate risk analysis, the CSA results do not exceed our climate-related financial materiality threshold in the most relevant scenario Low Carbon world-Disorderly transition.

We have been performing CSA since 2021 and continuously improve our insights"

CSA findings

Please find summaries of our CSA findings below.

Transition risks	Financial impact – range across scenarios 2030 – Short-term	2040 – Medium-term	2050 – Long-term	Climate scenario narratives used
Impact of carbon pricing Reflected as potential increase in procurement costs in assessed categories due to carbon fee, if unmitigated	\$3m - \$10m	\$7m - \$40m	\$8m - \$76m	Low Carbon world – Orderly transition Low Carbon world – Disorderly transition High Carbon world

How did we calculate the potential financial impact of carbon pricing?
We used the EcoAct Carbon and Energy Pricing Tool, that is informed by academic research, CDP data, and publicly available carbon price projections from the International Energy Agency. Cost exposure is calculated based on projected carbon and energy prices, combined with Hikma's projected consumption of relevant goods and services.

How would this risk affect operations and financial planning?
Direct emissions from Hikma's purchased goods and services will be regulated by (future) carbon pricing mechanisms, climate regulation and carbon tax. Carbon pass-through costs from 3rd parties in our supply chain, who are subject to carbon pricing (such as transport, distribution suppliers) will have an indirect impact on our cost base. Raw materials and packaging costs may increase due to climate-related constraints on plastics, labour and energy. We incorporated the following categories in our analysis: finished and semi-finished goods, upstream transport, energy, API, packaging, excipients, and intermediates.

Our diverse global presence (North America, Europe, MENA) sees varying degrees of sustainability advancement in our manufacturing countries, which necessitates constant monitoring and agile adaptation to evolving market conditions. For the time horizon to 2050 in a Low Carbon world – Disorderly transition, carbon prices will increase, however we deem the financial impact still not material at this stage. Although the range exceeds the materiality threshold in the context of climate-related risks, it is important to note that the upper end of the range arises in the Low Carbon world - Orderly transition, a scenario that we deem unlikely to happen.

How are we managing this risk?
We routinely look at ways to manage our procurement costs and offset price increases. Our sustainable procurement programme aims to better understand the carbon impact of purchased goods and services. As a key mitigation strategy, we engage with key material suppliers to understand their carbon reduction objectives, and the activities they are undertaking to move to renewable energy and increase energy efficiency in their operations. Through supplier engagement, we expect to be able to partially mitigate the impact of carbon cost pass-through in the future. In our CSA, we calculated different potential mitigation scenarios, where the impact of carbon pricing would be constrained. While current exposure is low, it is expected that carbon costs will increase over the coming decade as more countries establish carbon prices. We continue to monitor developments.

Transition risks	Financial impact – range across scenarios 2030 – Short-term	2040 – Medium-term	2050 – Long-term	Climate scenario narratives used
Impact of energy pricing Reflected as potential increase in energy costs, unmitigated	Increase \$3m - \$12m	Increase \$7m - \$19m	Increase \$14m - \$25m	Low Carbon world – Orderly transition Low Carbon world – Disorderly transition High Carbon world

How did we calculate the potential financial impact of energy pricing?
We used the EcoAct Carbon and Energy Pricing Tool, that is informed by price projections from the EnerData EnerFuture database. Cost exposure is calculated based on projected energy prices, combined with Hikma's projected consumption of electricity and natural gas.

How would this risk affect operations and financial planning?
It is not certain that Hikma will face increasing energy cost over time, as governments have not pledged to implement policies directly intended to increase the cost of electricity and natural gas. However, limiting factors such as increasing energy demand because of population growth, technology and renewable energy investment, in combination with interrupted supply because of natural disaster, conflict and limited metals may increase energy pricing in our value chain. The financial impact relates to the potential change in Hikma's energy cost from a 2022 baseline, reflecting an increase in energy cost for electricity and natural gas at our manufacturing sites and offices. In both Low Carbon world scenarios, electricity prices rise through 2030 but tend to fall sharply afterwards, counterbalancing the impact of increased consumption. To further improve the modelling, transition to lower carbon energies should be included, as well as increased on-site generation capacity, which would reduce consumption and cost exposure.

How are we managing this risk?
Hikma is continuously evaluating opportunities to transition to renewable energy in each of our three regions (North America, Europe, MENA). Opportunities differ in potential, depending on the maturity of the markets that we operate in and the required financial investments. Where price increases might occur, Hikma may choose to accelerate site and country-specific adjustments to substitute natural gas for electricity, and vice-versa. Future modelling should account for this possibility.

Physical risks	Financial impact – range across scenarios 2030 – Short-term	2050 – Long-term	Climate scenario narratives used
Increased frequency of extreme weather events Reflected as potential event cost caused by extreme weather event	No impact anticipated	$25m (storms)	Low Carbon world – Disorderly transition High Carbon world

How did we calculate the potential financial impact of storms?
To calculate the potential financial impact of severe storms, we used data from the ThinkHazard database, the National Hurricane Centre and the National Oceanic and Atmospheric Administration portal to determine climate-related risk exposure baselines. A financial impact matrix was developed with degrees of asset and inventory loss or damage, and the length of operational shutdown was assumed based on the qualitative and quantitative narrative for each storm category in the Saffir-Simpson Hurricane Wind Scale.

How did we calculate the potential financial impact of floods?
Hikma sites and key supplier sites were screened for both pluvial and coastal flood risk using the Aqueduct Flood Hazard Maps. In addition, a 15 km radius around Hikma sites was screened for indirect pluvial flooding risk. Financial modelling was conducted using operational disruption and loss from inundation at facility.

How would this risk affect operations and financial planning?
Extreme weather events impacting our facilities, might cause interrupted manufacturing or supply of key resources. They may impact national infrastructure and could lead to power outages, restrictions on access for supply chain and workforce leading to downtime, lost sales, fines and potentially in the end reputational damage. Extreme weather events may also impact critical suppliers leading to downtime, lost sales, fines, and reputational damage. While no sites were identified with direct exposure to inundation risk, more research is needed to assess the indirect inundation risk.

One site in the US was exposed to the risk of extreme storms. The potential financial implications of physical risks under the worst-case scenario High Carbon world (for extreme weather events) are anticipated to remain minimal through at least 2030.

How are we managing this risk?
With the insights from our modelling and understanding that these risks are not significant to our sites at this stage, we will continue to engage with our operational facilities teams in the highest risk regions to ensure our business continuity and recovery processes are fit for purpose.

Physical risks	Financial impact – range across scenarios 2030 – Short-term	2050 – Long-term	Climate scenario narratives used
Impact of water stress Reflected as potential total water cost	$5m - $6m	$10m - $14m	Low Carbon world – Disorderly transition Low Carbon world – Orderly transition High Carbon world

How did we calculate the potential financial impact of water stress?
We looked at the potential future cost of water and potential EBIT loss due to production downtime as a result of water rationing. Total future water costs in our CSA consist of municipal water supply costs and water tanker costs (including fuel price projections). We assumed that the cost of municipal and tanker water change proportionally to water stress and a production site's water consumption will increase proportionally to the growth rate. At the same time, the number of days with lack of access to water supply increases proportionally to the degree of water stress and the site's water storage mitigation. All total costs are based off future water consumption projected using the Hikma production growth rate.

How would this risk affect operations and financial planning?
Given that water is used for cleaning in our manufacturing processes, we consider water stress a risk. Water stress is likely to increase in the future due to increases in demands for water from growing populations and industry and from a decrease in fresh water supply due to climate change. Shortage and potential rationing of water could potentially lead to disrupted operations and could financially impact Hikma both through increased cost of water supply and from loss of EBIT from production downtime. Only direct and tangible financial impacts have been assessed in the 2023 CSA. Other consequences such as impacts to workforce, increased political unrest or conflict, and impacts to third parties have not been assessed, but Hikma acknowledges them. Our CSA initially focused on four countries (Jordan, Saudi Arabia, Algeria and Egypt) and shows that Hikma faces potential water stress in both baseline and future projection scenarios, resulting in increased water costs and potential loss of EBIT due to production downtime. At this stage, impact figures are not currently material and are mitigated by storage capacity.

How are we managing this risk?
To mitigate the risk of water shortage, we hold onsite storage capacity. Other mitigation actions include implementing water reduction and saving initiatives on site.

Our executive remuneration goals steer us towards achieving good water management at all Hikma's sites in MENA (where water stress is most apparent) by establishing water management systems, processes and targets, and implementing opportunities for efficient water use.

TCFD Disclosure
continued

Resilience of our strategy
The results of our CSA show that climate change is not expected to have a material impact on the Group's strategy or financial viability for the time horizon to 2030. Our CSA, longer-term viability statement and impairment tests are aligned through common scenario inputs. We will continue to strengthen our monitoring metrics and understand where we need to improve our mitigation controls.

Our model inputs in the CSA do not include mitigating actions on the part of Hikma, our suppliers, or governments, for example, and cover time horizons well beyond our current business planning. We recognise that climate-related risks will continue to develop over a significantly longer period and believe that we will be able to adapt our strategy and respond appropriately to emerging climate-related risks that could have a material impact on the Group in the future. Where we identify any areas for improvement, we will build clear action plans and ownership to address these gaps and ensure our long-term resilience.

Metrics and targets

We are committed to minimising our impact on the environment. As a growing company, we are working to measure and manage our use of resources to ensure sustainable growth. We recognise that manufacturing and delivering medicines has an impact on the natural environment and are committed to the efficient and responsible management of energy, water and waste, both within our organisation as well as across our value chain. In order to maintain our success as an organisation, it is important that we continue to manage resources responsibly and consider long-term environmental impacts where we do business.

Metrics to assess climate-related risks and opportunities
We are disclosing our environmental sustainability data including historical data and calculation methodologies in our Sustainability section (page 39). We are measuring and managing our carbon footprint and are disclosing our Scope 1, Scope 2 and material Scope 3 emissions. We provide details on our water consumption and our waste management. We will continue to analyse Scope 3 categories that are relevant and material but not yet calculated. Increasing energy costs or carbon pricing present potential risks to our business. In addition, as part of the 'Reputation' principal risk (see page 72), we monitor our performance against external ESG ratings.

Executive remuneration
To ensure continued focus on Hikma's commitment to reduce emissions, we have linked progress towards our climate-related programmes to executive remuneration. The Executive Vice Chairman's performance target for 2023 included a responsibility to complete energy audits in two MENA countries together with action plans for achieving reductions. Also, we have adopted water-related targets as part of management's Long-Term Incentive Plan. More details can be found in the Governance section on page 103.

The following table highlights metrics that are linked to our climate-related risks and that are helping us better understand and monitor the impact of these risks.

Progress against targets is described in the Sustainability section.

Transition risks	Targets	Relevant metrics
Impact of carbon pricing	Reduce Scope 1 and 2 GHG emissions by 25% by 2030, using a 2020 baseline. Interim target 2023: – reduce Scope 1 and 2 by 17% using a 2020 baseline – complete energy audits in two MENA countries with related action plans for achieving reductions Scope 3 target not set.	– Absolute emissions Scope 1, 2 – Absolute emissions Scope 3 in category 1 (purchased goods and services), category 4 (upstream transportation), and category 9 (upstream transportation)
Impact of energy pricing	No target set.	– Energy consumption mix at manufacturing sites – Percentage renewable energy generated/purchased – Emissions intensity

Physical risks	Targets	Relevant metrics
Increased frequency of extreme weather events	No target set.	– Proportion of facilities in an area subject to flooding or storms – Number of sites with business continuity plans that cover impact of severe weather events
Impact of water stress	Achieve good water management at Hikma's MENA sites. Interim targets: – establishing water management systems and process, collecting and analysing robust data on water usage, identifying gaps and opportunities for efficient water use and setting water efficiency targets – by the end of H1 2024, targets should be set for sites in Jordan, Algeria, Egypt and Saudi Arabia, and progress made against these targets by the end of 2025. By the end of 2025, targets should be set for all other MENA sites	– Change in m^3 water withdrawal – Change in m^3 water consumption in countries with high water stress – Change in m^3 water discharge – Change in m^3 water treatment – Progress of water efficiency measures – Water consumption intensity

We are continuously assessing our environmental impact and developing and executing our plans to limit our impact and protect our environment. In 2024, we will continue to develop and improve the metrics by which we monitor these risks and capture opportunities, as well as the effectiveness of our controls.

Risk management


hikma.

Risk management

In 2023, we faced complex situations and managed the risks with coordinated and effective responses.

Risk management framework

Risk context

Our purpose is to put better health within reach, every day for healthcare professionals and their patients. We bring patients across North America, MENA and Europe a broad range of generic, specialty and branded pharmaceutical products.

The future is uncertain and carries risks for our business. These risks may be threats or opportunities related to our strategy and delivery of our goals, our activities and processes, the expectations of our stakeholders, or our key relationships and dependencies.

Find out more about the internal and external context for risk management for the Group in the 'Our strategy' (on pages 10–11), 'Our business model' (on pages 12–13) and 'Our markets' (on pages 18–19) sections of the report.

Risk strategy

Effective management of risk is fundamental for the long-term success of the Group. We operate an Enterprise Risk Management (ERM) framework to ensure that we are comprehensive and structured in our approach. The framework enables a thorough view of our risk exposure to be developed, which informs our decision-making and improves our strategic, tactical, operational and compliance processes. The approach enables us to fulfil our obligations and provides assurance that our activities are appropriately controlled.

Risk appetite

The Board determines the nature and extent of the principal risks it is willing to take and communicates this through the Group risk appetite. The risk appetite outlines expected management strategies and details limits and tolerances on risk exposure for each of the principal risks. It forms the foundation of the ERM framework and guides management decision-making across the Group. The risk appetite is reviewed twice a year at Board-level and is monitored by management on an ongoing basis.

Risk governance

The Board has overall accountability for the Group's approach to risk management and internal control. The Audit Committee oversees risk management and internal control activities with delegated authority from the Board.

The Audit Committee reviews the material risks facing the Group, considering different sources of assurance, including executive management, internal audit, and external audit. The Chair of the Audit Committee is a standing member of the Compliance, Responsibility and Ethics Committee (CREC) to ensure connection between the Board Committees with primary risk oversight responsibilities[1].

Internal audit provides independent assurance of the Group's internal control environment. For more details on our internal audit approach see page 97.

The Group risk management function enables and drives effective risk management practices, guides global risk owners in assessing and reporting their risks, coordinates emerging risk assessments, and establishes connections and partnerships across the organisation to promote and develop a responsible risk culture.

Compliance and internal control functions with professional expertise in managing risk and internal control in specialist areas are in place across the organisation.

The CEO and Executive Committee have direct ownership of risk management for the Group. Risk management accountability is fully embedded within their executive responsibilities.

As part of the risk governance framework, senior executives are assigned responsibility for specific principal risks. These global risk owners coordinate risk management activities across the organisation with support from management teams to manage risk exposure in line with the risk appetite.

1. Full committee terms of reference are available on **www.hikma.com**

Risk management and internal control occurs across the organisation

Complementary management units perform and provide assurance over risk management and internal control through standards, accountability, oversight, independent and external assessments.

Front-line management	Compliance and internal control	Executive accountability	Independent assurance	Board oversight
Operational activity	Corporate Compliance	Executive Committee	Internal audit	Board of Directors
	Quality Compliance			
Management reviews	Group Risk Office	Global risk owners	External consultants	Audit Committee
	Internal controls and assurance			
	Other compliance teams	External advisers	External audit	Compliance, Responsibility and Ethics Committee

Risk management activities

Risk management activities occur at all levels of the organisation. The ERM framework provides structure for these activities to ensure consistency of approach, alignment to the risk appetite and monitoring of our risk exposure across the Group.

The Group risk management function coordinates regular risk assessments to review management of risks we already know about, and to identify, analyse and evaluate new and emerging risks. These assessments are consolidated through the Group risk management function and reported to the Executive Committee by the global risk owners.

Compliance and internal control functions, and internal audit, also conduct regular formalised risk assessments in relation to their mandates.

Summarised reports and key outcomes of risk assessments are reviewed by management teams, the Audit Committee and Board.

In addition to these core reporting processes, various other risk management activities occurred during the year.

Risk management in practice

Our ability to effectively manage risk enables delivery of our objectives. To ensure we are action-oriented in managing threats and opportunities we categorise our risks considering significance of exposure and the opportunity for management action.

An example of our risk management in practice is seen in the 'Sudan conflict' case study on the next page.

Strategic risks

Group level strategic risk assessments are conducted by the Executive Committee and Board of Directors with a formal review on an annual basis to consider threats and opportunities related to our strategy from internal and external perspectives and over various time horizons.

Emerging risks

Emerging risks are those that are newly identified and have the potential to become significant risks for the Group, those that may already be well known but are rapidly changing, or those that are developing over a longer term that may have significant impact on our ability to achieve our objectives.

Often driven by forces outside our control, emerging risks may be mitigated by existing control frameworks but are assessed to determine if any aspects fall outside current processes or if the controls in place may become inadequate as the risk develops.

Our approach involves establishing cross-functional teams to assess the threats and opportunities, recognising these may develop over an extended timeframe. The risk assessment methods deployed vary and may involve engaging with external experts, scenario modelling, engagement with existing risk mitigation programmes, and development of new risk mitigation and control strategies that will be sustainable over the longer term.

We scan for emerging risks in a wide array of domains, including economics and geopolitics, social and demographic, technology, legal and regulatory, environment and sustainability, global and local workforce, and business and competitive environment. We focus our emerging risk assessments and monitoring according to likelihood, impact and velocity.

Examples of emerging risks that are monitored include geopolitical instability in the Middle East, changing working models, development of generative artificial intelligence, disruptive forces in the competitive environment, and physical and transitional climate change related risks and opportunities.

Internal control activities

Compliance and internal control functions across the Group develop and manage internal control systems, frameworks and processes for their areas of focus as part of risk mitigation strategies, to meet internal and external expectations, and to ensure compliance with regulatory requirements.

Priorities for 2024

In 2024 we will continue to develop connections and partnerships between compliance and internal control functions, and external groups to bring greater assurance for the Group.

We will prepare and adapt to the updated UK Corporate Governance Code.

We will further develop sustainability and climate-related risk assessments alongside our alignment with the recommendations from the Task Force on Climate-related Financial Disclosures (see pages 56–65 for more details).

Case study:

Sudan conflict

The conflict in Sudan has caused catastrophic disruption for the country, and impacted our employees, our business and the community we serve. We responded to the situation and we are adapting our operating model to the new realities. See Note 6 on page 160 for information on the financial impact to Hikma.

Situation overview

- In April 2023, violent conflict erupted in the Sudanese capital of Khartoum. The conflict spread to other parts of the country and has caused a humanitarian crisis with millions of people displaced from their homes and adverse impact to the Sudanese economy
- Borders closed and travel in and around Khartoum became unsafe
- The banking system was not operational
- The health system was severely impacted, with hospitals and distributors operating at very limited capacity

Risk management response

- **Structured response:** Our trained Crisis Management Teams were activated to respond to the rapidly changing complex, abnormal and unstable situation
- **Employee focus:** the safety and support for our employees was the priority of our response. Local management established regular two-way communication with the team to ensure that, where possible given the hugely challenging environment, we were supporting their needs. Decisions on restructuring the local organisation were carefully considered and employees were supported financially
- **Security:** arrangements were bolstered at our premises to protect our people and our assets
- **Board oversight:** the Board maintained oversight and guided management's response throughout the situation
- **Halted operations:** as the situation developed and as the impact of the conflict on our people and premises became clear we halted operations
- **Communication and disclosure:** once the potential scale of the impact became clear, we communicated externally to highlight the financial significance of the situation for the Group
- **Community:** we organised emergency response medicine donations to government through humanitarian non-profit organisations
- **Insurance:** we worked with the insurance provider on evaluating the losses and providing all the support, documentation, and any required information, to recoup losses covered under the policy
- **Government and healthcare authority:** we have engaged with the regulatory authority and Ministry of Health in Sudan to support development of new procedures to enable access to medicines via importation from countries including Jordan, Saudi Arabia and Egypt
- **Logistics and operating model:** with the interests of patients and community in mind we assessed alternative business model options and have started supply to the market in limited volumes
- **Lessons learned:** we conducted reviews of our response effectiveness which have informed our resilience programmes across the Group

Outcome

Through these and various other actions we were able to support our employees and the community, and take learnings to continue to build the resilience of our organisation as a whole.

"We put the health and safety of our employees and patients first."

Principal risks and uncertainties

The Group faces risks from a range of sources that could have a material impact on our financial commitments and ability to trade in the future.

The Board performs robust assessments of strategic, operating and emerging risks for the Group considering our risk context and input from executive management.

In 2023, Hikma faced the impact of geopolitical and macroeconomic events, including the conflict in Sudan and the ongoing economic challenges affecting Egypt which impacts our supply chain and currency exchange. The situation in the Middle East and Red Sea is closely monitored for developments and consequences for Hikma, including increased shipping costs and lead times. These situations are managed to the degree possible by local, regional and group management teams across multiple principal risk areas, overseen by the Executive Committee and Board.

The Board adjusted the 'Industry dynamics' principal risk description to include reference to geopolitical events, macroeconomic factors and local political action to better characterise the risk for Hikma in light of the events of the year. The previous 'Organisational development' principal risk has been renamed 'People'.

The Board determined that the principal risks facing the Group have not materially changed over the year and that there are no new principal risks to be added.

The set of principal risks should not be considered as an exhaustive list of all the risks the Group faces. Certain risk factors are outside the control of management.

The Board recognises that the principal risks are dynamic and that management of these risks must be continuous as the risk environment changes. The Board is satisfied that the principal risks are being managed appropriately and consistently within the target risk appetite.

Effectively managing these risks is directly linked to the performance of our strategic KPIs (see pages 16–17) and the delivery of the strategic priorities outlined on pages 10–11. Our principal risks are set out below with examples of management actions that help to control the risk; the actions described do not include all actions taken by management.

Industry dynamics

Risk description	Management actions
The commercial viability of the industry and business model we operate may change significantly as a result of geopolitical events, macroeconomic factors, local political action, societal pressures, regulatory interventions or changes to participants in the value chain of the industry.	– Leveraging the quality, reliability and flexibility of our manufacturing facilities for partnerships (such as contract manufacturing) – Completed the acquisition of part of the Akorn business through a bankruptcy process, including manufacturing equipment and portfolio and pipeline products (see page 185) – Continued to collaborate with external partners for in-licensing partnerships, including complex and differentiated areas (eg biosimilars in MENA) – Adapted our business model in Sudan as a result of conflict to continue to supply medicines – Responding to economic and supply chain challenges in Egypt with increased safety stock of raw and packaging materials for products, use of local alternative suppliers, and managing demands for USD – Investing in increased local manufacturing capacity and capability with construction of new plants in Algeria, Morocco, Tunisia – Completed technology transfer to increase regional capacity and access in Morocco and Algeria – Brought online two new high-speed manufacturing lines in Portugal and Cherry Hill

Product pipeline

Risk description	Management actions
Selecting, developing and registering new products that meet market needs and are aligned with Hikma's strategy to provide a continuous source of future growth.	– Continuous alignment of commercial and R&D organisations to identify market opportunities and meet demand through internal portfolio – Bolstered pipeline through business development deals and established strategic partnerships to introduce new technologies in our regions – Continued to develop R&D expertise to develop complex generic products (injectables and non-injectables) – Continued to leverage dedicated bioequivalence facility (IPRC) to support projects – Continued to develop synergies with Hikma Chemicals for supply of API for R&D – Expansion of Generics into Canada with first filing in the market

People

Risk description	Management actions
Developing, maintaining and adapting organisational structures, management processes and controls, and talent attraction and retention to enable effective delivery by the business in the face of rapid and constant internal and external change.	– Managed organisational changes related to new CEO, President of Injectables, Chief People Officer, new Corporate Quality Compliance/Health and Safety Executive Committee role, General Counsel, Corporate Engineering, Chief Compliance Officer, Company Secretary, and other roles – Creation of Leadership Council to support our Executive Committee, and to improve communications among leaders at every level within Hikma – Refreshed and expanded succession plans for Executive Committee members and senior management – Continued to advance our diversity, equity and inclusion programme with global and local initiatives – Continued our efforts to upscale leadership capabilities within senior management and first line managers through delivery of leadership development programmes, Hikma academies, and new people managers' guide

Reputation

Risk description	Management actions
Building and maintaining trusted and successful partnerships with our stakeholders relies on developing and sustaining our reputation as one of our most valuable assets.	– Managed internal and external communications related to CEO transition – Internal and external monitoring and management of issues that may impact reputation, including announcement of opioid settlement, see page 160 – Focused our editorial delivery to communicate our progress against our business strategy and Acting Responsibly framework leveraging our digital communication channels to engage external and internal stakeholders – Engaged on a regular basis with investors and analysts, including the attendance of conferences, hosting meetings with management and investor relations team – Embedded wider organisational ESG Governance structure, including establishment of dedicated cross-functional committees led by Executive Committee members – Cross-functional working group continued to integrate environment and climate-related matters into the business – Continued to develop understanding of climate-related risks and opportunities (see pages 59-65) – Established and developed strategic industry and community partnerships

Ethics and compliance

Risk description	Management actions
Maintaining a culture underpinned by ethical decision-making, with appropriate internal controls to ensure staff and third parties comply with our Code of Conduct, associated policies and procedures, as well as all applicable legislation	– Partnered with Procurement to establish new tool for continuous monitoring of third-party risk – Embedded continuous risk monitoring of existing third parties which informs third party auditing programme – Updated and refreshed various Corporate and local Compliance policies and procedures, including HCP interactions, conflict of interest, speak up, and third party risk management – Strengthened Compliance department through continued development, training, and certifications – Continued review of the effectiveness of our compliance programmes and alignment to international best practice expectations, including areas of anti-bribery and whistleblowing management – Continued participation in international anti-corruption initiatives, including the Partnering Against Corruption Initiative (PACI) and the Business 20 Anti-Corruption Working Group

Information and cyber security, technology and infrastructure

Risk description	Management actions
Ensuring the integrity, confidentiality, availability and resilience of data, securing information stored and/or processed internally or externally from cyber and non-cyber threats, maintaining and developing technology systems that enable business processes, and ensuring infrastructure supports the organisation effectively.	– Continual assessment and enhancement of cyber controls to support business strategy and in response to the changing threat landscape and cyber security events – Continued to implement strategic IT continuity and disaster recovery programme – Strengthened security team, security operations capabilities and expanded monitoring tools and systems – Updated Global Information Security Policy and standards – Embedded programme of penetration testing, external cyber assessments, and response exercises with leadership team

Legal, regulatory and intellectual property

Risk description	Management actions
Complying with laws and regulations, and advising on their application. Managing litigation, governmental investigations, sanctions, contractual terms and conditions and adapting to their changes while preserving shareholder value, business integrity and reputation.	– Continuous assessment of developments in legal and regulatory frameworks and impact on the organisation – Agreed settlement in principle to resolve the vast majority of opioid-related claims, see page 160 – Continued to monitor and manage litigation activity in the US pharmaceutical environment, including various anti-trust matters, see page 186 – Provided oversight on pricing committees assessing price changes to ensure thorough assessment of business needs – Developed and updated policies and procedures, including those related to information security, the acceptable use of Hikma IT assets, and the use of digital media by Hikma and its employees – Continued to implement controls and procedures to address risk of IP litigation in jurisdictions where Hikma markets its products – Continued to implement internal communication and training to raise awareness, ensure understanding and maintain a compliant culture across the organisation, including updated training on data privacy and the GDPR, and confidential information – Developed employee guidance on appropriate use of generative AI

Inorganic growth

Risk description	Management actions
Identifying, accurately pricing and realising expected benefits from acquisitions or divestments, licensing, or other business development activities.	– Maintained a healthy pipeline of opportunities to achieve Hikma growth strategy – Extensive due diligence of each acquisition in partnership with external support in order to strategically identify, value, and execute transactions – Extensive Board engagement to review major acquisitions proposed by the Executive Committee to ensure strategic alignment – Post-acquisition performance (financial and non-financial) monitored closely to ensure integration and delivery on business plan – Post-transaction reviews highlight opportunities to improve effectiveness of processes – Continue to grow our pipeline through business development

Active pharmaceutical ingredient (API) and third-party risk management

Risk description	Management actions
Maintaining availability of supply, quality and competitiveness of API purchases and ensuring proper understanding and control of third-party risks.	– Maintained rigorous selection and qualification process for new API suppliers – Continued to secure API supply continuity through qualification of alternate sources (internal or external) and stocking strategies – Proactively managed inventory levels to avoid disruptions in supply chain and mitigate impact from inflation (eg strategic buy, increased inventory level) – Continuous focus on building long-term supply contracts and strategic partnerships – Continue to increase the capabilities of our API sourcing team including increasing the local presence in key API markets (eg China and India) for R&D and commercial sourcing to secure preferred access to capacity and innovation – Fully automated due diligence screening process for onboarding and continuous monitoring of third parties, including modern slavery, politically exposed persons, sanctions and other risk areas – Supplier Code of Conduct implemented and acknowledged by new suppliers – Embedded and continued to expand programme assessing our supplier's sustainability performance

Crisis and continuity management

Risk description	Management actions
Developing, maintaining and adapting capabilities and processes to anticipate, prepare for, respond and adapt to sudden disruptions and gradual change, including natural catastrophe, economic turmoil, cyber events, operational issues, pandemic, political crisis, and regulatory intervention.	– Responded to disruptive events with values-led decision-making, prioritising the protection of the health and safety of our employees and patients, including situation in Sudan – Closely monitoring developments in the Middle East and assessing potential impact on our people and business – Continued to embed our integrated crisis and continuity management (CCM) programme – Reviewed and refreshed business impact analyses and business continuity plans for all manufacturing sites, incorporating assessments of climate-change related threats – Coordinated IT Continuity and Disaster Recovery assessments at all manufacturing sites and key IT locations – Reviewed and upgraded site emergency response arrangements and capabilities across our facilities – Delivered instructor-led training to employees across the organisation to develop our resilience capability, including cyber crisis response exercise with leadership team

Product quality and safety

Risk description	Management actions
Maintaining compliance with current Good Practices for Manufacturing (cGMP), Laboratory (cGLP), Compounding (cGCP), Distribution (cGDP) and Pharmacovigilance (cGVP) by staff, and ensuring compliance is maintained by all relevant third parties involved in these processes.	– Hikma Quality Council provides oversight and shares best practice across the Group – Quality and safety culture driven throughout the organisation by global initiatives and regularly reinforced by communication from senior executives – Continuous monitoring and assessment of potential contaminants in drug products (eg nitrosamines, penicillins, non-penicillin beta-lactams, monobactams) – Facilities maintained as inspection-ready for assessment by relevant regulators – Oversaw cGMP compliance of third parties supplying APIs, raw materials, packaging components and other GMP services – Continuous monitoring of the safety of products to detect any change to risk-benefit balance through the global pharmacovigilance system – Continued to provide governance through cross-functional Drug Safety Committee and PV Quality Committee

Financial control and reporting

Risk description	Management actions
Effectively managing income, expenditure, assets and liabilities, liquidity, exchange rates, tax uncertainty, debtor and associated activities, and reporting accurately, in a timely manner and in compliance with statutory requirements and accounting standards.	– Continued with finance transformation projects, increasing the scope of the central Shared Services and automation of Treasury operations – Established enhanced enterprise-wide fraud prevention and detection programme – Embedded enhanced standardised minimum standard set of controls for finance and related processes – Initiated process to provide close support to the new role of VP, Corporate Engineering to improve the overall management of the CAPEX investments globally

Going concern and longer-term viability

In accordance with the UK Corporate Governance Code 2018 Provisions 28–31 and other regulatory disclosure requirements, going concern and longer-term viability assessments are provided.

Assessment of position and prospects
The Group's current and forecast financial positions are used to assess the going concern position and longer-term viability.

The position and prospects of the Group are assessed at Executive Committee meetings and at the end of the financial year. The assessments consider strategic and operational updates, principal and emerging risks, financial reporting and forecasting from the Chief Financial Officer, and through the development of a business plan. The business plan takes into account our current position, specific risks and uncertainties facing the business and known changes to our organisation and business model.

The Executive Committee assesses the future strategic positioning of Hikma as a company in the context of the changing business environment. Aspects of this analysis are shown in 'Our markets' (see pages 18–19).

These various assessments are presented to the Audit Committee and Board of Directors for independent scrutiny of management's assumptions and modelling approach. The Board also receives regular updates on operational, strategic and financial matters from executives.

Financial position
The going concern and longer-term viability assessments are based on the financial position (as at 31 December 2023):

- net cash flow from operating activities was $608 million
- overall net debt was $976 million (1.2 times core EBITDA)
- available borrowing capacity is $1,284 million of committed undrawn long-term facilities (see Note 29 of the Group consolidated financial statements on page 183). These facilities are well-diversified across the subsidiaries of the Group and are with a number of financial institutions

"Severe but plausible downside risk scenarios are used to test the viability of the Group."

Financial covenants are suspended while the Group retains its investment grade status from two rating agencies[1]. As of 31 December 2023 the Group's investment grade rating was affirmed by S&P and Fitch.

Future prospects
The Group's base case forecasts take into account reasonable possible changes in trading performance, including those that may arise related to various inflationary effects, currency volatility, facility renewal sensitivities, and maturities of long-term debt.

Assumptions
Financial modelling for the business plan and the going concern and viability assessments is subject to assumptions related to:

- launch and commercialisation of new products
- market share and product demand rates
- maintenance of certain product prices
- political and social stability
- ability to increase operational efficiency and reduce central costs
- effective tax rate being within the current guidance range
- ability to refinance existing debt upon maturity (for longer-term viability)

Going concern

For the purposes of assessing the going concern position the base case and a forecast including severe but plausible downside risks were analysed over a period longer than 12 months from the date of signing the financial statements.

The analysis shows that Hikma is well-placed to manage its business and financial risks successfully despite current uncertainties and confirms that the going concern basis should be used in preparing the financial statements.

1. Fitch, Moody's and S&P or any of their affiliates or successors

Longer-term viability

Viability period
The longer-term viability of the Group is assessed for a period longer than for the going concern analysis. The longer-term viability assessment was conducted for a period of three years, ending on 31 December 2026. This is the timeframe for acquisitions and business development opportunities to become integrated into our business, and for pipeline products to contribute as marketed products. Our forecasts are more accurate in the near term than in the long term and this limitation also applies to our viability assessments.

Stress testing, modelling and sensitivity analysis
Management developed severe but plausible multi-event risk scenarios that could impact the business adversely.

The Group's strategic objectives, principal risks (PR), assessments of longer-term emerging risks (ER), management input, real-world examples and the financial modelling assumptions listed above were used to design the scenarios. Realistic but extremely severe adjustments were further applied for sensitivity analysis.

The following hypothetical severe but plausible multi-event risk scenarios were reviewed and assessed.

Longer-term viability scenarios
- **Scenario 1:** Information and cyber security, technology and infrastructure (PR): Impacts of a ransomware attack affecting endpoints and ERP systems were modelled with potential loss of sales, general business interruption, and response and remediation costs
- **Scenario 2:** Ethics and compliance (PR): The implications of a systemic failure of the corporate compliance programme leading to a regulator investigation were explored, including reputational impact, fines and legal fees, loss of sales, remediation expenses, and additional compliance costs
- **Scenario 3:** Industry dynamics (PR): Significant levels of price erosion over and above business plan assumptions
- **Scenario 4:** Product pipeline (PR): Significant and extensive delays to strategic product launches
- **Scenario 5:** Crisis and continuity management (PR): Escalation and development of situations of political and social instability in MENA markets were assessed with loss of sales recognised
- **Scenario 6:** API and third-party risk management (PR): Significant disruptions to our raw and packaging materials supply chain were modelled
- **Scenario 7:** Climate change (ER): Disruption as a result of extreme weather events was assessed with impacts on certain facilities including property damage and business interruption (see also our disclosures related to climate change on pages 56–65)
- **Scenario 8:** Product quality and safety (PR): A prolonged regulator-imposed restriction of a major US FDA-inspected manufacturing site was modelled factoring in loss of sales and remediation expenses, as well as a reduction to operating costs

Longer-term viability analysis
The consequences of each of these severe but plausible multi-event risk scenarios were modelled over the forecast period and the impacts on EBITDA, ability to meet our debt obligations, and cash flow were determined.

The assessment shows that although the scenarios are severe, they do not threaten the viability of Hikma. Headroom was comfortably maintained throughout the viability period for each of the multi-event risk scenarios.

The assessment and analysis did not rely on management actions that could be taken in the circumstances to reduce the impact and consequences of the risk events. Such actions, the ongoing implementation of the ERM programme, and investment in infrastructure and change initiatives are anticipated to continue to enhance organisational resilience and support longer-term viability.

The outcome of these various quantitative and qualitative assessments leads management to believe that Hikma is resilient to downside risk scenarios. This is largely as a result of our financial position (in particular our strong balance sheet and low levels of debt) and is supported by the fact that our business is well-diversified through geographic spread, product diversity, and large customer and supplier bases. Further details are provided in the 'Our strategy' (pages 10–11), 'Our business model' (pages 12–13), and 'Our markets' (pages 18–19).

> Our assessments show that Hikma is resilient to downside risk scenarios."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Non-financial and sustainability information statement

The table below summarises our position on matters relevant to the Non-Financial Reporting Directive, in line with the requirements of sections 414CA and 414CB of the Companies Act 2006. All references made are to publicly accessible information.

	Summary	Further information and policies
Our business model	– Our diversified business model allows us to respond to the many opportunities and risks we face, while delivering value for our stakeholders	– Our business model, pages 12–13
Principal risks	– Our risk management framework is designed to ensure we take a comprehensive view of risk. This includes financial and non-financial risks that may impact our business and stakeholders	– Risk management, pages 66–74
Environmental matters	– We are committed to making our operations more energy efficient and environmentally responsible – We continue to improve the way we monitor our impacts, pursuing projects that reduce our environmental footprint – We have put in place a target to reduce our Scope 1 and 2 GHG emissions by 25% by 2030, using a 2020 baseline – We are aligning our internal processes and our public disclosures are consistent with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations – Board-level oversight of environmental sustainability – Environmental matters are incorporated in our risk management framework – We promote environmental sustainability in our supply chain	– Protecting the environment, pages 50–53 – GHG emissions reduction target, page 50 – Climate-related risks and opportunities and their impact, pages 59–65 – Supplier Code of Conduct[1]
Employees	– Our employees have always been at the heart of everything we do. As the driving force behind Hikma's growth and success, our people are our most valuable asset – We are committed to investing in the development of our workforce and in protecting their health and safety. We have 9,100 employees across North America, MENA, Europe and ROW	– Stakeholder engagement: employees, page 22 – Empowering our people, pages 48–49 – Code of Conduct[1] – Upholding ethical standards and acting with integrity, pages 54–55 – Group Environmental, Health and Safety Policy Statement[1] – Principal risk: People, page 71

1. Our public policies, codes and statements are available on **www.hikma.com**

	Summary	Further information and policies

Social matters	– In all of our markets, we work to meet social needs locally and improve lives. We have developed programmes in key areas to address social challenges:
	  – providing better health
	  – supporting education
	  – helping people in need
	– Where our activities relate to other social matters, we seek to understand the perspective of all stakeholders, determine our role and make clear our position based on our values and purpose
		– Stakeholder engagement, pages 20–25
		– Advancing health and wellbeing, pages 44–47
		– Addressing drug shortages in the US[1]
		– Animal testing position[1]
		– Principal risk: Reputation, page 72
		– Access to medicines, page 44-45
		– Tax strategy statement[1]

Respect for human rights	– We respect and uphold the principles of the Universal Declaration of Human Rights both within Hikma and across our value chain – We object in the strongest possible terms to the use of any of our products for the purpose of capital punishment	– Upholding ethical standards and acting with integrity, pages 54–55 – Code of Conduct[1] – Supplier Code of Conduct[1] – Modern slavery act policy statement[1] – Use of products in capital punishment[1] – Principal risk: Reputation, page 72
Anti-bribery and corruption	– Our Compliance, Responsibility and Ethics Committee leads our efforts to strengthen anti-bribery and corruption policies and manage associated risks – As a publicly-listed company on the London Stock Exchange, we abide by the regulations of the UK Listing Authority. We operate in compliance with the UK Bribery Act 2010, the Foreign Corrupt Practices Act as well as local laws and regulations	– Upholding ethical standards and acting with integrity, pages 54–55 – Code of Conduct[1] – Supplier Code of Conduct[1] – Speak up channels[1] – Principal risk: Ethics and compliance, page 72 – Compliance, Responsibility and Ethics Committee report, pages 101–102
Non-financial KPIs	– We monitor the position, performance and impact of Hikma across a wide range of financial and non-financial KPIs. Non-financial KPIs are used to measure progress towards our strategic priorities (pages 16–17), our exposure to risks (pages 71-74), and are in place in other areas throughout the organisation as part of Hikma's long-term sustainable growth strategy and our commitment to helping people and improving the communities in which we operate	– GHG emissions reduction target, page 50 – Minimising our impact on the planet, pages 50–53 – Employees enablement and engagement, page 17 – Audit Committee report, pages 97–100 – Compliance, Responsibility and Ethics Committee report, pages 101–102 – Gender diversity: Board, Executive Committee, Senior Leadership and Group, page 85

The Strategic report was approved by the Board of Directors and signed on its behalf by:

Riad Mishlawi
Chief Executive Officer

21 February 2024

Corporate Governance

Executive Chairman's overview

We are committed to high standards of transparency in corporate governance reporting and work hard as a Board to provide strong and stable leadership, supported by our corporate governance framework.

Said Darwazah
Executive Chairman

"We are proud of our diversity. 42% of our Board are women and 33% are from minority ethnic[1] backgrounds."

1. When assessed against UK ONS criteria
2. The ethnicity categories used in the ethnic diversity survey were: White/Caucasian, Middle Eastern, North African, Asian, Black, Hispanic, American Indian or Alaskan Native, Native Hawaiian/Other Pacific, Mixed/Multiple ethnic groups/two or more races, Other and Prefer not to say.

Dear Shareholders

2023 has been an excellent year for Hikma, all three of our businesses have contributed to the success of the Group to deliver a set of results ahead of our original expectations. For our Board it has been a year of change, our focus has been on successfully handling changes to the Board and Executive Committee while not losing sight of our goals and delivering a solid financial performance.

Appointment of a new CEO

Following an extensive global search, the Board and I were delighted to announce the appointment of Riad Mishlawi as CEO with effect from 1 September 2023. Having worked alongside Riad for many years in his various roles at Hikma, most recently as President of the Injectables business, I have no doubt in Riad's leadership capability and know that he will apply his focus on execution and delivery to drive growth across the Group. Further details on the CEO selection process are included on page 94 and details on Riad's skills and experience are included on pages 4 and 86.

Board and Committee composition

As announced in our 2022 Annual Report, we made a number of changes to the composition of our Board and Committees in 2023.

In April 2023 Victoria Hull was appointed as Senior Independent Director and assumed the role of Chair of the Nomination and Governance Committee, this followed the Annual General Meeting (AGM) where Patrick Butler retired from these roles upon reaching nine years of service as a Non-Executive Director. Patrick also stepped down from the Audit Committee and Remuneration Committee at the same time; both Committees require fully independent membership under the UK Corporate Governance Code 2018 (the Code) (nine years of service is one of the circumstances identified under Provision 10 of the Code as likely to impair or that could appear to impair independence). Patrick continued to serve as a non-independent Non-Executive Director to support the transitions to a new CEO and new Senior Independent Director and we thank him for his service and dedication to the Hikma Board following his decision to retire from the Board with effect from 29 February 2024. As Senior Independent Director and Chair of the Nomination and Governance Committee, Patrick greatly assisted with directing our governance and succession arrangements and leaves Hikma well positioned for the future. Patrick has been a great friend to Hikma and to me personally. We wish him well for the future.

Riad Mishlawi joined the Compliance, Responsibility and Ethics Committee on his appointment as CEO in September 2023.

Succession planning

A key priority for the coming year is to review succession plans for all our Board and senior management roles. After a number of new appointments to the Board and Executive Committee in September 2023, all filled by internal candidates thanks to robust succession planning processes, it is imperative that we refresh our succession plans for the future and carefully consider our options. This review will be led by our new Chief People Officer, Hussein Arkhagha, and will be supported by the Nomination and Governance Committee.

We will also review our succession plans for the independent Non-Executive Directors, noting that we have two independent Non-Executive Directors reaching nine years of service in 2025.

Diversity, equity and inclusion

As a Board we have always taken diversity seriously, and our Board Diversity Policy sets targets for the diversity of Hikma's Board in line with the gender and ethnic diversity targets set by the Listing Rules, the FTSE Women Leaders Review and the Parker Review. We are proud to report that Hikma meets all targets set for gender and ethnic diversity at the Board. The Board Diversity Policy is available on our website at **www.hikma.com**.

We acknowledge the importance of Diversity, Equity and Inclusion (DEI) beyond the boardroom and have adopted initiatives, where permitted under applicable local laws, in line with the voluntary target set by the FTSE Women Leaders Review, to increase the gender diversity of the senior management team (direct reports to the CEO and the senior leaders who report directly to them). Our Remuneration Committee has integrated targets, where permitted under applicable local laws, to increase gender diversity within the senior management population into the performance measures for the Long-Term Incentive Plan and Annual Bonus Plan, further detail is included on pages 104, 118 and 122. Information on our senior management and workforce gender diversity is included on page 85 and information on our broader DEI initiatives is included on page 49.

During the course of the year the Board carefully considered the voluntary recommendation, published by the Parker Review in March 2023, for FTSE 350 companies to set themselves a target for the percentage of their senior management who self-identify as being from an ethnic minority[1]. After a detailed review, acknowledging Hikma's diverse geographic footprint, large global workforce, small UK workforce and risks to workforce engagement, the Board opted not to set an ethnic diversity target for Hikma's senior management population. Although we decided not to set a target, we do support the underlying objective of the Parker Review to increase ethnic diversity among senior management. In order to show focus on this important issue we undertook a detailed ethnic diversity survey of our senior management population, using an expanded list of ethnicities sensitive to Hikma's workforce[2]. We were pleased to see the importance our senior management place on this issue, with a response rate to the survey of 78%. The survey showed that our senior management population has a high level of ethnic diversity and the results are set out on page 85 along with other enhanced ethnic diversity disclosures. We have also committed to monitoring our senior management ethnic diversity on an annual basis. Further information on our decision-making process is included on page 95.

Workforce engagement

For the Board to function well, it is imperative that we engage with the wider Hikma workforce, so as defined under Provision 5 of the Code, Nina Henderson is our designated independent Non-Executive Director for workforce engagement. Nina undertakes an active programme of engagement each year which helps ensure that workforce perspectives are considered when undertaking Board and Committee business and, outside of our Executive Directors, ensuring that the Board is visible among our colleagues. The engagement programme is organised in conjunction with the CEO and Nina formally reports to the Board on her findings at each meeting.

During 2023 a number of our Non-Executive Directors were able to engage closely with the business, whether this was through induction programmes for our Non-Executive Directors appointed in 2022 or utilising opportunities to visit Hikma facilities when Non-Executive Directors were travelling in relation to other external engagements.

This year's activities involved participation in events throughout the calendar year, including:

- attendance at a leadership team meeting for the Injectables business in Pennsylvania (US)
- visits to manufacturing facilities in Amman (Jordan), Portugal, Cherry Hill and Dayton (NJ, US), Columbus and Bedford (OH, US). During these visits, Non-Executive Directors were able to tour the facilities, inspect new machinery and meet with local management and the wider workforce
- visits to corporate offices in Amman (Jordan), Berkeley Heights (NJ, US), Paris (France) and Dubai (UAE) to meet with local management, providing opportunities to meet with the local workforce in informal settings over lunches and dinners
- the Board held their annual strategy meeting at the Berkeley Heights office in New Jersey, the Board also held a dinner with local management and visited Hikma manufacturing facilities nearby

Nina used her engagement activities to communicate with the workforce on remuneration matters where appropriate.

Further detail on our workforce engagement activities and outcomes, is included in our Section 172 statement on page 22.

Stakeholder engagement

The Board undertakes significant efforts to understand and take account of the needs and perspectives of all of our stakeholders, including customers, suppliers, employees, regulators, investors and the communities in which we operate. Further detail including examples of the outcomes and actions of those stakeholder engagement activities, is included in our Section 172 statement on pages 20 to 25. Information on our Supplier Code of Conduct is included on page 101.

On behalf of the Board, we look forward to leading the business on delivering our strategy for the benefit of all stakeholders in 2024. Fundamental to that delivery is our focus on continuing to operate effective corporate governance practices.

Said Darwazah
Executive Chairman

Corporate Governance at a glance

Key Board activities in 2023

Business and strategy

- Supported continual investment across all of Hikma's regions to expand our manufacturing capacity and build our pipeline, continuing to build our reputation as a high-quality and reliable supplier
- Built on our strategic partnerships in the MENA region, signing exclusive licensing agreements, giving us access to a strong pipeline of innovative products in key therapeutic areas for Hikma, including immunotherapy, dermatology, biotechnology, oncology and central nervous system disorders
- Monitored the impact of headwinds resulting from the devaluation of the Egyptian Pound and the halted operations in Sudan
- Supported efforts to utilise spare capacity in our Generics plants for contract manufacturing, resulting in new contract wins
- Utilised our short supply chain and lead times in Europe to address product shortages in essential injectables medicines
- Approved the acquisition of part of the Akorn business through a bankruptcy process for $98 million, including manufacturing equipment and portfolio and pipeline products that will support our US businesses. More information is available in Note 35 on page 185
- Launched new sterile injectable medicines in Canada, providing important new treatment options for patients and health care providers, and building on our presence in the Canadian market, following the acquisition of the Canadian assets of Teligent in 2022
- Monitored progress of our 503B sterile compounding business in the US

Stakeholder focus

- Careful consideration of stakeholder concerns, in relation to the safety, security and wellbeing (both physical and financial) of our local workforce, following the halting of operations at our Sudanese manufacturing facility. More information is available on pages 22 and 70
- Monitored the impact of high inflation on the cost of living for our global workforce. More information is available on page 22 and 103
- Prepared for our first workforce engagement survey following the appointments of our CEO and Chief People Officer in September 2023, bringing fresh perspectives to engagement with our workforce
- Strengthened our knowledge of stakeholder priorities, receiving detailed briefings on issues impacting our suppliers, customers, patients and healthcare providers and meeting with stakeholder groups representing government and regulators
- More information on stakeholder engagement activities and outcomes is included in our Section 172 statement on pages 20 to 25

Succession planning

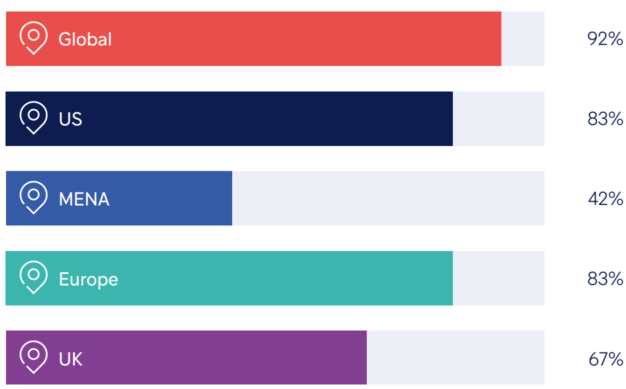
- Concluded the search for a new CEO, appointing Riad Mishlawi as CEO with effect from 1 September 2023
- Monitored the handover of CEO responsibilities from Said Darwazah to Riad Mishlawi, providing support and guidance during the transition and reviewing our governance structure accordingly. Our Board role statements are available on our website at **www.hikma.com**
- Completed induction programmes for the Non-Executive Directors appointed towards the end of 2022
- Ensured continuity in the leadership of our Injectables business, receiving updates on the internal succession and appointment of Dr Bill Larkins as President of the Injectables business

Board experience

Board priorities for 2024

- Review succession plans for the Executive Committee, their direct reports, and associated processes for talent management, following a number of changes to Hikma's leadership team in the second half of 2023
- Agree succession plans for the independent Non-Executive Directors reaching nine years of service in 2025
- Implement agreed actions from the 2023 Board evaluation. Further detail on the Board evaluation is included on page 96
- Plan our annual strategic review meeting, ensuring it includes opportunities for Board development and workforce engagement
- Follow up on key priorities identified for implementation during our recent workforce survey

Board geographical experience



Diversity (as at 31 December 2023)

Ethnicity

Board

Minority ethnic[1]	4 (33%)
White[1]	8 (67%)

Executive Committee

Minority ethnic[1]	4 (50%)
White[1]	4 (50%)

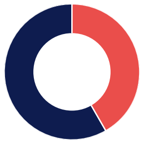
Senior Management[2]

1. White/Caucasian	22 (23%)
2. Minority ethnic, the minority ethnic group includes:	38 (39%)
– Middle Eastern	26 (27%)
– Asian	7 (7%)
– Mixed/Multiple ethnic groups/ two or more races	2 (2%)
– Other	3 (3%)
3. Prefer not to say	1 (1%)
4. Did not respond	15 (15%)
5. Unknown[3]	21 (22%)

1. Relates to Board and Executive Committee members who identify with one of the relevant categories under Listing Rule 9, Annex 2
2. Senior Management refers to the Executive Committee, direct reports to the CEO, and senior team members who report directly to them (excluding administrative roles)
3. Ethnic diversity data excludes our employees in France, Portugal, Germany, and Italy due to local GDPR and labour law issues

Gender

Board

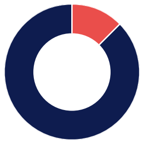


Women	5 (42%)
Men	7 (58%)

Senior Management[2]

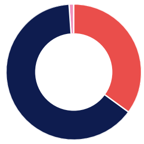
Women	23 (24%)
Men	74 (76%)

Executive Committee



Women	1 (12%)
Men	7 (88%)

Group



Women	3,167 (35%)
Men	5,803 (64%)
Prefer not to say	130 (1%)

Hikma subsidiary company directors

As required by the Companies Act 2006, the composition of our subsidiary company boards is 46 men (81%) and 11 women (19%).

Attendance

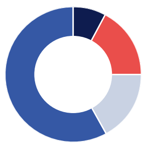
Directors	Meetings attended (8 scheduled and 2 unscheduled)	%
Said Darwazah	10/10	100%
Riad Mishlawi[1]	3/3	100%
Mazen Darwazah	10/10	100%
Victoria Hull	10/10	100%
Ali Al-Husry	10/10	100%
Patrick Butler	10/10	100%
John Castellani	10/10	100%
Nina Henderson	10/10	100%
Cynthia Flowers	10/10	100%
Douglas Hurt	10/10	100%
Laura Balan	10/10	100%
Dr Deneen Vojta	10/10	100%

1. Riad Mishlawi was appointed as CEO and joined the Board on 1 September 2023.

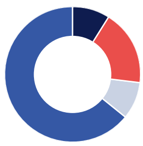
Board composition

	31 December 2023	after 2024 AGM
Executive Chairman	8%	9%
Other Executive Directors	17%	18%
Non-Independent Non-Executive Directors	17%	9%
Independent Non-Executive Directors	58%	64%

2023



After 2024 AGM

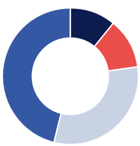


In compliance with Provision 11 of the Code, when excluding the Chairman, the Independent Non-Executive Directors represent 64% of the Board as at 31 December 2023 and 70% of the Board after the AGM in April 2024 following the retirement of Patrick Butler from the Board.

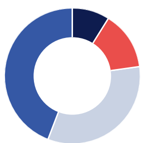
Board agenda allocation of time

	2023	2022
Corporate governance	**11%**	9%
Financial performance	**12%**	14%
Performance, operations and risk	**31%**	33%
Strategy and acquisitions	**46%**	44%

2023



2022



Independent Director tenure (as at 31 December 2023)

	Number	%
0–3 years	4	57%
4–6 years	1	14%
7–9 years	2	29%

Leadership – Board of Directors

1. Said Darwazah

Executive Chairman

Appointed: 1 July 2007 (joined Hikma in 1981)

Nationality: Jordanian

Experience: Said served as Chief Executive Officer from June 2022 to August 2023 and from July 2007 to February 2018 and as Executive Chairman since May 2014. Said was Chairman and Chief Executive of Hikma's group holding company from 1994 to 2003 and Minister of Health for the Hashemite Kingdom of Jordan from 2003 to 2006. Said has over 40 years of experience in extensive leadership roles at Hikma.

Qualifications: Industrial Engineering degree from Purdue University, MBA from INSEAD.

Other appointments: Chairman of Royal Jordanian Airlines and Dead Sea Touristic & Real Estate Investments. Vice Chairman of Capital Bank, Jordan. Board member of INSEAD and Dash Ventures Limited.

2. Riad Mishlawi

C

Chief Executive Officer

Appointed: 1 September 2023 (joined Hikma in 1990)

Nationality: Lebanese

Experience: Riad was appointed as Chief Executive Officer in September 2023, bringing deep knowledge of Hikma, the pharmaceutical industry and a strong track record of delivering profitable growth and strategic expansion. From 2011 to 2023, Riad served as Hikma's President of Injectables, significantly expanding the Injectables product portfolio and manufacturing footprint while maintaining focus on quality and efficiency, helping transform the Injectables business into a recognised market leader. Since joining Hikma in 1990, Riad has held various positions of increasing responsibility including Head of Manufacturing Operations at the Group's former Generics facility in Eatontown, New Jersey. He left Hikma in 1998 to join Watson Pharmaceuticals, where he was Executive Director of Operations. Riad returned to Hikma in 2004 and held a series of positions in the Group's Injectables business.

Qualifications: BSc in Engineering and a MS in Engineering and Management from George Washington University.

Other appointments: None

3. Mazen Darwazah

C N

Executive Vice Chairman, President of MENA

Appointed: 8 September 2005 (joined Hikma in 1985)

Nationality: Jordanian

Experience: Mazen is responsible for the strategic and operational direction of the business across the MENA region. During his 38 years of service at Hikma, Mazen has held an extensive range of positions within the Group. He has previously served as the President of the Jordanian Association of Manufacturers of Pharmaceuticals and Medical Appliances.

Qualifications: BA in Business Administration from the Lebanese American University, Advanced Management Plan from INSEAD.

Other appointments: Senator in the Jordanian Senate. Trustee of Birzeit University and King's Academy. Member of HM King Abdullah's Economic Policy Council. Director of Rakuten Medical Inc.

4. Victoria Hull

A N

Senior Independent Director

Appointed: 1 November 2022 as Non-Executive Director (Senior Independent Director from 28 April 2023)

Nationality: British

Experience: Victoria has extensive senior executive experience across a broad range of business, legal, commercial and governance matters and strong international experience. In her executive career, Victoria was an Executive Director and General Counsel of Invensys plc and Telewest Communications plc. Victoria is a solicitor and began her career at Clifford Chance LLC. Victoria also served as Senior Independent Director of Ultra Electronics plc.

Qualifications: Solicitor, LLB (Hons) in Law from the University of Southampton.

Other appointments: Non-Executive Director and Chair of the Remuneration Committee of Network International Holdings plc, Alphawave IP Group plc and IQE plc.

5. Ali Al-Husry

Non-Executive Director

Appointed: 14 October 2005 (joined Hikma in 1981)

Nationality: Jordanian

Experience: Ali joined Hikma as Director of Hikma Pharma Limited and held various management and leadership roles within the Group, before stepping into an advisory role in 1995. Ali brings great financial experience to the Board as well as an in-depth knowledge of the MENA region and Hikma Pharmaceuticals. Ali was a founder of Capital Bank, Jordan, and served as CEO of Capital Bank, Jordan until 2007.

Qualifications: Mechanical Engineering degree from the University of Southern California, MBA from INSEAD.

Other appointments: Director of Endeavour Jordan, Microfund for Women, Capital Bank, Jordan, and DASH Ventures Limited.

6. John Castellani

A C R

Independent Non-Executive Director

Appointed: 1 March 2016

Nationality: American

Experience: John brings experience of the pharmaceutical and biotechnical sectors, business ethics, and political and regulatory knowledge to the Board. John was President and Chief Executive Officer of Pharmaceutical Research and Manufacturers of America (PhRMA) from 2010 to 2015. Prior to that he was President and Chief Executive of Business Roundtable, an association of leading US company chief executives. During his career John has also held senior positions with Burson-Marsteller, Tenneco, and General Electric.

Qualifications: BSc in Biology from Union College Schenectady, New York.

Other appointments: Director of 5th Port.

A Audit Committee

C Compliance, Responsibility and Ethics Committee

N Nomination and Governance Committee

R Remuneration Committee

Chair

7. Nina Henderson

A C N R

Independent Non-Executive Director

Appointed: 1 October 2016
(Employee Engagement from 2019)

Nationality: American

Experience: Nina brings extensive experience of manufacturing and distribution, marketing, remuneration committee and stakeholder engagement, gained through her executive and non-executive career. Nina was Corporate VP of Bestfoods and President of Bestfoods Grocery prior to its acquisition by Unilever. During a 30-year career with Bestfoods, she held a wide variety of Global and North American executive general management and marketing positions. Nina has previously served as a director of Royal Dutch Shell, AXA Financial, The Equitable Companies, DelMonte, Pactiv and Walter Energy.

Qualifications: Honours graduate and BSc from Drexel University.

Other appointments: Non-Executive Director and Chair Remuneration Committee of CNO Financial Group Inc and IWG PLC. Director of the Foreign Policy Association, St. Christopher's Hospital for Children, VNS Health and Commissioner of the Smithsonian National Portrait Gallery. Vice Chair of the Board of Trustees, Drexel University.

8. Cynthia Flowers

A N R

Independent Non-Executive Director

Appointed: 1 June 2019

Nationality: American

Experience: Cynthia brings detailed knowledge of the pharmaceutical and biotechnical sectors and healthcare practitioner experience to the Board. Cynthia was President and CEO of the North American divisions of the global pharmaceutical companies Ipsen and Eisai, and also held leadership positions at Amgen and Johnson & Johnson. For nearly a decade Cynthia served on the Women's Leadership Advisory Board at Harvard University's Kennedy School of Government.

Qualifications: BSN from the University of Delaware and Executive MBA from Wharton School at the University of Pennsylvania.

Other appointments: Non-Executive Director of Lisata Therapeutics Inc. and Relevate Health Inc. Non-Executive Director and Remuneration Committee Chair of G1 Therapeutics Inc. Chief Executive Officer of OMEZA Holdings Inc.

9. Douglas Hurt

A C N R

Independent Non-Executive Director

Appointed: 1 May 2020

Nationality: British

Experience: Douglas brings significant financial experience, having served as Finance Director of IMI PLC from 2006 to 2015. Prior to this, he held a number of senior finance and general management positions at GlaxoSmithKline PLC, previously having worked at Price Waterhouse. His career has included several years working in the US as a Chief Financial Officer and significant experience in European businesses as an Operational and Regional Managing Director. Douglas previously served as Senior Independent Director and Chairman of the Audit Committee of Tate & Lyle plc and as Chairman of Countryside Partnerships PLC.

Qualifications: Chartered Accountant and a Fellow of the ICAEW, MA (Hons) in Economics from Cambridge University.

Other appointments: Senior Independent Director and Chair of the Audit Committee of Vesuvius PLC. Non-Executive Director and Chair of the Audit Committee of the British Standards Institution.

10. Laura Balan

A R

Independent Non-Executive Director

Appointed: 1 October 2022

Nationality: Romanian and British

Experience: Laura brings a deep understanding of international business, the pharmaceutical industry globally, key sector trends and dynamics. Laura is a retired partner of The Capital Group Companies, the US investment manager, where she was an investment analyst for 17 years, covering the European healthcare and pharmaceutical industries. Prior to this, Laura held associate and analyst roles at The Goldman Sachs Group Inc, where she focused on European healthcare and pharmaceutical investment research.

Qualifications: CFA Charterholder, BA (Hons) in International Business from the Academy of Economic Studies in Bucharest, Romania.

Other appointments: Trustee and Chair of Finance, Audit & Risk Committee of the Charter Schools Educational Trust.

11. Dr Deneen Vojta

N C

Independent Non-Executive Director

Appointed: 1 November 2022

Nationality: American

Experience: Deneen is a healthcare executive with extensive experience in clinical medicine, scientific research, and care delivery. Deneen was the Executive Vice President for Research and Development for UnitedHealth Group (UHG) and Founder and CEO of MYnetico which was then acquired by UHG. She also served as Chief Medical Officer of ARIA Health Care System and Health Partners of Philadelphia. In 2022, Deneen was named a Modern Healthcare's Top Innovator, in 2014, she was an Emmy® Award winner and in 2013, a CES® Innovation Design & Engineering Innovation Honoree.

Qualifications: MD from the Temple University School of Medicine and BS in Behavioral Neuroscience from the University of Pittsburgh.

Other appointments: Non-Executive Director of Sensei Biotherapeutics. Advisory board member of The Center for Health Incentives & Behavioral Economics at Penn Medicine and Independent Director of Canary Medical.

Other Directors who served during 2023

12. Patrick Butler

Non-Executive Director

Patrick Butler will retire from the Board with effect from 29 February 2024. Patrick stayed on the Board as a non-independent, Non-Executive Director for one additional year, following nine years of independent service, to support the transitions of responsibilities to a new CEO and a new Senior Independent Director and Chair of the Nomination and Governance Committee.

Company Secretary

Helen Middlemist

Appointed: 1 January 2024
(joined Hikma in 2022)

Role: Helen is responsible for advising on relevant law, regulation and best practice in relation to Hikma's listing on the London Stock Exchange.

Find detailed biographies at:
www.hikma.com/who-we-are/leadership/

Leadership – Executive Committee

1. Riad Mishlawi

Chief Executive Officer

2. Mazen Darwazah

Executive Vice Chairman, President of MENA

For biographical details, see page 86.

3. Hussein Arkhagha

Chief People Officer

Joined: 2001 **Nationality:** Jordanian

Role: Hussein was appointed as Chief People Officer in September 2023. He is responsible for the Human Resources and Compliance Departments, and overseeing legal and Company Secretarial Departments. Hussein is a standing member of the Executive Committee since 2017. Hussein has held several executive positions during 22 years at Hikma, including Chief Counsel and Company Secretary, General Counsel, Head of Legal/MENA, Head of Shareholders' Department and Head of Tax.

Qualifications: Hussein holds a Master's degree in International Business Law from the University of Manchester, under the UK Chevening Scholarship Programme.

4. Bassam Kanaan

Executive Vice President, Corporate Development and M&A

Joined: 2001 **Nationality:** Jordanian

Role: Bassam was appointed EVP, Corporate Development and M&A in 2014 and has Group level responsibility for strategic development, acquisitions and alliances. He also has oversight of the IT function, Global Procurement and Hikma Ventures. Bassam has held several executive positions during 22 years with Hikma, including Chief Financial Officer in the period from 2001 to 2012. Bassam played a leading role in preparing for Hikma's IPO in 2005 and in its subsequent M&A activity.

Qualifications: US Certified Public Accountant and Chartered Financial Analyst. BA from Claremont McKenna. International Executive MBA from Kellogg/Recanati Schools of Management.

5. Khalid Nabilsi

Chief Financial Officer

Joined: 2001 **Nationality:** Jordanian

Role: Khalid was appointed as Chief Financial Officer in 2011 and is responsible for Group finance, including reporting and capital management. Khalid has held several leadership positions within Hikma's financial functions during 22 years with Hikma, including VP Finance.

Qualifications: Certified Public Accountant. MBA from the University of Hull.

6. Susan Ringdal

Executive Vice President, Strategic Planning and Global Affairs

Joined: 2005 **Nationality**: American

Role: Susan has served as EVP, Strategic Planning and Global Affairs since 2012 and is responsible for strategic planning, investor relations, communications, ESG and corporate affairs. Prior to joining Hikma, Susan worked for Alliance Unichem and Morgan Stanley.

Qualifications: BA in History from Cornell University. MBA from London Business School.

7. Brian Hoffmann

President of Generics

Joined: 2009 **Nationality:** American

Role: Brian has served as President of Hikma's Generics business since 2015. Brian has significant strategic and operational experience from leadership roles at Hikma and prior pharmaceutical and consulting roles.

Qualifications: BA in Business Administration from Boston University. MBA from the University of Chicago Booth School of Business.

8. Dr Bill Larkins

President of Injectables

Joined: 2022 **Nationality:** American

Role: Bill was appointed as President of Hikma's Injectables business in September 2023. Bill has extensive experience in the sterile injectable generic market, having previously served as Chief Executive Officer of Custopharm, which was acquired by Hikma in 2022, and until September 2023 served as Hikma's Senior Vice President, R&D, Injectables.

Qualifications: BSc in Chemistry from Purdue University and a PhD in Analytical Chemistry from The Ohio State University.

9. Julie Hill

Senior Vice President, Corporate Quality Compliance/Health and Safety

Joined: 2016 **Nationality:** American

Role: Julie has served as Senior Vice President, Corporate Quality Compliance/Environmental Health and Safety since February 2024. Julie joined Hikma through the 2016 acquisition of Roxane Laboratories and most recently served as Vice President, Quality, for Hikma's Generics business. Prior to that, she served in various leadership roles with Hikma and predecessor companies at Hikma's Columbus, Ohio, generics manufacturing facility.

Qualifications: Bachelor of Science degree in Biochemical Engineering from Purdue University.

Corporate Governance

UK Corporate Governance Code compliance

Hikma is committed to high standards of corporate governance and we work hard to ensure compliance with the Principles and Provisions of the UK Corporate Governance Code (the Code) published in July 2018 and the Markets Law of the Dubai Financial Services Authority (the Markets Law). The Code and associated guidance are available to view on the Financial Reporting Council's website at **www.frc.org.uk**.

The report on pages 82 to 137 describes how the Board has applied the Code and Markets Law throughout the year ended 31 December 2023. The Board considers that this Annual Report provides the information shareholders need to evaluate how we have complied with our current obligations under the Code and Markets Law. Except as referred to in the following section on the Executive Chairman, regarding Code Provisions 9 and 19, Hikma has complied with all relevant Principles and Provisions of the Code throughout the year.

Executive Chairman

Provision 9 of the Code states that the chair should be independent on appointment when assessed against the circumstances set out in Provision 10. The roles of chair and chief executive should not be exercised by the same individual. A chief executive should not become chair of the same company. If, exceptionally, this is proposed by the board, major shareholders should be consulted ahead of appointment. The board should set out its reasons to all shareholders at the time of the appointment and also publish these on the company website.

Provision 19 of the Code states that the chair should not remain in post beyond nine years from the date of their first appointment to the board.

The Board acknowledges that Said Darwazah's position as Executive Chairman and his overall tenure are departures from Provisions 9 and 19 of the Code. The background to this role, rationale for the role and safeguards to support our governance structure are summarised below.

Background

The Executive Chairman role was created in February 2018, following the appointment of a new CEO. Previously, Said Darwazah was the Chairman and CEO. The Board continues to consider that it is important to retain corporate memory, important relationships and the culture of the organisation. Therefore, it is valuable to retain Said's services in a strategic capacity.

The Board consulted shareholders prior to Said's appointment as Executive Chairman and CEO in May 2014 and following the change to the position of Executive Chairman in February 2018.

Rationale

The Board is focused on the commercial success of Hikma and believes that continuing the position of Executive Chairman is the best way to achieve success for Hikma for the following reasons:

- **Continuity of strategy:** Said has been a driving force behind the strategic success of the business since 2007 and the Board believes that it is important for the continued success of the Group that he remains in a strategic role. The Executive Chairman's role is to develop the Group's strategy in conjunction with the CEO. The division of responsibilities for our Executive Chairman and CEO are available on our website at **www.hikma.com**
- **Executive Chairman's role:** the Executive Chairman position is highly visible inside and outside Hikma, providing leadership to the Board and management of the Company, acting as an ambassador with business partners and advisers to the organisation
- **Stakeholder engagement:** a significant number of Hikma's key political and commercial relationships across the MENA region, Asia and some continental European countries are built on the long-term trust and respect for the Darwazah family such that the role of the Executive Chairman remains key. During the course of 2023 the Executive Chairman undertook an active programme of stakeholder engagement activities, examples of which are highlighted below. Said attended a number of meetings with key shareholders; while holding the joint role of Executive Chairman and CEO, shareholder meetings focused on the performance of the Group; and later in the year, Said attended meetings with larger shareholders alongside Riad Mishlawi as part of the transition of CEO responsibilities. Said also attended an event, jointly hosted by the Access to Medicine Foundation and World Economic Forum, to facilitate discussions and agree actions with government policymakers, regulators, suppliers, manufacturers and non-profit organisations on the evolving role of generics and biosimilars manufacturers and partners in ensuring the supply of essential medicines in low- and middle-income countries

UK Corporate Governance Code compliance continued

Safeguards
The Board continues to operate the following enhanced governance controls to support the Executive Chairman role:

- **Governance structure review:** the independent Non-Executive Directors meet at least annually in a private session chaired by the Senior Independent Director. This meeting includes consideration of the appropriateness of the governance structure, the division of responsibilities between the Executive Chairman and the CEO and safeguards for shareholders. During their 2023 meeting, the independent Non-Executive Directors reviewed the succession plan and the effectiveness of the governance controls in place to support the Executive Chairman role and concluded that the Executive Chairman role should continue
- **Senior Independent Director role:** the Senior Independent Director has an enhanced role at Hikma, taking joint responsibility, with the Executive Chairman, for the annual Board evaluation, setting the Board agenda, agreeing action points and the minutes of the meetings
- **Committee Chair roles:** the Chairs of the Board Committees and the Director responsible for workforce engagement undertake a significant amount of work in the discharge of their responsibilities
- **Transparency and engagement:** Hikma has always had the highest regard for shareholders, with several of the original investors from before listing still investing and supporting Hikma today. Over the c.18 years since flotation Hikma has maintained the highest standards of shareholder engagement, which reflects the importance placed in maintaining strong investor relations and governance. To underline the importance of shareholder engagement, the independent Non-Executive Directors monitor shareholder sentiment in relation to the Executive Chairman, paying close attention to shareholder votes in favour of his re-election at the AGM. On a rolling five-year basis, shareholder votes in favour of his re-election average 96%

The Board considers that the Executive Chairman role is key to Hikma and does not intend to make any changes to this structure in the medium term. Should shareholders require any further information relating to these matters, questions may be directed to the Company Secretary.

Independence

The Board reviews the independence of each of its Non-Executive Directors during the year as part of the annual corporate governance review, which includes consideration of progressive refreshment of the Board. We are committed to ensuring that the Board comprises a majority of independent Non-Executive Directors, who objectively challenge management, balanced against continuity on the Board. This is also important to meet the independence requirements of the Board Committees. The Board considers John Castellani, Nina Henderson, Cynthia Flowers, Douglas Hurt, Laura Balan, Victoria Hull and Dr Deneen Vojta to be independent. These individuals have extensive experience of international pharmaceutical, financial, corporate governance and regulatory matters, bring strong independent oversight, continue to demonstrate independence and were not associated with Hikma prior to joining the Board.

Since the AGM in 2023, the Board no longer views Patrick Butler as an independent Director. This is due to his total service with Hikma reaching nine years in April 2023, which Provision 10 of the Code identifies as a circumstance likely to impair or that could appear to impair independence. Following the AGM in 2023 and to preserve the independence of our Board, Patrick stepped down as Senior Independent Director, Chair of the Nomination and Governance Committee and any memberships of Board Committees requiring fully independent membership under the Code. The Board asked Patrick to stay on the Board as a non-independent, Non-Executive Director for a maximum period of one further year, stepping down no later than the AGM in 2024 to allow time to aid the transition to a new CEO and to fully support the transition of responsibilities as Senior Independent Director and Chair of the Nomination and Governance Committee to Victoria Hull. Patrick Butler will retire from the Board on 29 February 2024.

The Board does not view Ali Al-Husry as an independent Director, this is due to the length of his association with Hikma, having held an executive position with Hikma prior to listing, and his involvement with Darhold Limited, Hikma's largest shareholder. However, Ali continues to bring to the Board broad corporate finance experience, in-depth awareness of the Group's history, and a detailed knowledge of the MENA region, which is an important and specialist part of the Group's business.

Governance framework

The Board delegates some of its powers to the CEO and operates with the assistance of four committees.

The Board is responsible for establishing the Group's purpose, values and strategy, and ensuring these are aligned with its culture. The Board maintains a list of matters that can only be approved by the Board. The matters reserved to the Board can be found on our website at **www.hikma.com**. The Board delegates certain matters to its Committees to assist it in discharging its responsibilities. A summary of Committee activities in 2023 and priorities for 2024 can be found on pages 92 and 93. Full Committee reports can be found on pages 94 to 132.

The Board delegates responsibility for running the business and executing the strategy to the CEO, who is supported in this role by the Executive Committee. Biographies for our Executive Committee members can be found on page 88.

Culture

Our values
Hikma's values build on our founder's vision of Hikma as a company with high ethical standards, where our people thrive in a supportive environment.

These values were introduced in 2020, following engagement with our workforce and a thorough review of our culture by the Board.

In the Boardroom, we are reminded of our values regularly and are guided by them when making decisions and engaging with the Executive Committee and the wider workforce. Read more about our values at **www.hikma.com**.

Indicators of culture reviewed by the Board and its Committees:
- reviewing the volume and nature of whistleblowing reports and outcome of any investigations
- internal audit reports and findings, as attitudes to regulators and internal audit can give an early indication of potential culture-related issues
- feedback reports on workforce engagement activities
- reviewing and monitoring compliance with our Code of Conduct
- receiving reports from the Compliance, Responsibility and Ethics Committee
- reviewing the results of our workforce engagement surveys
- first hand experience from engagement with the workforce during site visits

Further information on the Group's activities as they relate to culture is available on pages 17, 22, 48 to 49 and 54 to 55.

Our values

We are **Innovative**

Innovative

We're innovators, embracing new perspectives to improve our quality of thinking. We inspire ourselves and each other, challenging perceptions of what's possible. We learn, adapt, and are unafraid of failing in our pursuit of excellence.

We are **Caring**

Caring

We pride ourselves on our integrity and commitment to caring for each other, our customers, patients and communities around the world. We take the time to develop quality relationships that are built on understanding, fairness and respect.

We are **Collaborative**

Collaborative

We trust and play to each other's strengths, sharing our ideas and expertise to deliver high-quality medicines. We're transparent, keep things simple and take responsibility; never losing sight of our shared goal – to put better health within reach, every day.

Corporate Governance report – committee overview

Nomination and Governance Committee

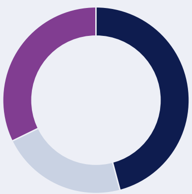
2023 activities

- Completed the CEO search, overseeing the transition of responsibilities to Riad and ensuring a thorough induction
- Monitored the completion of induction programmes for the Non-Executive Directors appointed in 2022
- Oversaw enhancements to our processes for collection and reporting of ethnic diversity data in response to voluntary recommendations published by the Parker Review

2024 priorities

- Detailed review of executive succession plans following a number of new appointments
- Consider succession plans for Non-Executive Directors reaching nine-years of service in 2025
- Plan for an externally facilitated review of the effectiveness of the Board and its Committees

Allocation of time



Corporate governance	46%
Independence and conflicts	22%
Succession	32%

Members and attendance

Member	Meetings attended	Attendance
Victoria Hull (Chair)[1]	5/5	100%
Patrick Butler[2]	5/5	100%
Mazen Darwazah	5/5	100%
Nina Henderson	5/5	100%
Cynthia Flowers	5/5	100%
Douglas Hurt	5/5	100%
Dr Deneen Vojta	5/5	100%

1. Victoria Hull assumed the role of Chair of the Nomination and Governance Committee with effect from the close of the AGM on 28 April 2023
2. Patrick Butler stepped down as Chair of the Nomination and Governance Committee with effect from the close of the AGM on 28 April 2023 to preserve the independence of the role of Chair of the Committee

The full Committee report is on pages 94 to 96

Audit Committee

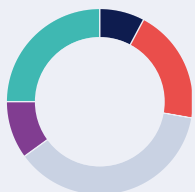
2023 activities

- Monitored developments in relation to Audit and Corporate Governance reform and regulatory changes, setting up a fraud prevention and detection programme
- Received an update on treasury risk management, associated policies and internal controls
- Reviewed our governance framework, approving updated policies for the non-audit services and the employment of former employees of the external auditor
- Monitored the financial impact of halting operations in Sudan

2024 priorities

- Oversee the implementation and testing of Hikma's fraud prevention and detection programme in readiness for the new offence of failure to prevent fraud
- Implement enhancements to our internal controls following the publication of the updated UK Corporate Governance Code
- Commence planning for an external audit tender

Allocation of time



Corporate governance	8%
External audit	20%
Financial reporting	37%
Internal audit	10%
Risk and internal control	25%

Members and attendance

Member	Meetings attended	Attendance
Douglas Hurt (Chair)	5/5	100%
Patrick Butler[1]	2/2	100%
John Castellani	5/5	100%
Nina Henderson	5/5	100%
Cynthia Flowers	5/5	100%
Laura Balan	5/5	100%
Victoria Hull	5/5	100%

1. Patrick Butler stepped down as a member of the Audit Committee with effect from the close of the AGM on 28 April 2023 to preserve the independence of the Committee under the UK Corporate Governance Code 2018

The full Committee report is on pages 97 to 100

Please visit our website to view the terms of reference for our Committees: **www.hikma.com**

Compliance, Responsibility and Ethics Committee

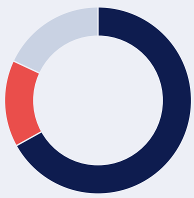
2023 activities

- Continued to monitor and obtain independent reports on ABC compliance developments, our speak up programme, reporting lines and business integrity
- Appointed a new Chief Compliance Officer
- Continued delivering process enhancements in relation to the ABC programme
- Monitored the delivery of ethical and social responsibility aspects of our CSR programme

2024 priorities

- Assist with the delivery of the ethical and social responsibility aspects of our sustainability programme
- Broaden remit to oversee a wider range of sustainability topics, beyond ethics, compliance and CSR
- Enhance our modern slavery disclosure in relation to our due diligence and supplier onboarding processes

Allocation of time



Compliance	67%
Corporate governance	15%
ESG and CSR	18%

Members and attendance

Member	Meetings attended	Attendance
John Castellani (Chair)	4/4	100%
Mazen Darwazah	4/4	100%
Riad Mishlawi[1]	1/1	100%
Patrick Butler	4/4	100%
Nina Henderson	4/4	100%
Douglas Hurt	4/4	100%
Dr Deneen Vojta	4/4	100%

1. Riad Mishlawi joined the Compliance, Responsibility and Ethics Committee on 1 September 2023

The full Committee report is on pages 101 to 102

Remuneration Committee

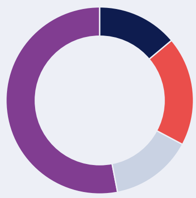
2023 activities

- Implementation of the Remuneration Policy approved by shareholders at the 2023 AGM
- Granted awards to Executive Directors and Executive Committee members under the new share plans, approved by shareholders at the 2023 AGM
- Monitored executive performance in relation to the new targets set for ESG and financial performance
- Reviewed remuneration across the wider workforce

2024 priorities

- Grant awards to the wider workforce under the share plans approved by shareholders at the 2023 AGM, ensuring clear communication to the workforce
- Continue to monitor executive performance in relation to the targets set

Allocation of time



Wider workforce issues	14%
Corporate governance	19%
Developing practices	14%
Setting executive remuneration	53%

Members and attendance

Member	Meetings attended (5 scheduled and 3 unscheduled)	Attendance
Nina Henderson (Chair)	8/8	100%
Patrick Butler[1]	5/5	100%
John Castellani	8/8	100%
Cynthia Flowers	8/8	100%
Douglas Hurt	8/8	100%
Laura Balan	8/8	100%

1. Patrick Butler stepped down as a member of the Remuneration Committee with effect from the close of the 2023 AGM on 28 April 2023 to preserve the independence of the Committee under the UK Corporate Governance Code 2018

The full Committee report is on pages 103 to 132

Nomination and Governance Committee

Letter from the Chair

Victoria Hull
Chair, Nomination and Governance Committee and Senior Independent Director

Dear Shareholders

I am writing to you for the first time as Senior Independent Director (SID) and Chair of the Nomination and Governance Committee (NGC or the Committee). I was appointed to these roles in April 2023 to help steer the development of the Group's governance and succession arrangements.

Succession

The Committee oversees succession for both Executive and Non-Executive Directors and reviews the succession plans for these roles at least once a year. Below Board level, the Committee is responsible for ensuring that appropriate arrangements are in place for senior positions, including the Executive Committee.

One of the priorities identified during the 2023 Board evaluation was a detailed review of succession plans following a number of new appointments to the Board and Executive Committee in the latter part of 2023. Regular updates on the review of succession plans have been scheduled with the Committee through 2024. Further information on the 2023 Board evaluation is included on page 96.

Executive – appointment of a new CEO
On 12 April 2023, the Board was delighted to announce the appointment of Riad Mishlawi as CEO with effect from 1 September 2023. Riad's appointment followed an extensive global search in conjunction with Heidrick & Struggles, an independent search firm with no other connection to Hikma, appointed to assist in identifying suitable candidates.

A structured timetable was adopted for the process, regular updates and discussions were scheduled with the Committee and Board throughout. A person specification was developed, shared with and approved by all Board members. We then agreed a long list of external candidates which, following separate individual meetings with Said Darwazah, Patrick Butler, John Castellani, Cynthia Flowers and Douglas Hurt, was distilled to a short list for more detailed interviews with groupings of Directors on specialist subjects. At the same time we undertook a leadership assessment of the Executive Committee, which highlighted Riad as our preferred internal candidate. Riad went through the same detailed interviews with Directors on the specialist subjects as the external candidates. During the course of this process all Directors interviewed all shortlisted external and internal candidates. In early 2023 the Board were of the unanimous view that Riad was the preferred candidate to become Hikma's CEO, appointing the Remuneration Committee to settle the terms of the offer. We agreed a suitable transition period and target appointment date of Q3 2023 to allow time for the orderly transition of responsibilities internally.

The Board would like to thank Said Darwazah for stepping in as CEO from 24 June 2022 to 31 August 2023. In addition to his responsibilities as Executive Chairman, Said ensured continuity and minimised disruption to the business while the Board identified and appointed a permanent CEO.

Non-Executive
During 2022 we welcomed three new independent Non-Executive Directors to the Board and in 2023 we completed their induction programmes and transitioned the SID and NGC Chair role. These changes have allowed us to develop our succession plans for the independent Non-Executive Directors over the medium term.

John Castellani, Chair of the Compliance, Responsibility and Ethics Committee (CREC), and Nina Henderson, Chair of the Remuneration Committee and Director for workforce engagement, will reach nine years of service in 2025 and, following recommendation by the Committee, the Board approved successors for these important roles. The successors will spend one year shadowing their incumbents and will formally be appointed into these roles with effect from close of business at the AGM in 2025.

The proposed successors and rationale for their appointments is set out below:

- Deneen Vojta has been named as successor for Chair of the CREC. As a healthcare professional, Deneen has a keen interest in Hikma's sustainability programme, oversight of which is moving under the CREC in 2024, and its impact on stakeholders, including healthcare providers and patients. Deneen has served as a member of the CREC for over a year, having joined on her appointment to the Board in November 2022
- Cynthia Flowers has been named successor for Chair of the Remuneration Committee. Cynthia is an experienced member of Hikma's Remuneration Committee, having been a member since her appointment to the Board in June 2019. She also brings outside experience to the role, as Chair of the Compensation Committee of G1 Therapeutics Inc
- Laura Balan has been named as successor for Director for workforce engagement. Laura has detailed knowledge of the global healthcare industry and has taken a keen interest in engaging with the workforce on recent trips to Hikma locations

Patrick Butler will retire from the Board with effect from 29 February 2024, having stayed on the Board as a non-independent, Non-Executive Director for one additional year, following nine years of independent service, to support the CEO transition and the transition of responsibilities as SID and NGC Chair to me.

Balance

During the year, the Committee reviewed the composition of the Board. This review included consideration of the skills and attributes of each member, the balance between constructive challenge and empowerment of the executive, the results of the recent Board evaluation exercise and the current and desired level of diversity in the Boardroom. I am pleased to report that the Committee confirms that the Board continues to operate effectively and that each member is valued for the experience and skills that they bring.

Skills and experience
The Committee continues to believe that a longer induction period is desirable for new independent Non-Executive Directors to allow for building understanding of the business and, where succession for a Committee Chair is taking place, the transfer of knowledge and relationships associated with the particular committee. Additionally, the Board believes it is important for Directors to have significant international experience at an executive level, a challenging yet consensual style, and the highest level of integrity. The Committee regularly considers whether there may be gaps in fulfilling the specific

and in-depth experience that the Board requires as a whole, which focuses on the following areas:

- strategy, culture and leadership
- business environment in both the US and the MENA region
- pharmaceutical manufacturing and distribution
- development of new healthcare capabilities
- listing regulations, investor perceptions and governance

Hikma supports Directors in their continued professional development. As the Directors are highly experienced, their training needs tend to be related to either ensuring awareness of changes in the business, political and regulatory environments, or bespoke training on particular areas for development. Therefore, Hikma financially supports specific training requests and ensures that Directors are briefed by internal and external advisers on a regular basis.

During the year, the Board also received briefings on matters such as the pharmaceutical competitive environment, healthcare business development activity, external stakeholder perspectives, investor perceptions, market sentiment, cybersecurity, business intelligence, capital markets, emerging risks and regulatory developments.

Tenure

We anticipate that the independent Non-Executive Directors will generally serve for a period of nine years or, if required to facilitate an orderly transfer of responsibilities, until the next Annual General Meeting (AGM) of the Company following the ninth anniversary of their appointment. Their appointments are formally reviewed after three years and again at six years.

Except for Patrick Butler, who will retire from the Board with effect from 29 February 2024, each Director will stand for election or re-election at the 2024 AGM. The position of each Director was reviewed during the year as part of the consideration of succession arrangements, independence issues, the annual governance structure reviews, the Board and Committee evaluation processes and the ongoing dialogue between the Executive Chairman and the SID.

Time commitment

The Committee continues to review the external commitments of each Director with a view to ensuring that the benefits of the additional experience from their external commitments are not outweighed by reductions in their commitment to Hikma. The Directors achieve excellent attendance and spend significant time delivering their responsibilities. Accordingly, the Committee considers that there is currently an appropriate balance. The Committee will continue to monitor the situation.

Diversity, equity and inclusion

The Board Diversity Policy was updated in December 2022 to take account of the new diversity related disclosures and targets under the Listing Rules, applying to financial years beginning on or after 1 January 2023. Hikma complied early, providing additional disclosures in line with the new diversity disclosures and targets under the Listing Rules in our 2022 Annual Report. This information is summarised on page 85 and included in the prescribed format required under the Listing Rules on page 135. Hikma supports the recommendations of the Parker Review and the FTSE Women Leaders Review in relation to Board diversity and has adopted the targets for Board diversity set by both reviews. The Board Diversity Policy is available at **www.hikma.com**.

At a Group level, Hikma's objective is to ensure that it has an inclusive workplace that welcomes different cultures, perspectives, and experiences from across the globe. Hikma is committed to attracting, retaining and developing talented people, irrespective of their race, colour, religion, age, sex, sexual orientation, gender identity, marital status, national origin, present or past history of mental or physical disability and any other factors either protected from consideration by law or not related to a person's ability to perform the relevant role. This statement is included in our Code of Conduct and communicated to all employees.

One of the pillars of the Group's strategy is 'people and responsibility'. The Group's policy and approach to diversity, equity and inclusion (DEI), succession and appointments are a core part of this pillar. The Committee monitors the DEI metrics which are detailed on page 85 and uses these as a reference point when considering the level of achievement against its DEI initiatives. Hikma has successful empowerment and talent development programmes to help all of our people make the most of their potential, for more information please see pages 48 and 49. Further detail on workforce diversity is provided on page 85.

The Group's talent acquisition policies for the three most senior staff grades require a balanced list of candidates to support our diversity goals.

Ethnicity

The Board considers that it has demonstrated strong ethnic diversity since the formation of Hikma and has four Directors from ethnic minority backgrounds (when assessed against UK ONS criteria), representing 33% of the Board, including the Executive Chairman and CEO. The Board has adopted and meets the targets set by the Parker Review and diversity related disclosures under the Listing Rules to have at least one Director identifying as minority ethnic.

The Board has not adopted the voluntary recommendation, published in March 2023 by the Parker Review, to set an ethnic diversity target for the senior management team (direct reports to the CEO and the senior leaders who report directly to them). During the course of 2023, the Committee received a number of updates on the voluntary recommendation and spent time considering the appropriateness of setting an ethnic diversity target for Hikma, a company with a diverse geographic footprint and global workforce. Following a detailed review the Board decided not to set an ethnic diversity target for the following reasons:

- the Parker Review is primarily focused on the UK, Hikma has a small UK workforce, accounting for c. 9% of the senior management population
- following a GDPR and labour law review of the jurisdictions where our senior management population are employed, Hikma was not able to survey individuals in a number of countries, representing c. 25% of our senior management population. Excluding such a high percentage of our senior management would have an adverse impact on our ability to set an ethnic diversity target
- developments in the US relating to DEI targets

“Hikma's inclusive workplace welcomes different cultures, perspectives and experiences from across the globe.”

In order to demonstrate focus on the issues raised by the Parker Review in relation to senior management ethnic diversity, Hikma has implemented the following steps:

- undertaken an ethnic diversity survey of our senior management population in December 2023. The survey was voluntary and contained an expanded list of ethnicities, sensitive to Hikma's workforce. Individuals had the option to respond by selecting 'prefer not to say'. 78% of our senior management population responded to the ethnic diversity survey and the results of the survey showed a high level of ethnic diversity among our people
- enhanced ethnic diversity disclosures, including the results of our ethnic diversity survey, are included on page 85. Individuals who could not be surveyed as a result of GDPR and labour law issues are reported as a separate 'unknown' category
- a commitment to monitor ethnic diversity among the senior management population annually

Gender
Since its founding, Hikma has actively promoted gender diversity across its operations. Our Board has good gender diversity with women representing 42% of the Board. The Board has adopted and meets the targets set by the FTSE Women Leaders Review and diversity related disclosures under the Listing Rules to have at least 40% of Board members identifying as women.

The Board also adopted the voluntary target set by the FTSE Women Leaders Review, to increase the gender diversity of the senior management team (direct reports to the CEO and the senior leaders who report directly to them). Where permitted under local law, our Remuneration Committee has integrated targets to increase gender diversity within the senior management population into the performance measures for the Long-Term Incentive Plan and Annual Bonus Plan, further detail is included on pages 118 and 122. Subject to applicable local laws, these targets are not intended to act as quotas or preferences and selections will continue to be made based on merit. Information on our senior management gender diversity is included on page 85.

Governance review

As in previous years, the Committee undertook the annual review of the Group's governance arrangements in conjunction with the Company Secretary. This year the exercise included a review of the structure of the Board, Board succession planning, a regulatory update in relation to current and emerging corporate governance reporting and review and approval of updated policies and procedures in relation to the Market Abuse Regulation.

Evaluation and performance

In line with the UK Corporate Governance Code 2018 (the Code) we undertake a formal and rigorous annual evaluation of performance of the Board, its Committees, the Chairman and individual Directors. We operate a three-year cycle of external evaluation in year one, followed by internal evaluations in years two and three. Our last external evaluation took place in 2021, so in 2023, Hikma undertook an internal evaluation. Hikma engaged Lintstock Ltd to facilitate this process, Lintstock is an advisory firm that specialises in Board reviews, and had no pre-existing connections, beyond conducting Board reviews, with Hikma.

Process
The first stage of the exercise involved Lintstock engaging with key stakeholders, in order to set the context for the review and to tailor the scope to the specific circumstances of Hikma. All Directors then completed an online survey addressing the performance of the Board, its Committees and the Executive Chairman.

As well as addressing core aspects of Board and Committee performance in 2023, the exercise included a skills analysis which was used to support the assessment of Board skills set out on page 84 and identify topics for future Board briefing sessions.

Outcome
Lintstock's report was discussed at a Board meeting in December 2023. We reviewed the areas receiving lower scores to ensure alignment with key priorities and strategic issues identified by the review to agree actions for 2024. The Board also reflected on the status of priorities and actions agreed following the 2022 review to ensure those items had been closed or had plans in place to address them.

As a result of the 2023 review, the Board agreed the following priorities for 2024:

- **Succession and talent management**: following a number of changes to Hikma's leadership team in the latter part of 2023, including a new CEO, President of Injectables and Chief People Officer, we agreed to undertake a detailed review of succession plans for the Executive Committee, their direct reports, and associated processes for talent management. Regular updates have been scheduled with the Committee and the Board to support the Chief People Officer in this exercise
- **Strategy and growth**: following the 2023 review, a number of improvements were made to the Board strategy session held in October 2023. Rather than waiting to the next strategy session in 2024, we agreed to strengthen discussions of key strategic issues in the boardroom by integrating key items through the annual Board calendar to 'keep the conversation going' in relation to items such as capital allocation, return on invested capital and longer-term capital expenditure

Executive Chairman's appraisal
The Executive Chairman and I meet regularly to discuss matters including Board succession planning, the performance of the Board and how his role helps deliver and enhance that performance. This builds on discussions that I hold with the independent Non-Executive Directors as a group and commentary received through the Board evaluation and other stakeholder engagement processes. The Executive Chairman's performance is also reviewed by the Remuneration Committee as part of the determination of performance-based compensation.

Director appraisal
The Executive Chairman, having taken into account the comments from the Board evaluation and discussions with the SID, reviewed the performance of each of the Directors during the year and concluded that each Director contributes effectively to the Board, brings particular areas of skill and experience that ensure the Board as a whole has the right capabilities, and devotes sufficient time to their role. The Committee has concluded that the relevant Directors be recommended to shareholders for re-election at the 2024 AGM.

For and on behalf of the Nomination and Governance Committee.

Victoria Hull
Chair, Nomination and Governance Committee
and Senior Independent Director
21 February 2024

Audit Committee

Letter from the Chair

Douglas Hurt
Chair, Audit Committee

Dear Shareholders

I am pleased to report that the Audit Committee (the Committee) has had another year of solid progress in its oversight of the matters delegated to it by the Board.

During the year, the Committee continued to play a key role in assisting the Board in its oversight of financial reporting and auditing matters. The Committee's activities included reviewing and monitoring the integrity of the Group's financial information, the Group's systems of internal controls and risk management, and the internal and external audit process.

Verification

The qualitative disclosures in the Annual Report, in addition to the external audit, adviser review and internal review processes, have been reviewed by our internal teams who are responsible for each section of the Annual Report and who have provided additional verification and support in respect of each material statement of fact. This process assisted the Committee in its determination that the report and financial statements taken as a whole are fair, balanced and understandable.

Audit Committees and External Audit: Minimum Standard

The Committee confirms that it complies with the reporting obligations set out under the Audit Committees and the External Audit: Minimum Standard, published by the FRC in May 2023. Disclosures in line with these reporting obligations are included within this Committee report on pages 97 to 100 and an explanation of the entity's accounting policies can be found on pages 151 to 155.

Internal audit

The internal audit of Hikma is performed by EY, who report directly to the Chair of the Committee. There is a regular programme of interaction between EY and the Committee.

EY assess each facility and the Group's major processes over a three-year period. For major sites, assessments are more frequent. Management is required to respond to findings within an agreed time period and ensure mitigation or remediation of all high risk findings within six months.

During the year, the Committee monitored progress with the internal audit programme for 2023 and reviewed and approved the plan for 2024. EY and management work closely together to deliver the internal audit plan, develop action plans for points raised, and ensure that the Committee receives appropriate and timely information.

During the year, the Committee continued to monitor the performance and independence of the internal auditors in accordance with the policies that have been established. The Committee assessed the effectiveness of the internal audit function by reviewing its reports, progress against the 2023 plan and meeting with internal audit without management present. The Committee considers that EY bring significant pharmaceutical and MENA market experience which is complemented by the experience of other third-party experts where required and concluded that EY continue to perform an effective internal audit programme and remain independent.

External audit

The external audit was undertaken by PricewaterhouseCoopers LLP (PwC) and has been since their appointment in May 2016. PwC were appointed following a competitive tender process. Mr Nigel Comello was appointed as the senior statutory auditor in May 2022. The Committee recommends the re-appointment of PwC for 2024.
We believe the independence and objectivity of the external auditor and the effectiveness of the audit process are safeguarded and strong. The Company has complied with the Statutory Audit Services Order for the financial year under review.

Effectiveness
During the year, the Committee reviewed the work of PwC and concluded that they provided an effective audit, had constructive relationships with the relevant parties and that the senior statutory auditor provided clear and constructive leadership to the audit team. As part of this review the Committee examined the following areas:

- **Audit quality and technical capabilities:** the Committee considered that the auditor undertook an effective and in-depth assessment and verification exercise in respect of the financial statements and associated disclosures for the year ended 31 December 2023 and that the level of expertise PwC brought to bear was high. The Committee provides feedback on the auditor's performance as part of its regular meetings with them without management present. The Committee also takes into account the reports of the FRC, including the Audit Quality Inspection Supervision report, and believes that there is an open and appropriately challenging relationship between the audit leadership team, the Committee and management. Management also conducts a formal review of audit quality and effectiveness using a survey where feedback is provided by Committee members and management. The key outcomes are summarised and considered by the Committee in their assessment of the auditor
- **Independence:** the Committee regularly reviews the independence safeguards of the auditor and remains satisfied that auditor independence has not been compromised. During the year, the Committee refreshed its policies on the provision of non-audit services and employment of former employees of the external auditor. The Committee is satisfied that the auditor is independent
- **Challenge and judgement:** the Committee considers that PwC provide significant challenge to the management team which results in the Company's position being fully considered and supported and, where appropriate, further strengthened. The Committee believes that PwC have demonstrated well considered and clearsighted judgement in the matters on which it has provided opinion and has been open to an appropriate level of challenge and debate. Examples of PwC's professional scepticism and challenge, as noted by the Committee, include their in-depth audit and challenge of the assumptions used in the impairment review exercise where PwC challenged the cash flow forecasts, discount rates and terminal growth assumptions, as well as their challenge of the assumptions and key judgements used in the impairment exercise related to the halted operations in Sudan and the accounting for the acquisition of Akorn Operating Company LLC as a business combination.

- **Non-audit services:** the Committee's policy on non-audit services is available on our website **www.hikma.com**. The Committee has discretion to grant exceptions to this policy where it considers that exceptional circumstances exist and that independence can be maintained, while having due regard to the FRC's ethical standards for auditors meaning that non-audit fees will be capped at 70% of the average audit fees paid in the previous three consecutive financial years. In 2023, PwC provided assurance services related to the interim review and other non-audit services with a total value of $553,000 (2022: $210,000). These services are within the ordinary course of services provided by the auditor

The Committee confirms that the statutory audit services for the financial year under review were conducted in compliance with the Competition and Markets Authority Order, and a competitive audit tender process was undertaken in 2015.

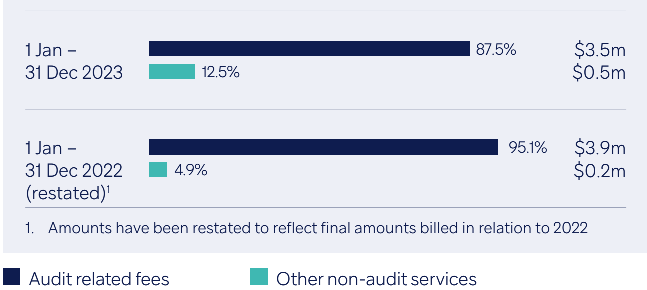
Audit tendering

PwC was appointed as auditor in May 2016, therefore, the current Annual Report is the eighth report that they have audited. PwC rotated the senior statutory auditor in 2019 and 2022. This followed the Chair of the Committee being transferred to Douglas Hurt in December 2020. The Committee considers it is prudent to allow time for one significant change to become embedded before embarking on another. In accordance with the audit tendering guidelines, a key priority for the Committee in 2024 will be to commence planning for an external audit tender. The Committee will keep the situation under review and report to shareholders accordingly.

Auditor's fee

$3.5m

PwC



1. Amounts have been restated to reflect final amounts billed in relation to 2022

Ensuring the integrity of financial reporting and providing oversight of our systems for internal control and risk management."

Position and prospects

During the year, management undertook an annual review of its strategic direction and an extensive assessment of the Group's short-term and medium-term prospects which are included in the budget for the following year and the five-year business plan, respectively. Management presented and received the Board's approval and commentary on the full strategy, budget and business plan. Having taken account of how the business has responded to the challenges of the commercial environment, the business plan, principal risks and uncertainties facing the Group and other relevant information, the Committee has concluded that the Group continues to have attractive prospects for the future.

Going concern and longer-term viability

The Directors considered the going concern position as detailed on page 75. Having reviewed and challenged the downside assumptions, forecasts and mitigation strategy of management, the Directors believe that the Group is adequately placed to manage its business and financing risks successfully. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period longer than 12 months from the date of signing the financial statements. Therefore, the Directors continue to adopt the going concern basis in preparing the financial statements.

The Directors, having considered the longer-term viability assessment as detailed on pages 75 and 76, confirm that they have a reasonable expectation that Hikma will be able to continue in operation and meet its liabilities as they fall due and over the viability period which ends on 31 December 2026.

Significant matters

As part of its work reviewing the financial statements of the Group and the report of the auditor, the Committee considered and discussed the following important financial matters:

- **Impairment review:** as in previous years, management undertook the impairment test exercise in respect of intangible assets, right of use assets and property, plant and equipment. Management had recommended a total impairment charge of $32 million in respect of different individual intangible assets, $7 million in respect of right of use assets and $1 million in respect of property, plant and equipment excluding impairment charges related to halted operations in Sudan outlined below. The Committee reviewed management's approach and recommendations and concluded that the proposals were appropriate
- **Halted operations in Sudan:** the Committee reviewed and challenged management's judgements of the effect on the carrying value of the Group's assets in respect of the halted operations in Sudan as result of the conflict in the country. Management had recommended a total impairment charge of $75 million mainly related to financials assets, property, plant and equipment and inventory. The Committee reviewed management's assessment and concluded that it was appropriate. Additional detail on Hikma's response to the conflict in Sudan is included on page 70
- **Valuation of acquired assets from Akorn Operating Company LLC (Akorn):** the Committee reviewed and challenged the accounting treatment of the acquisition as a business combination as well as the estimates and judgements used to derive the value of the acquired assets, and concluded that they were appropriate. The valuation exercise was performed by a third-party expert

- **Revenue recognition:** the Committee reviewed the Group's policies for revenue recognition and the application of those policies by management. The Committee reviewed the model applied by management to arrive at the chargebacks, which estimates the 'in-channel' inventories held by wholesalers and the chargeback rate being the difference between the contracted price with indirect customers and the wholesaler's invoice price. Similar reviews were undertaken of the deductions to revenue made for customer rebates, returns and indirect non-customer and government rebates. The Committee also agreed the disclosures around these year-end estimates and the sensitivity of the estimates to changes in assumptions
- **Taxation:** Hikma's worldwide operations are highly integrated and involve a number of cross-border supply chains, which results in judgement being required to estimate the potential tax liabilities in different jurisdictions. The Committee took advice from professional services firms and management in assessing the reasonableness of the Group's provisions for uncertain tax positions which amounted to $59 million and in reviewing the deferred tax assets in key markets which amounted to $226 million. The Committee reviewed the appropriateness of the disclosures in the Annual Report, and reviewed and approved the Group's tax strategy statement, which is available on the Company's website at **www.hikma.com**
- **Legal matters:** The Committee reviewed management's conclusions regarding the appropriate accounting treatment for the settlement of legal cases. These cases relate to the manufacture and sales of prescription opioid medications. The Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. The agreed upon settlement is not an admission of wrongdoing or legal liability. Management recommended booking a total provision of $129 million to cover the expected settlement amount for all related cases in North America. The Committee reviewed management's approach and recommendations and concluded that the proposals were appropriate

Fair, balanced and understandable reporting

Hikma is committed to clear and transparent disclosure and seeks to continuously improve the clarity of its reporting. At the request of the Board, the Audit Committee considers whether Hikma's Annual Report is fair, balanced and understandable and that the narrative section of the report is consistent with the financial information. The Committee's assessment is underpinned by a report from the Reporting Committee following their comprehensive review of the Annual Report. The Reporting Committee is comprised of representatives from Finance, Investor Relations, Risk, Sustainability and Company Secretariat and is supported by divisional and functional heads, as required.

The Reporting Committee's activities include:

- initiating the review process for the Annual Report significantly before the year-end, considering external developments, issuing guidance to contributors and identifying areas for improvement
- obtaining input from external advisers, including the external and internal auditors, designers, corporate brokers and public relations advisers
- undertaking several multi-functional reviews of the disclosures as a whole prior to the publication of the Annual Report to ensure consistency and accuracy across the document as a whole
- overseeing an extensive verification process to ensure the accuracy of disclosures

Each member of the Audit Committee and the Reporting Committee is satisfied that the 2023 Annual Report is fair, balanced and understandable and has recommended the adoption of the Report and Accounts to the Board.

Reporting controls

Hikma's key controls and risk management systems relating to the financial reporting process include the enterprise resource planning system, the processes in the 'Fair, balanced and understandable' and 'Verification' sections described earlier in this letter, the review of the financial statements and disclosures that is undertaken by the Executive Committee, and detailed internal financial control processes necessitating the verification of financial records at a local, regional and Group level.

Risk management and internal control

The Board is ultimately responsible for ensuring that Hikma's systems of internal controls and risk management remain effective.

Risk management

The Committee has continued to receive reports on the operation of the Group's Enterprise Risk Management (ERM) framework which includes the material controls and programme for enhancing the Group's risk management efforts. Management escalated certain risks that materialised during the year for Board attention and oversight, for example the response to the conflict in Sudan. Such instances serve to hone escalation and disclosure protocols and learnings are taken to improve risk mitigation programmes. Further information on Hikma's response to the conflict in Sudan is included on page 70.

The Board continued to exercise oversight of cyber risks during the year, including presentations from management on internal testing, lessons learnt, the results of a cyber maturity assessment conducted by an external party, and recommendations for implementation to enhance our resilience. Further information on Hikma's management of cyber risks is included on page 72.

As in previous years, management and the Board have undertaken a thorough assessment of the Group's emerging risks as well as the annual review of the principal risks. The Committee and the Board have considered the principal risks facing the Group and have decided that no adjustments were required in the year under review. The Board and management have also reviewed the appetite for those principal risks and have concluded that it remains appropriate. Further information regarding the Group's risk management activities is available in the risk management section on pages 68 to 79.

Internal control

The Board is ultimately responsible for ensuring that Hikma's systems of internal controls and risk management processes are effective and has delegated responsibility for reviewing their effectiveness to the Committee.

The key elements of our internal control framework are as follows:

- a documented and disseminated reporting structure with clear policies, procedures, authorisation limits, segregation of duties and delegated authorities
- written policies and procedures for material functional areas with specific responsibility allocated to individual managers
- a comprehensive system of internal financial reporting that includes regular comparison of results against budget and forecast and a review of KPIs, each informed by management commentary
- an established process for reviewing the financial performance and providing support to Hikma companies and associates together with direct support from Hikma's finance function
- annual budgets, updated forecasts and medium-term business plans for Hikma that identify risks and opportunities and that are reviewed and, where appropriate, approved by the Board
- a defined process for controlling capital expenditure which is detailed in the governance framework

Audit Committee – Letter from the Chair
continued

Effectiveness
The Board is satisfied that Hikma's systems for internal control are in accordance with the FRC's guidance, and have been in place throughout the year under review and up to the date of approval of the Annual Report and Accounts. The Board reviews the effectiveness of these systems at least annually as part of the processes for the Annual Report, and throughout the year when reviewing Internal Controls and Assurance testing outcomes as well as risk management reports. The Board has not identified any material weaknesses. In making this assessment, the Board takes into account:

- **Internal audit:** the Committee receives regular reports from the internal auditors and other third-party experts who review relevant parts of the Group business operations, assess Hikma's processes, identify areas for improvement, monitor progress, and undertake their own assessment of the risks facing Hikma
- **Internal controls and assurance:** the Committee receives regular reports from the Internal Controls and Assurance team, who review relevant parts of the finance function and operational processes, based on a risk based testing plan. The team assesses Hikma's processes, identifies areas for improvement, and monitors remediation progress
- **Risk management:** the ERM framework provides a structure for risk management activities to occur at all levels of the organisation, including management of principal risks and uncertainties (detailed on pages 68 to 79) and emerging risks. Risk reporting processes ensure the Executive Committee and the Board are engaged in the design and implementation of new control initiatives and provide oversight of existing programmes
- **Financial performance:** Hikma's financial performance and forecasting reports are reviewed by the Board to aid the understanding of the underlying performance of the business, deviations from expectations and management's operational challenges and responses
- **Ethics:** the business integrity and ethics procedures and controls that are led by the Compliance, Responsibility and Ethics Committee (CREC). To ensure consistency and awareness between these Committees' responsibilities, the Audit Committee Chair is a standing member of the CREC
- **Governance:** the Board and Group-level controls and processes that make up our approach to governance that is led by the Nomination and Governance Committee and includes all appropriate financial and non-financial controls
- **External auditor:** the regular and confidential dialogue with the external auditor

During the year, Hikma's Internal Controls and Assurance team took steps to prepare for the expected upcoming changes to the UK Corporate Governance Code as well as setting up a formal fraud prevention and detection programme for the Group, building on existing practices and policies, in preparation for the newly legislated criminal offence of failure to prevent fraud. The fraud prevention and detection programme further supports the Company's internal control environment with formalised controls, in preparation for the newly legislated failure to prevent fraud criminal offence.

Management and the Committee received regular updates on potential programme developments, as well as the results of internal assurance of controls from the Internal Controls and Assurance team.

The Committee also maintains a programme of in-depth reviews into specific financial and operational areas of the business. These reviews allow the Committee to meet key members of the management team and provide independent challenge. During 2023, the Treasury team presented a deep dive on their mandate, processes, systems, and controls. The Committee deliberated with management and the Treasury team during the presentation, gaining comfort in relation to the general control environment surrounding the treasury function of the Group, in addition to the various assurance activities undertaken by Internal audit and internal controls and assurance.

Membership of the Committee

The Committee comprises solely of independent Non-Executive Directors, who as a whole, have competence relevant to Hikma's business and the industry in which it operates. I am considered by the Board to have significant recent and relevant financial experience chiefly related to my work with other audit committees, having been a finance director of another listed entity and having held senior financial positions in other entities. Biographical details of the Committee members can be found pages 86 and 87. The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities.

As Chair of the Audit Committee, I remain available to shareholders and stakeholders should they wish to discuss any matters within this report or under the Committee's area of responsibility whether at the AGM or by writing to the Company Secretary.

For and on behalf of the Audit Committee.

Douglas Hurt
Chair, Audit Committee
21 February 2024

Compliance, Responsibility and Ethics Committee

Letter from the Chair

John Castellani
Chair, Compliance, Responsibility and Ethics Committee

Dear Shareholders

During 2023, the Compliance, Responsibility and Ethics Committee (CREC or the Committee) continued to promote and oversee our commitments to business integrity, quality, communities and ethical conduct. This report focuses on the matters that the Committee addressed during the year. Further details related to the structure of our Anti-Bribery and Corruption (ABC) compliance and integrity programme are available on our website at **www.hikma.com**.

Hikma's compliance programme

ABC programme
Our ABC compliance programme continues to perform in a highly effective manner. The ABC programme has strong support from the Board, the CREC and the CEO, and the Chief Compliance Officer has direct access to the Committee.

Commitment to integrity
The Committee and the Board are very proud of Hikma's commitment to high standards of business integrity. It includes the Board's long-standing, zero-tolerance approach to bribery and corruption which has been demonstrated in numerous instances, including being a founding member of the World Economic Forum's Partnering Against Corruption Initiative.

Code of Conduct
The Committee continues to oversee the development and promotion of Hikma's Code of Conduct, which embodies the important moral and ethical values that are critical to the Group's success. The Code of Conduct guides all the Committee's activities and is the key reference point for all our employees. Hikma's Code of Conduct is available at **www.hikma.com/who-we-are/codes-and-standards/**.

Supplier Code of Conduct
Our Supplier Code of Conduct reinforces our commitment to integrity and transparency in all our business dealings, as it sets out the highest ethical standards we expect from all our suppliers. In 2023, we digitalised our supplier onboarding process, including the acknowledgement of the Supplier Code of Conduct as a required step. The Supplier Code of Conduct can be found at **www.hikma.com/who-we-are/codes-and-standards/**.

Speak up
The Committee continued to receive regular reports on issues identified through our speak up channels, which provide both internal and external stakeholders a resource to raise concerns about suspected misconduct confidentially and anonymously. Our procedures require that all reports received via our speak up channels are investigated, as appropriate, by senior and independent employees. A review has been carried out to ensure our speak up procedures remain appropriate and compliant with applicable law.

The Committee has reviewed the speak up procedures and remains satisfied that the procedures in place continue to operate effectively. The overall level of speak up reports received is within the normal range for an organisation of our size.

The Chair of the Audit Committee is a standing member of the CREC and vice versa, which ensures that any relevant issues are considered by the right people within our governance structure. Both Committee Chairs report all relevant matters considered by their Committees to the next Board meeting. Speak up matters are reported and considered as part of this process.

Training
During the year, we continued with our training programmes for the Code of Conduct, ABC, speak up, anti-money laundering, Criminal Finances Act, General Data Protection Regulation (GDPR), antitrust and related matters, both virtually and in person. The programmes have been developed with assistance from external experts and are provided to employees virtually through their personalised corporate training portal. Our training programmes include worked examples and tests to ensure and enhance understanding.

Internal auditing and monitoring
The Committee receives regular updates on the monitoring programme conducted by the Hikma Compliance team. In addition, the Committee retains independent third parties to conduct periodic and recurring audits of our governance and transparency and the compliance programme and related activities.

Ethics

Corporate Social Responsibility
The Committee oversaw, encouraged and supported the corporate social responsibility programme which is so clearly linked to our founder's desire to improve lives, particularly through health, educational and development opportunities for the least privileged. Our sustainability section provides a detailed assessment of our key efforts in relation to corporate social responsibility and is available on pages 40 to 65.

Ethical issues
The Committee oversaw Hikma's response to ethical issues arising during the year. There are no matters to report.

Modern slavery
Hikma is committed to taking the required actions to identify, prevent and mitigate modern slavery in the form of forced or compulsory labour and human trafficking in any of its businesses, operations or supply chains across the globe.

Key measures in support of this goal include:
- a global Supplier Code of Conduct which requires our suppliers and third parties who represent or conduct business on behalf of Hikma to comply with all applicable laws, rules, regulations, and ethical standards, including with respect to forced or compulsory labour and human trafficking
- continuing our partnership with EcoVadis, a leader in sustainability ratings, to assess our main supplier base for any risk of modern slavery or human rights abuses
- training Hikma staff on labour standards and how to recognise and respond to any incidences of modern slavery
- carrying out appropriate due diligence and audits
- an anonymous speak up line to empower Hikma employees, consultants, suppliers and third parties to report potential issues of modern slavery
- engaging with supply chain partners and the operational part of our business if and when any risk of modern slavery is identified

Hikma's modern slavery statement is available at **www.hikma.com**.

Regulations

Antitrust, anti-money laundering (AML) and trade sanctions

The General Counsel oversees Hikma's compliance with the antitrust, AML and trade sanctions legislation, among other matters. The General Counsel has created procedures for the management of these matters which have been reviewed and approved by the CREC. The General Counsel reports to the CREC on relevant matters that arise, including pertinent changes to the regulatory landscape. The legal team has developed a training programme on antitrust, AML, prevention of tax evasion and trade sanctions, which has been undertaken by colleagues whose roles require training or awareness.

Criminal Finances Act

The General Counsel is responsible for ensuring compliance with the Criminal Finances Act. The CREC has approved procedures that have been recommended by the General Counsel and reviewed those procedures at appropriate intervals. The procedures are designed to respond to the requirements of the prevention of tax evasion legislation from the UK government. Hikma's processes and procedures in this regard are proportionate to its risk of facilitating tax evasion, which is relatively low. Hikma is steadfast in applying the principles of the UK prevention of tax evasion legislation across its businesses and will continue to oversee matters of compliance.

> Doing the right thing by conducting business with integrity and transparency and in accordance with the law."

Data protection

The General Counsel is responsible for Hikma's data protection policies which are designed to ensure compliance with relevant legislation. The policies were considered by the Board at the point of implementation of the GDPR and were updated during 2023.

I am available at any time to discuss with shareholders any matter of concern.

For and on behalf of the Compliance, Responsibility and Ethics Committee.

John Castellani
Chair, Compliance, Responsibility and Ethics Committee
21 February 2024

Remuneration Committee

Letter from the Chair

Nina Henderson
Chair, Remuneration Committee

Dear Shareholders

On behalf of the Remuneration Committee (the Committee), I am pleased to present our remuneration report for 2023. This includes my annual statement, explaining the Committee's work this year, our annual report on remuneration for 2023, a summary of our Remuneration Policy which was approved by shareholders at the 2023 AGM, and details of how we propose to operate the Policy this year.

At the 2023 AGM, the new Policy was approved with 98.24% of shareholders voting in favour. I would like to thank shareholders for their strong support of our remuneration policy.

Hikma's Remuneration Policy

This policy enables performance awards for the delivery of the Group's business plans and strategy in line with Hikma's mission and core values. The Long Term Incentive Plan (LTIP) pays for performance for actions and investments that generate results over multiple years and subsequently aligns with the shareholder experience.

As detailed last year, the new Remuneration Policy introduced significant changes to our incentive structure, moving away from the Executive Incentive Plan (EIP) to a separate Annual Bonus and LTIP incentive model. This remuneration design enhances Hikma's competitive position enabling retention and recruitment of executive talent.

2023 is the first year that performance was assessed under the new annual bonus and the outcomes have been summarised in this letter and in further detail on pages 120 to 125. The 2023 Performance Share Plan (PSP) award was also the first grant under the new LTIP. The Performance outcomes will be assessed at the end of financial year 2025. Details of PSP awards are included on page 118. There were no changes to the way the policy was implemented during the year.

Director changes

On 12 April 2023, Hikma announced that Riad Mishlawi, the former President of the Group's Injectables business, would succeed Said Darwazah as Chief Executive Officer, effective from 1 September 2023. Riad was appointed following a thorough search process facilitated by an executive recruitment firm. The process included external candidates. The recruitment process is further outlined on page 94. Riad brings a successful track record delivering the Injectables business' profitable growth and deep knowledge of Hikma having been with the company for over 20 years.

In June 2022 Said Darwazah, Executive Chairman, assumed the additional role of CEO. For this added responsibility, Said did not receive incremental remuneration. On behalf of the Board, I would like to take this opportunity to thank Said for his leadership while the CEO search process was conducted.

One of the Committee's key responsibilities was considering the appropriate remuneration package for Riad Mishlawi. To determine the appropriate package, the Committee examined multiple reference points, including pay levels at global pharmaceutical and FTSE peers, taking into account the size and complexity of Hikma. The approved package aligns with the new Policy. It provides a salary of $1,000,000 with a pension allowance in line with the rate applicable to the wider workforce, at 10% of salary. The annual bonus opportunity and LTIP opportunity is 200% of salary and 300% of salary, respectively, as is applicable for each Executive Director.

Remuneration policy implementation for 2024

Executive Director 2024 salary review

The Committee undertook a benchmarking exercise comparing Executive Director compensation to appropriate global pharmaceutical and FTSE peers. The Committee determined that Executive Directors' base salaries remain unchanged for the Executive Chairman at $1,018,000 and Executive Vice Chairman at $806,787. At appointment, the new CEO's salary took account of a merit increase and remains unchanged at $1,000,000.

Wider employee context

During the year, the Committee was pleased to note that an average pay increase of 4.7% was granted across the Company and 83% of the total spend on pay increases was applied to employees below middle management levels.

The Committee continues to be briefed on the wider employee pay policies and practices throughout the Group, including the Living Wage and the level of pay in each one of our jurisdictions, which takes account of the cost of living.

2023 Performance outcomes

The 2023 incentive outcomes correlate to the returns experienced by our shareholders with the core earnings per share increasing 23% and an increase in share price of 8% over the previous 12 months.

Financial outcomes

During the 2023 financial year Hikma delivered strong results across all three of its businesses. This strong performance resulted in Group revenue of $2,875m (2022: $2,517) and Core Operating Profit after R&D of $707m (2022: $596m). This represented 105% of the revenue target and 111% of the Core Operating Profit target.

The US Generics business had a particularly strong year with revenue and Core Operating Profit increasing by 39% and 86% respectively. The increase in profits was driven, in part, by the launch of sodium oxybate (see page 7).

The revenue of the Injectables business grew by 6% having benefitted from the broad range of products it produces.

In April 2023, Hikma took the decision to halt operations in Sudan due to the ongoing conflict in the country. During 2023 our Sudan business was budgeted to generate revenues of $66m and a Core Operating Profit of $22m representing 7% of revenue and 11% of Core Operating Profit targets for our MENA business. Despite these challenges, the total MENA business generated revenues of $908m (2022: $862m) and a Core Operating Profit of $204m (2022: $197m). These represent 99% of MENA revenue target and 103% of MENA Core Operating Profit target.

We have not sought to adjust the group or regional financial targets or outcomes as they relate to executive bonuses to reflect the cessation of Hikma's activities in Sudan. This has impacted the formulaic outcome of the bonus for all executive directors. The Executive Vice Chairman, who is responsible for managing the MENA business, has been particularly impacted as his annual incentive calculation is materially based on regional results.

When reviewing the annual incentive payment for Mazen Darwazah, the Committee recognised his exceptional leadership and the action taken to ensure the security of our colleagues and resilience of our total MENA business in response to the Sudan situation. As a result, the Committee decided to exercise its discretion to increase the annual incentive from 66% to 84% of the maximum to recognise his contribution in these exceptional circumstances (details of the calculation are shown on pages 122 and 123). For the wider workforce, below the main board, bonus pools were adjusted to recognise that operations in Sudan were halted.

No other discretion has been applied by the Committee this year.

Strategic outcomes

As previously mentioned, Riad Mishlawi became CEO with effect from 1 September 2023. The Executive Chairman was set a performance objective of ensuring an effective onboarding for the new CEO, and Riad Mishlawi was additionally set the objective of ensuring there was a smooth transition in leadership of the Injectables business (on his appointment as CEO). The continued strong business performance demonstrated that there had been an effective transition to the new CEO as well as a successful transition in terms of the leadership of the Injectables business with the appointment of Bill Larkins as President of Injectables (see page 88 for details of his experience).

The Executive Vice Chairman was set a target of gaining the necessary approvals for expansion of our manufacturing facilities in KSA to facilitate the increase in production needed to meet the business growth plans in MENA. These were all completed during the year and the business will now focus on building the production capacity.

The impact of Hikma's business on the environment continues to be a focus. The Board set two environmentally related performance targets in 2023. The Executive Chairman was set a target for reducing the scope 1 and 2 emissions during 2023. A total reduction of 15% was achieved (see page 50). The Executive Vice Chairman was set the target for the completion of energy audits and development of action plans for two countries in MENA. During the year three energy audits were completed and action plans developed.

The Board and management recognise that Hikma's people are its most important asset and that talent development, retention and recruitment are key management responsibilities. Hikma's ability to build it's business is enabled and advantaged by the diversity of its talent. This diversity (gender, race, religion and economic background) brings a broad perspective to business decisions while aligning with Hikma's mission and values.

Participation of women in management positions is lower in MENA than the rest of the Group. The Executive Vice Chairman was set a target of increasing the number of women in MENA management positions by 9% in 2023. As at 31 December 2023 the number of women in management positions in MENA had remained unchanged, however, work has been undertaken to review incumbent development plans, promotion processes and external hiring to address the imbalance going forward.

The total 2023 incentive payment, as a percentage of base salary, for the Executive Directors are summarised in the following table:

	2023	2022[1]
	Cash and deferred shares	EIP elements A and C
Executive Chairman	161.3%	93.2%
CEO[2]	166.3%	N/A
Executive Vice Chairman[3]	168.7%	134.4%

1. The awards made in 2022 were under the previous Remuneration Policy (EIP) (see page 116). This had a different structure to the new Policy.
2. The CEO 2023 incentive relates to the period 1 September 2023 to 31 December 2023.
3. This includes a discretionary amount (see page 123)

Details of the calculation of these payments are included on pages 120-125.

Operation of 2024 bonus

The 2024 bonus will be based on performance measures weighted 80% financial and 20% strategic deliverables. The financial element focuses on revenue and profit and the strategic element will be a combination of initiatives related to Hikma's strategy, it's environmental impact and enabling talent diversity.

Fifty percent of any bonus payment for Executive Directors will be paid in cash with the remainder deferred in to shares for a period of three years. The maximum bonus will be 200% of base salary.

Further details on the targets can be found on page 131.

LTIP awards to be made in 2024

A PSP award with a maximum for the Executive Directors of 300% of base salary.

The performance conditions will be measured from 1 January 2024 and include:

- Relative TSR against FTSE 50-150 peer group excluding investment trusts (20% weighting)
- Business development and portfolio expansion (40% weighting)
- Compound annual growth of EPS (30% weighting)
- Talent diversity and development (10% weighting)

Further details regarding the performance conditions for the award are included on page 132.

In its application of the new Policy's Annual Bonus Plan and LTIP, the Committee went through a rigorous target setting process, considering multiple data points, including Hikma's annual business plan, targets for previous awards, analyst consensus and targets among our global pharmaceutical and FTSE peers.

The Committee carefully considers views expressed by shareholders when making decisions regarding the Remuneration Policy design and implementation. Details regarding shareholder engagement activity are included on page 25.

Concluding remarks

On behalf of the Committee, I would like to express our appreciation to Shareholders for their engagement and valued input. I remain open to discussion with shareholders should there be any matters that they would like to raise.

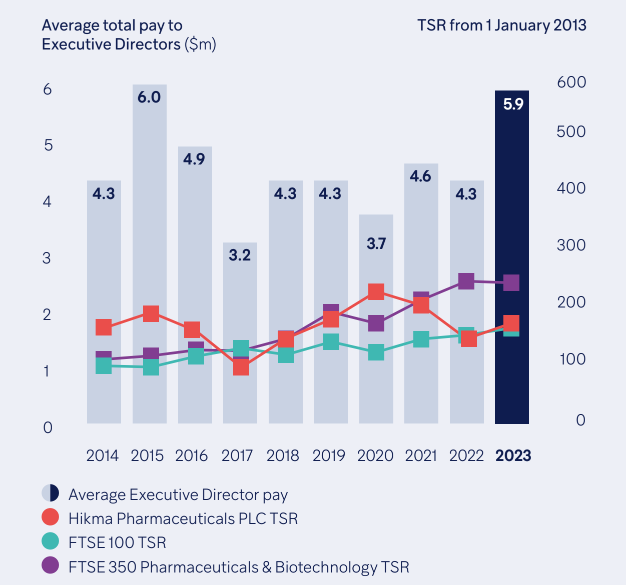
I commend our Remuneration Report to you. We look forward to receiving your support at our Annual General Meeting on 25 April 2024.

Nina Henderson
Chair, Remuneration Committee
21 February 2024

Remuneration dashboard

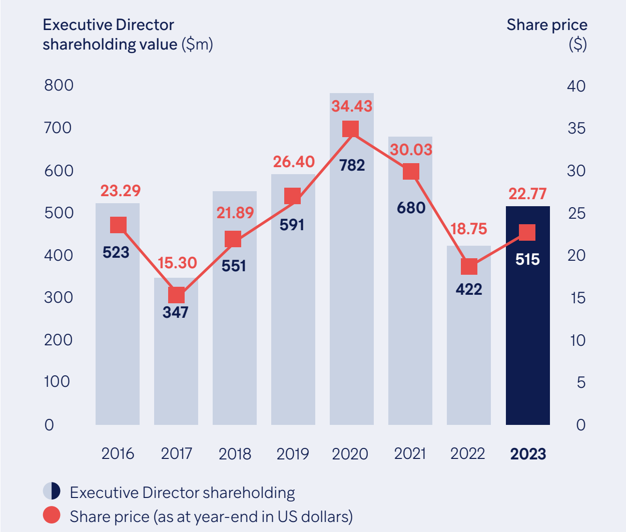
TSR and total executive pay

Over a ten year period, Hikma has outperformed the FTSE 100 index. The performance is below the FTSE 350 Pharmaceuticals & Biotechnology segment, a relatively small group of companies that are mainly focused on developing new medicines). The table below shows the alignment of executive pay to TSR performance.



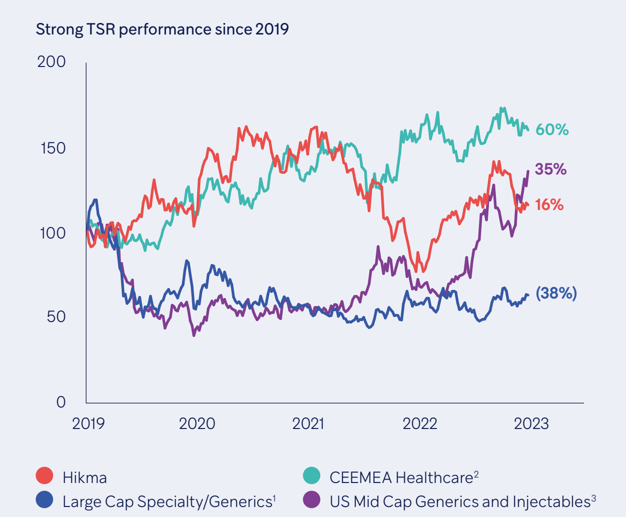
Value of executive holdings

Hikma's Executive Directors have substantial equity interests, which strongly aligns their long-term interests with shareholders.



Generic pharmaceutical peers

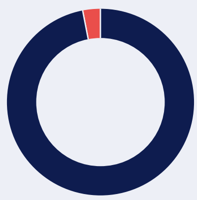
Hikma operates within a sub-set of the pharmaceutical industry that focuses on generic medicines, mainly in the US market. Hikma requires access to the US generic pharmaceutical environment to recruit its specialised and extensive talent pool.



1. Large Cap Specialty/Generics includes Teva, Viatris and Perrigo
2. CEEMEA Healthcare includes KRKA, Aspen, Adcock and Gedeon
3. US Mid Cap Generics and Injectables includes Amneal and Amphastar,
4. Under the Companies Act 2006 votes 'Withheld' are not a valid vote and, therefore, are discounted when considering approval at a general meeting

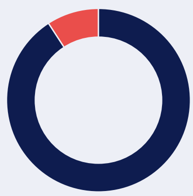
Shareholder approval

Annual report on remuneration (28 April 2023 AGM)



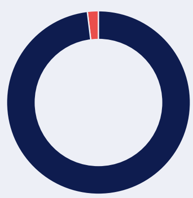
Votes available	174.909,650
Votes cast	174,904,505
For	97.16%
Against	2.84%
Withheld	5,415

Annual report on remuneration (25 April 2022 AGM)



Votes available	173,217,681
Votes cast	173,211,901
For	91.1%
Against	8.9%
Withheld	5,780

Remuneration Policy (28 April 2023 AGM)



Votes available	174,909,661
Votes cast	174,905,422
For	98.24%
Against	1.76%
Withheld	4,239

Remuneration and performance summary

Reference in this section to the 'Regulations' refers to the Large and Medium-sized Companies and Group (Accounts and Reports) (Amendment) Regulations 2013, with which this report complies.

Performance components

	2022		2023
Sales	$2,517 million	14.2%	**$2,875 million**
Core Operating profit	$596 million	18.6%	**$707 million**
Share price	1,552p	15.3%	**1,789p**
Dividend	56 cents	28.6%	**72 cents**
Employee compensation	$593 million	2.9%	**$610 million**
Shareholder implementation approval	91.1%		**97.16%**
Shareholder policy approval	N/A		**98.24%**

Total remuneration

Executive Director	2022 ($000)		2023 ($000)		2024 ($000) (estimate)
Said Darwazah	4,413	-5.4%	**4,173**	-18.1%	**3,417**
Mazen Darwazah	3,530	-7.7%	**3,257**	-17.9%	**2,673**
Siggi Olafsson[1]	5,168	N/A	**N/A**	N/A	**N/A**
Riad Mishlawi[2]	N/A	N/A	**2,017**	52.2%	**3,075**

Components

	2022 ($000)		2023 ($000)		2024 ($000) (estimate)
Salary[3]					
Said Darwazah	1,018	0.0%	**1,018**	0.0%	**1,018**
Mazen Darwazah	780	3.5%	**807**	0.0%	**807**
Siggi Olafsson[1]	603	N/A	**N/A**	N/A	**N/A**
Riad Mishlawi[2]	N/A	N/A	**333**	0.0%	**1,000**
Bonus[4]					
Said Darwazah	949	73.0%	**1,642**	-38.0%	**1,018**
Mazen Darwazah	1,048	29.9%	**1,361**	-40.7%	**807**
Siggi Olafsson[1]	N/A	N/A	**N/A**	N/A	**N/A**
Riad Mishlawi[2]	N/A	N/A	**554**	80.5%	**1,000**
Share awards vested[3]					
Said Darwazah	2,324	-40.9%	**1,373**	-9.6%	**1,241**
Mazen Darwazah	1,608	-40.5%	**957**	-3.1%	**927**
Siggi Olafsson[1]	4,462	N/A	**N/A**	N/A	**N/A**
Riad Mishlawi[2]	N/A	N/A	**948**	-5.7%	**893**
Pensions					
Said Darwazah	68	-4%	**65**	0%	**65**
Mazen Darwazah	63	3%	**65**	0%	**65**
Siggi Olafsson[1]	83	N/A	**N/A**	N/A	**N/A**
Riad Mishlawi[2]	–	–	**33**	0%	**100**

	2022 ($000)		**2023 ($000)**		**2024 ($000) (estimate)**
Other benefits					
Said Darwazah	54	39%	**75**	**0%**	**75**
Mazen Darwazah	31	116%	**67**	**0%**	**67**
Siggi Olafsson[1]	20	-100%	**0**	**–**	**0**
Riad Mishlawi[2]	–	–	**182**	**0%**	**182**

1. Siggi Olafsson stepped down from the Board on 24 June 2022
2. Riad Mishlawi was appointed CEO with effect from 1 September 2023. The 2023 basic salary, bonus, pension and benefits numbers shown relate to the the period he was CEO
3. Salary: The average rise for salaries across Hikma in 2023 was 4.7%
4. Bonus: The 2023 bonus figure comprises of bonus and deferred share awards for the new Policy. The 2022 figure related to Elements A and C of the EIP. See page 116 for further explanation. The 2024 estimate target cah and deferrred share award performance on the Remuneration Policy approved in 2023.
5. Share awards vested: 2023 figures represent Element B of the 2021 EIP and Element C of the 2020 EIP exercised during that year. 2024 is an estimation of the value of Element B of the 2022 EIP and Element C of the 2020 EIP that are to vest in that year, using 31 December 2023 vesting percentages, share prices and exchange rates.

Non-Executive Directors' fees

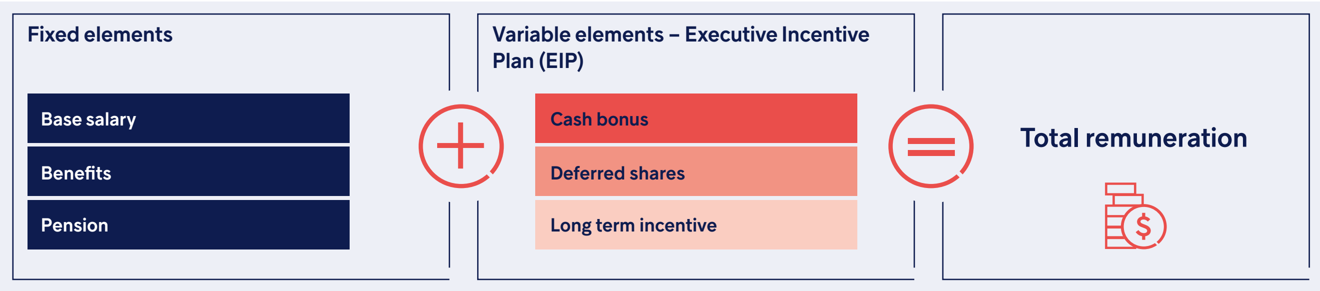
Non-Executives	2022 ($000)		**2023 ($000)**		**2024 ($000) (estimate)**
Non-Executive Directors' average total fee[1,2]	93.2	52%	**141.8**	**2%**	**144**

1. NED fees: The average Non-Executive Director's fee includes basic fee, Committee membership fee, fees for specific additional responsibilities, and Committee Chair fees. A full breakdown of fees is shown on page 129. The average fee changes reflect the handover of Committee responsibilities, and retirement and appointment of Non-Executive Directors.
2. The increase in fees between 2022 and 2023 is due to three new directors being appointed during 2022

Remuneration Policy

Directors Remuneration Policy

This section of the report provides a summary of the current policy for the remuneration of the Directors. This policy was approved by shareholders at the AGM on 28 April 2023 and took effect from this date for 3 years. Full details of the policy can be found on pages 99 to 106 of the 2022 Annual Report as well as at www.hikma.com



Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Fixed Remuneration			
Base salary			
Provides a base level of remuneration to support recruitment and retention of Directors with the necessary experience and expertise to deliver the Group's strategy.	Base salaries for Executive Directors are reviewed annually by the Committee and changes, if any, normally take effect from 1 January. Salaries are set with reference to: – pay increases for the general workforce – salaries in peer companies from the global pharmaceutical sector and UK listed companies – company performance and affordability Salaries for individuals who are recruited or promoted to the Board may be (but are not required to be) set below market levels at the time of appointment, with the intention of bringing the base salary levels in line with the market as the individual becomes established in their role.	Whilst there is no maximum salary, any increase will generally be no higher than the average increase for the wider workforce. A higher increase may be made for example where there is a material change in role or responsibilities, promotion, where there needs to be an adjustment to reflect an individuals increased experience in the role, when pay is materially behind market competitive levels, or in exceptional circumstances, with the rationale clearly explained in the next report to shareholders.	Not applicable.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Benefits			
An appropriate package of market competitive benefits to ensure executives are rewarded and focused.	Benefits may include, but are not limited to: – healthcare – school fees – company cars/transport (or cash allowance) – life insurance – relocation: when relocation is required by the Company – tax equalisation: where the director becomes tax resident in a jurisdiction as a result of the role and to the extent that additional taxes are paid and related advisory fees. As the Company operates internationally it may be necessary for the Committee to provide special benefits or allowances, for example (but not limited to) benefits customarily included in the country where the Executive Director resides. These would be disclosed to shareholders in the annual report on remuneration for the year in which the benefit or allowances were paid.	The value of benefit is based on the cost to the Company and there is no predetermined maximum limit. The range and value of the benefits offered are reviewed periodically.	Not applicable.
Pension (or cash allowance)			
An appropriate level of pension contribution to ensure executives are provided with a retirement standard commensurate with their role, whilst being in line with the wider workforce.	The Company operates defined contribution arrangements in its main operational jurisdictions and executives participate in these arrangements. A cash supplement in lieu of pension may be paid provided the total pension payment does not exceed the maximum opportunity.	The maximum pension cash allowance (or pension contribution as appropriate) in line with the predominant pension contribution made for the wider global workforce which is currently 10% of salary.	Not applicable.

Remuneration Policy
continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Performance Related Variable Remuneration			
Short-Term Incentives			
To provide alignment between the successful delivery of the short-term annual strategic business priorities and reward.	Executive Directors are eligible to participate in an Annual Bonus Plan under which annual bonus is earned subject to the achievement of performance over the financial year against targets set by the Committee at the start of each financial year. No bonus is payable for performance below threshold level, 25% for threshold and up to 50% of maximum pays out for on-target performance. Half of any bonus will normally be deferred into an award over shares, typically for a period of three years. Dividend equivalents may be accrued on deferred shares based on dividends paid to shareholders during the vesting period. These may accrue either in cash or shares on a reinvestment basis. Malus and clawback provisions apply.	Maximum of 200% of salary	Performance measures and weightings are reviewed annually to ensure they continue to support the achievement of the Company's key strategic priorities. Annual bonus financial targets are set with reference to internal plans and analyst consensus forecasts. Details of the performance measures for 2024 are shown on page 131. The Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall financial performance of the Group. Any adjustments applied will be explained in the relevant annual report on remuneration.
Long-Term Incentive Plan (LTIP)			
To incentivise and reward participants over the long-term for sustained delivery of the business strategy and shareholder value. Provides longer term alignment with the shareholder experience.	Performance share awards may be granted. In usual circumstances awards vest after a three-year period, subject to the achievement of performance targets measured over three financial years. Normally, vested shares are subject to a holding period of two years (shares may be sold at vesting to satisfy any tax-related liabilities). 25% of the award value will vest for threshold performance and 62.5% of the award value will vest for target performance. Dividend equivalents may be accrued on the shares earned from LTIP awards based on dividends paid to shareholders during the vesting period. In line with the LTIP rules, dividend equivalents may also accrue during any applicable post-vesting holding period. These may accrue either in cash or shares on a reinvestment basis. Malus and clawback provisions apply.	The maximum face value of awards relating to a financial year of the Company will be 300% of base salary.	Performance is measured over three financial years. Performance measures for the 2024 award are shown on page 132 The Committee will set appropriate performance measures for future years. LTIP targets are set with reference to a range of relevant reference points which may include internal plans and analysts' consensus forecasts. The Committee has discretion to adjust formulaic outcomes if they are not considered to be representative of the overall financial performance of the Group. Any adjustments applied will be explained in the relevant annual report on remuneration.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Shareholding policy			
To provide alignment between the interests of Executive Directors and shareholders over the longer term.	*In-employment shareholding policy* Shareholding guidelines for all Executive Directors will be at least 300% of salary. Executive Directors are expected to build up their shareholding guideline within a 5-year period from their date of appointment to the Board. *Post-cessation shareholding policy* All Executive Directors will be required to hold the lower of (i) their shareholding at the date of termination of employment; or (ii) shares equivalent to the minimum share ownership guideline at that date, for a period of two years post-employment.	Not applicable.	Not applicable.

Differences between the policies for Executive Directors and employees, consideration of shareholder views and consideration of conditions elsewhere in the Group
Employees were not directly consulted on the executive remuneration policy. All employees receive a salary, pension, and medical insurance on a similar basis to the Executive Directors. Additionally, all employees participate in a cash bonus scheme, which is similar to the annual bonus. The Committee reviews detailed internal and summary benchmarking data and is satisfied that the level of remuneration is proportionate across the wider employee population. Further information is available on page 25 regarding how the Committee takes account of shareholder views when developing and implementing the remuneration policy,

Remuneration Policy table for the Chair and Non-Executive Directors
Non-Executive Directors' (NEDs) fees are set by the Board under the direction of the Executive Directors having considered the:

- pay practice in FTSE and sector peers
- extensive travel required to undertake the role
- significant guidance and support required from the NEDs

NEDs do not participate in the Group's pension or incentive arrangements. The annual fees payable to newly recruited NEDs will follow the policy for fees payable to existing NEDs, whose fees comprise:

Component	Approach	Application of Remuneration Committee discretion
Basic fee	An underlying fee for undertaking the duties of a Director of Hikma, chiefly relating to Board, strategy, and shareholder meetings. Provides a level of fees to support recruitment and retention of NEDs with the necessary experience.	Whilst there is no maximum, the practice is to remain within the parameters of FTSE peers.
Committee membership fee	A composite fee for taking additional responsibilities in relation to Committee membership. Usually, NEDs are members of at least three committees.	
Committee Chair/employee engagement fee	The Committee Chairs undertake additional responsibilities in leading a committee and are expected to act as a sounding board for the executive that reports to the relevant committee. The Director responsible for employee engagement receives a similar fee due to the additional requirements of that role. The chairmanship fee is paid in addition to the membership fee and a Senior Independent Director fee is paid to the individual in that position.	
Expenses	The Company pays expenses incurred wholly in relation to the position of NEDs and ensures that Directors do not incur a tax liability as a result. The Company retains discretion to provide for an allowance structure as an alternative to the latter payment.	

Performance measures

The Committee considered the operation of the remuneration policy in terms of the UK Corporate Governance Code 2018 as follows:

Clarity: the Committee regularly engages with shareholders, their representative bodies and management to explain the approach to executive pay.

Simplicity: the rationale, structure and strategic alignment of each element of pay has been explained in the remuneration policy.

Risk: there is an appropriate balance between fixed and variable pay together with objectives that ensure there is alignment with long-term shareholder interests.

Predictability: the pay opportunity under different performance scenarios is set out in the illustrations below.

Proportionality: executives are incentivised under the Remuneration Policy to achieve stretching annual targets. Additionally the Policy builds in stretching targets over three-year performance periods for the Long Term Incentive Plan awards. The Committee assess performance holistically and the end of each performance period against underlying business results together with internal and external context.

Alignment with culture: Hikma's purpose and values can be reinforced under the strategic objectives under the Remuneration Policy.

Details of the performance measures for the short-term incentive for the year ending 31 December 2023 and how they are aligned to company strategy and the creation of shareholder value are set out on pages 120 – 125. Annual short-term incentive targets for the 2024 financial year are shown on page 131. Targets that are commercially sensitive will be disclosed retrospectively in next years' Remuneration Report.

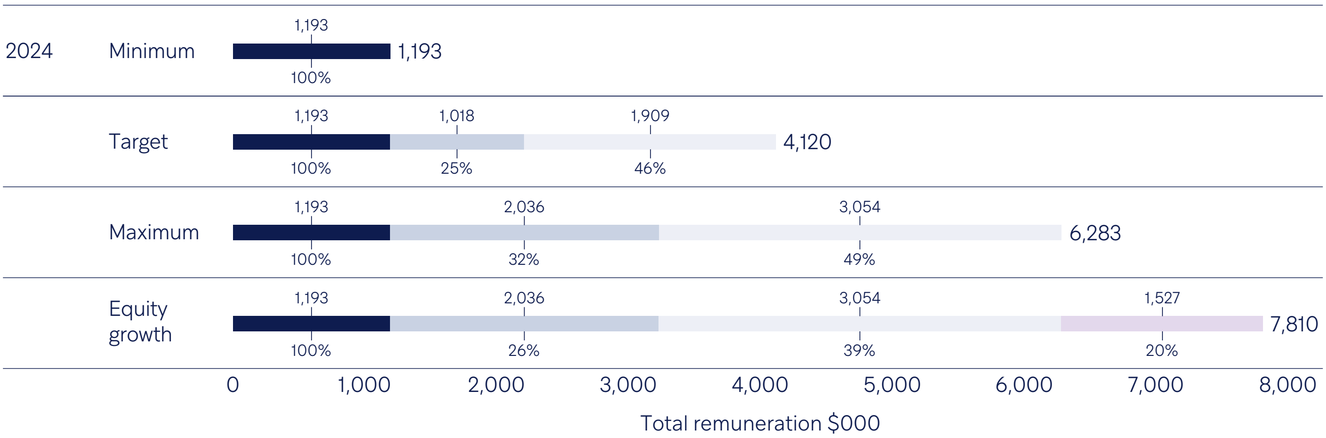
Performance measures for the March 2024 Long Term Incentive award are shown on page 132.

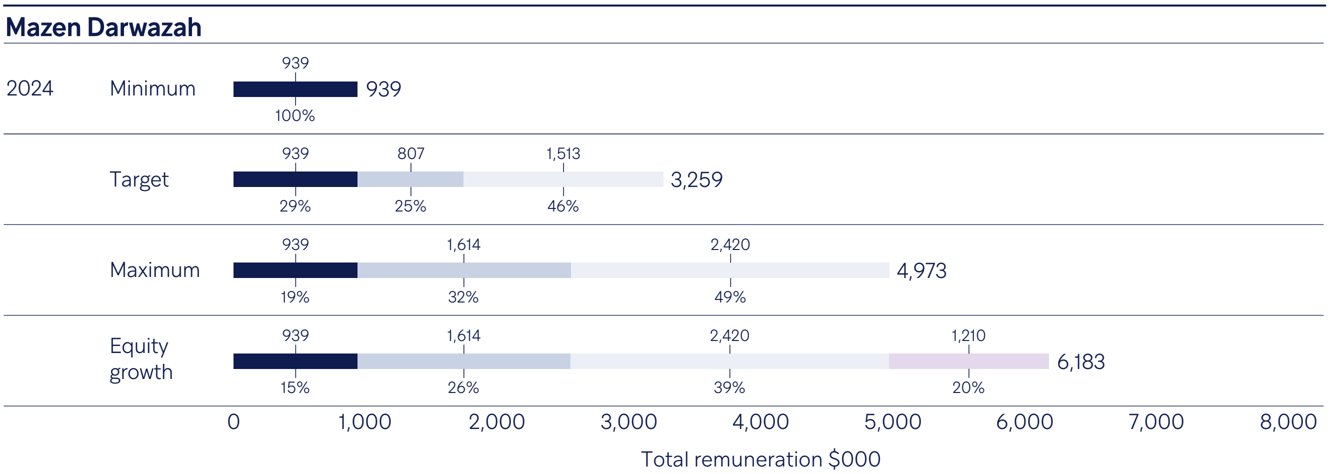
These performance targets are designed to be stretching but achievable and are set based on information from a number of areas, including broker forecasts for Hikma and its peers as well as our corporate strategy and plans.

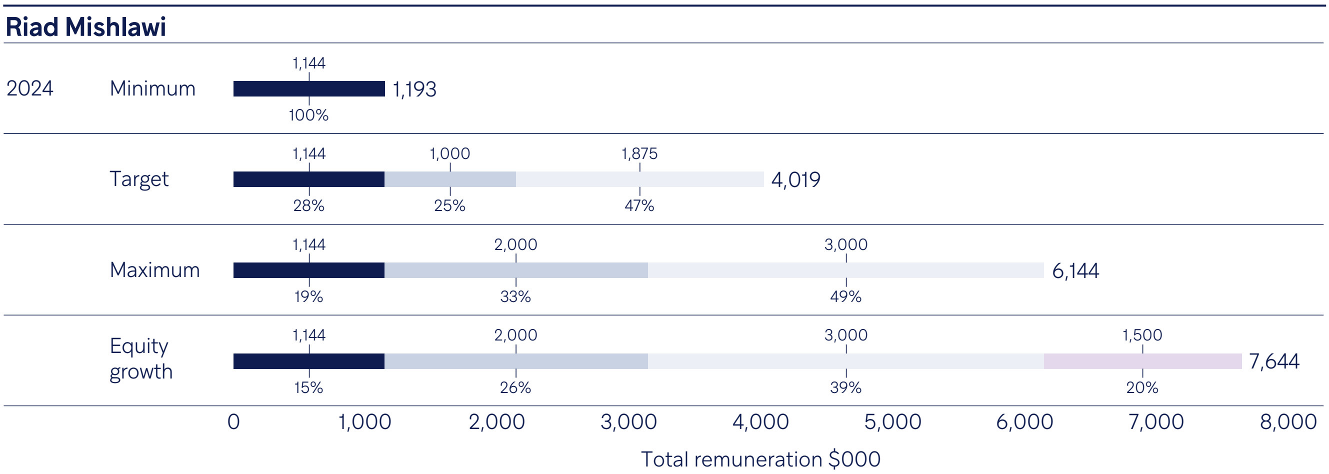
Illustrations of application of Remuneration Policy

The following charts show the potential projected total remuneration available for 2024 at four levels of performance: minimum, target, maximum and maximum with assumed share price appreciation of 50% (in accordance with the Corporate Governance Code 2018). The impact of potential share price appreciation is omitted from the other three scenarios:

Said Darwazah







Fixed pay   Annual Bonus   LTIP   LTIP – share price appreciation Commuting

The scenarios in the graphs are as follows:

- fixed pay includes salary, benefits, and pension. The numbers are based on the base salary for 2023, the cost of transportation and medical benefits provided and a pension contribution of 10% of base salary.
- annual bonus is shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively.
- LTIP is shown as a maximum of base salary, with minimum, target and maximum performance shown as 0%, 62.5% and 100% respectively.
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting
- no dividend accrual has been incorporated in the values relating to the LTIP

Annual report on remuneration

Director and average employee compensation change

The table below shows the percentage change in the Executive Directors and Non-Executive Directors , benefits and bonus for the four years between 2019 and 2023 compared with the percentage change in the average of each of those components of pay for employees (excluding the Executive Directors).

Director and average employee compensation change – salary[1]	Salary				Benefits				Bonus			
	Average percentage change				Average percentage change				Average percentage change			
	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023
Said Darwazah	0%	0%	0%	**0%**	-16%	-21%	-3%	**40%**	-1%	-17%	-40%	**73%**
Riad Mishlawi[2]	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**
Siggi Olafsson[3]	3%	3%	-48%	**N/A**	-72%	-77%	-48%	**N/A**	5%	-11%	-100%	**N/A**
Mazen Darwazah	0%	5%	4%	**3%**	1%	-30%	-52%	**113%**	-1%	-6%	-15%	**30%**
Patrick Butler[4,5]	2%	-3%	-8%	**2%**	0%	0%	0%	**22%**	N/A	N/A	N/A	**N/A**
Ali Al-Husry[4]	3%	5%	-8%	**3%**	-40%	-64%	-100%	**0%**	N/A	N/A	N/A	**N/A**
John Castellani[4]	3%	5%	-8%	**7%**	-24%	-30%	135%	**-11%**	N/A	N/A	N/A	**N/A**
Nina Henderson[4]	3%	5%	-3%	**13%**	-18%	-30%	-41%	**96%**	N/A	N/A	N/A	**N/A**
Cynthia Flowers[4]	77%	5%	-8%	**3%**	0%	-29%	-24%	**45%**	N/A	N/A	N/A	**N/A**
Douglas Hurt[4]	0%	86%	-8%	**3%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Laura Balan[4,6]	0%	0%	0%	**76%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Victoria Hull[4,6]	0%	0%	0%	**86%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Deneen Vojta[4,6]	0%	0%	0%	**84%**	0%	0%	0%	**-16%**	N/A	N/A	N/A	**N/A**
Employees ($m)	2%	4%	3%	**1%**	1%	7%	3%	**1%**	0%	9%	-10%	**20%**
Groth in number of Employees	1%	0%	1%	**2%**	1%	0%	1%	**2%**	1%	0%	1%	**2%**
Average per Employee	1%	4%	2%	**-1%**	0%	0%	8%	**-1%**	-1%	0%	-3%	**18%**
Average per the listed parent Company Employee	1%	16%	11%	**-29%**	35%	-54%	-39%	**6%**	6%	18%	-16%	**-18%**

1. The current Remuneration Policy was introduced on 28 April 2023. NED fees are paid in GBP and reported in USD so an element of changes will be as a result of exchange rate differences
2. Riad Mishlawi was appointed as CEO with effect from 1 September 2023 and therefore comparative figures are not provided
3. Siggi Olafsson stepped down from the Board on 24 June 2022
4. Non Executive Directors do not participate in the in the bonus plan.
5. Patrick Butler stepped down as a member of the Remuneration Committee with effect from 28 April 2023
6. These NEDs were appointed during 2022 and therefore did not receive fees for the full year in 2022

Hikma's pay review, which took effect from 1 January 2024, awarded average percentage increases in wages and salaries of 4.7% (2023: 4%) for existing employees (with certain exceptions for jurisdictions experiencing very high inflation). The nature and level of benefits to employees in the year ended 31 December 2023 were broadly similar to those in the previous year (2022: unchanged).

UK gender and CEO pay ratios

Hikma has 29 employees employed in the UK and, as a result, is exempt from gender pay and average employee: CEO pay disclosure requirements. The small number of employees and significant diversity of roles and seniority in the UK makes meaningful gender pay comparisons in the UK difficult. The ratio of total CEO pay to the average Group employee is 25:1 using a simple average methodology. Hikma is committed to paying fairly and not discriminating on gender or other grounds.

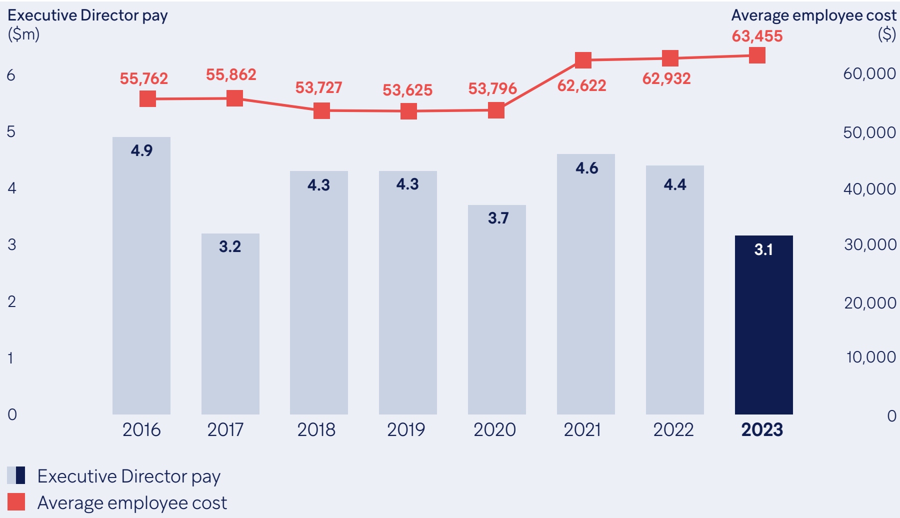
Relative importance of spend on pay

The following table sets out the total amount spent in 2022 and 2023 on remuneration of Hikma's employees and major distributions to shareholders.

Distribution expense	2022	2023	% change from 2022 to 2023
Employee	$593 million	$610 million	**2.9%**
Distributions to shareholders[1]	$125 million	$137 million	**9.7%**

1. The Company purchased 12,833,233 shares during 2022 at a cost of $292 million, which is excluded from the distributions to shareholders in accordance with the regulations. Those shares are held in treasury and do not receive dividends.

Employee cost and average executive pay ($m)



Committee membership and attendance

Members and attendance

Member	Meetings	Attendance
Nina Henderson (Chair)	8	8
Patrick Butler[1]	5	5
John Castellani	8	8
Cynthia Flowers	8	8
Douglas Hurt	8	8
Laura Balan	8	8

1. Patrick Butler stepped down from the Remuneration Committee on 28 April 2023

Advice and support

The Committee seeks the assistance of senior management (CEO, CPO, VP Total Reward and Company Secretary) on matters relating to policy, performance and remuneration but ensures that no Director takes part in discussions relating to their own remuneration or benefits.

Willis Towers Watson (WTW) continue to provide independent advice to the Committee in relation to market practice, UK corporate governance best practice, incentive plan review and target setting. The total fees for advice to the Committee during the year, including advice relating to the CEO compensation undertaken in 2023, were $121,244 (2022: $285,234). WTW was appointed by the Committee in 2016 following a competitive tender process. WTW adheres to the Remuneration Consultants Group Code of Conduct. They charge their fees on a time spent basis. They provide no other services to the company other than Remuneration Committee advice and compensation benchmarking.

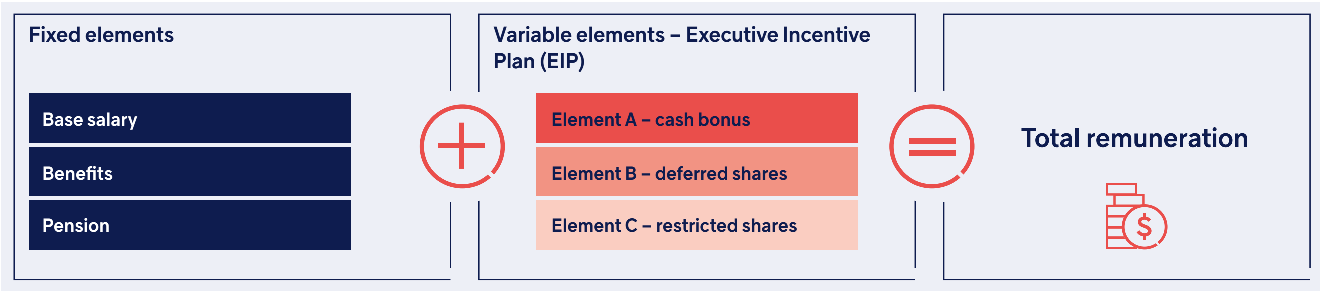
The Committee is satisfied that the WTW team providing remuneration advice do not have connections with Hikma that may impair their independence.

During the year the Committee instructed Mercer to conduct a MENA region specific benchmarking exercise on a fixed fee basis of $6,000 (2022: $6,000). Mercer are a recognised expert in the region in question.

Except as disclosed on page 96 Hikma has complied with all the relevant principles and provisions of the UK Corporate Governance Code 2018 throughout the year.

EIP

The EIP was applicable for the period 2020-2023 and full details are provided on pages 79 to 84 of the 2019 Annual Report. The new Policy was approved at the AGM held on 30 April 2020 and applied from 28 April 2023.



Performance awards incentivised Directors to deliver annual financial performance targets and certain key strategic deliverables, with the majority of awards made in shares to ensure that medium-term performance was delivered.

The Committee set annual performance targets for awards under the EIP, in accordance with the rules of the EIP. Annual performance metrics were based on:

- **Financial metrics:** At least 80% of the performance award, with specific targets based on the budget approved prior to the performance period. The precise targets were determined by the Committee on an annual basis
- **Strategic deliverables:** Up to 20% of the performance award was based on the delivery of specific, subjective targets that were set by the Committee in order to ensure that key milestones in the Company's strategy are delivered

At the end of each year the Committee determined the level of performance for the prior year. Based on the performance, the Committee made the following awards:

Element	Maximum award % of salary	Payout mechanism	Vesting period	Risks after award	Additional requirements	Treatment under the remuneration regulations
A	150%	Cash bonus	Immediate	– Clawback	None	Cash bonus
B	150%	Deferred Shares	2 years	– Forfeiture – Clawback – Share price – Employed	All shares vesting are subject to a holding period after vesting. These shares may not be sold until 5 years after grant.	Share award
C	100%	Restricted Shares	3 years	– Clawback – Share price – Employed		Bonus[1] deferred in shares

1. The Regulations required Element C to be included in the 'Bonus' component for reporting purposes, although it is an award of shares that will vest three years after grant

A holding requirement applies to Elements B and C ensuring that shares may not be sold until five years from the point of grant. Following cessation of employment of an Executive Director, the Company's policy is that the Director must hold for a period of two years the lower of the shares held on cessation of employment or shares equivalent to 300% of the final, annualised salary.

The 2023 performance targets, their level of satisfaction and the resulting performance remuneration are disclosed on pages 120 to 125

Malus and clawback provisions apply.

Salaries, benefits and pension

Please see Chair's letter (page 103) for commentary on salaries. The application of benefits remains unchanged and pensions are aligned with the wider workforce under the Directors Remuneration Policy.

		Salary		Change
Executive Director	Individual	**2024**	2023	%
Executive Chairman	Said Darwazah	**$1,018,000**	**$1,018,000**	0%
CEO[1]	Riad Mishlawi	**$1,000,000**	**$333,333**	0%
Executive Vice Chairman	Mazen Darwazah	**$806,787**	**$806,787**	0%

1. Riad Mishlawi became CEO on 1 September 2023 and the 2023 salary represents 4 months. The annnual base salary will remain unchanged at $1m in 2024

Single total figure (audited)

The following table shows a single figure of remuneration[1] in respect of qualifying services for the 2023 financial year, together with the comparable figures for 2022.

Director	Year	Salary	Benefits	Bonus and Deferred Shares)[2]	Shares vested (EIP element B)[3]	Pension	Total	Total fixed	Total variable
Said Darwazah	2023	1,018,389	75,328	1,641,665	772,442	65,315	3,573,139	1,159,032	2,414,107
	2022	1,018,000	53,798	948,544	1,313,964	67,772	3,402,078	1,139,570	2,262,508
Mazen Darwazah	2023	806,837	67,004	1,361,276	539,381	65,223	2,839,721	939,064	1,900,657
	2022	779,584	31,410	1,047,776	919,070	62,626	2,840,466	873,620	1,966,846
Riad Mishlawi[4]	2023	333,333	182,045	554,213	449,909	33,333	1,552,467	548,345	1,004,122
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1 All figures are in (USD)
2. The 2022 figures for bonus and deferred shares represented elements A and C under the EIP (the previous Remuneration Policy see page 116)
3 Share price at vesting date was $ 22.18 (£ 17.93) and foreign exchange rate of $ 1.237 to £1
4. Riad Mishlawi was appointed CEO with effect from 1 September 2023

Benefits (audited)

Said Darwazah received transportation benefits of $50,783 (2022: $34,922) and medical benefits of $ 24,546 (2021: $18,877). Mazen Darwazah received transportation benefits of $ 44,974 (2022: $12,534) and medical benefits of $ 22,030 (2022: $18,876). Social security payments made in Jordan, that are required to be paid by Jordanian law, are not considered to be a benefit.

Riad Mishlawi received a transportation allowance of $20,687 medical benefits of $52,983. In addition he was asked to relocate to the US for a period of 2 years and received relocation expenses of $108,375 and tax equalisation support.

Pension (audited)

Said Darwazah and Mazen Darwazah participate in the Hikma Pharmaceutical Defined Contribution Retirement Benefit Plan (the Jordan Benefit Plan) on the same basis as other employees located in Jordan. Under the Jordan Benefit Plan, Hikma matches employee contributions made, up to a maximum of 10% of applicable salary. Participants become entitled to all of Hikma's contributions once they have been employed for three years. Said Darwazah and Mazen Darwazah have served for in excess of three years and receive their benefits under the Jordan Benefit Plan because they are over 60 years of age.

Riad Mishlawi receives a cash allowance of 10% of base salary in lieu of pension.

Annual report on remuneration
continued

Long-term incentive awards made during the year ended 31 December 2023 (audited)
On 30 May 2023, Said Darwazah and Mazen Darwazah received awards of performance shares under the Hikma Pharmaceuticals plc Long-Term Incentive Plan 2023 as a percentage of salary as outlined below. The three-year period over which performance will be measured is 1 January 2023 to 31 December 2025.

The performance measures for these awards are outlined below:

Measure	Rationale	Weighting	Threshold	Target	Maximum
Core compound EPS growth for 1 January 2023 to 31 December 2025	Alignment with shareholders return	30%	5%	8%	11%
Percentage of revenue from new business over 3 years	Developing revenue from new business is a key element of Hikma's business plan	30%	13%	16%	19%
Relative TSR performance compared to FTSE 50-150 (excluding investment trusts)	Alignment with shareholders return	20%	Median	–	Upper Quartile
Percentage of females on the Executive Committee and their direct reports[1]	Increase in diversity of management	10%	30%	35%	40%
Achieve good water management at all Hikma's sites in MENA	Hikma has significant operations in water stressed countries in MENA.	10%	The following task has been set: – establishing water management systems and process, collecting and analysing robust data on water usage – identifying gaps and opportunities for efficient water use and setting water use and setting water efficiency targets – By the end of H1 2024, targets should be set for sites in Jordan, Algeria, Egypt and KSA, and progress made against these targets by the end of 2025 – By the end of 2025, targets should be set for all other MENA sites.		

Details of the value of these awards[2] are shown in the table below:

Executive Director	Date of grant	Award made	Grant price	Face value $000	Face value as % salary
Said Darwazah	30 May 2023	132,783	$23.0	$3,054,009	300%
Mazen Darwazah	30 May 2023	105,233	$23.0	$2,420,359	300%
Riad Mishlawi[3]	30 May 2023	75,339	$23.0	$1,732,797	225%
Riad Mishlawi[3]	31 August 2023	12,263	$26.5	$324,969	32%

1. Subject to applicable laws these targets are not intended to act as quotas or preferences and selections will continue to be based on merit
2. No award vests for performance below threshold, 25% at threshold and 62.5% at target.
3. Riad Mishlawi received a pro-rated Performance share award on 31 August 2023 in recognition of his appointment as Chief Executive Officer with effect from 1 September 2023 (shown as a percentage of his annual salary of $1m). The award at 30 May 2023 related to his role as President of Injectables

The proportion of the awards outlined above that will vest will depend on the achievement against the performance objectives and their continued employment. The final value that vests may be zero if the threshold performance for each of the objectives is not achieved. The vesting outcome of the awards will be disclosed in the 2025 Annual Report.

Vested share awards (audited)
During 2023, the following share awards vested for Executive Directors. The total shares vested in 2023 are summarised in the following three tables.

Under the EIP, performance criteria must be met before an award is granted. There are three award types under the EIP which are treated in the following manner in respect of the table above:

– Element A – a cash bonus that is payable immediately and attributed to the earnings for the performance year
– Element B – an award of shares that vests two years after grant subject to there being no forfeiture events and is attributed to the earnings in respect of the year in which it vests (i.e. two years after being granted)
– Element C – an award of shares that vests three years after grant and, due to their being no further performance requirements, is attributed to the earnings for the performance year in the same manner as Element A

The tables below detail share awards (Elements B and C) vesting during the year ended 31 December 2023. Whilst these shares vested during 2023, they are attributed to earnings as detailed in the paragraph above.

Said Darwazah — EIP

Maximum number of shares capable of vesting – Element B[1]	34,827
Maximum number of shares capable of vesting – Element C	27,057
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	61,884
Total value of vested shares	$1,372,550

Siggi Olafsson — EIP

Maximum number of shares capable of vesting – Element B[1]	-
Maximum number of shares capable of vesting – Element C	-
Maximum number of shares capable of vesting – Element C	-
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	-
Total value of vested shares	-

Mazen Darwazah — EIP

Maximum number of shares capable of vesting – Element B[1]	24,319
Maximum number of shares capable of vesting – Element C	18,831
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	43,150
Total value of vested shares	$957,041

Riad Mishlawi – EIP[1]

Maximum number of shares capable of vesting – Element B[2]	20,285
Maximum number of shares capable of vesting – Element C	22,437
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	42,722
Total value of vested shares	$947,549

1. The shares that vested for Riad Mishlawi were in respect of grants made before appointment as CEO
2. Share price at vesting date was $ 22.18 (£17.93 and foreign exchange rate of $ 1.237 to £1)

Policy deviation

During 2023, the Committee has not deviated from the remuneration policy approved by shareholders at the AGM on 28 April 2023.

2023 Annual Bonus Performance outcome: Executive Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104. The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
Strategic	CEO onboarding	An effective onboarding of the new CEO is important to ensure that they are fully effective in the role as quickly as possible and driving the strategy. In addition stability and continuity need to be established by working with the new CEO to ensure an appropriate Executive Committee is in place together with succession plans.
	Reduction in Scope 1 and 2 emissions	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 2030 the Committee has set interim targets to be achieved by 31 December 2023.
Total		

		Performance level			Achievement		Application
	Weighting	Minimum 50% of salary awarded	Target 100% of salary awar ded	Maximum 200% of salary awarded	Results	Achievement	% of salary
	30%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	Core revenue of $2,875m	Target to maximum	46.3%
	50%	Target -10% $573m	Target $637m	Target +10% $701 million	Core EBIT of $707m	Maximum	100.0%
	10%		Committees' assessment of onboarding and succession planning		Achievement against objectives reviewed	Target	10.0%
	10%	15%	17%	19%	Achievement against objectives reviewed	Minimum	5.0%
	100%	**Acceptable**	**Good**	**Excellent**			**161.3%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	Policy element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/shares	Receive	Notes
Executive Chairman	**Cash bonus**	$1,018,000	100%	80.6%	$820,832	Cash now (March 2024)	
	Deferred shares		100%	80.6%	$820,832	Shares deferred for a period of 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**161.3%**	$1,641,665		

2023 Annual Bonus Performance outcome: Executive Vice Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104
The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
	MENA revenue	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA revenue compared to audited MENA revenue for the year ended 31 December 2023 (see page 31)
	MENA COP	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the Board-approved strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA COP compared to audited MENA COP for the year ended 31 December 2023 (see page 31).
Strategic	Environmental, Social, and Governance Strategy	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 25% by 2030 see page 50. The Executive Vice Chairman was set a target for the completion of energy audits in two MENA countries together with action plans for achieving reductions by the end of 2023
	Gender Diversity	A diverse workforce is important for the development of the Hikma business. The MENA business, which currently has a lower participation of women in management positions than the rest of the Group. A target was set of increasing the number of women in management positions by 9% in 2023.
	MENA business development	To ensure that the MENA business has the production capability to meet its business plans the Executive Vice Chairman was set the target of ensuring that the feasibility and all government approvals for expansion of Hikma's facility in KSA are completed by the end of 2023.
Total		

	Performance level			Achievement		Application
Weighting	Minimum 50% of salary awarded	Target 100 % of salary awarded	Maximum 200% of salary award	Results	Achievement	% of salary
12%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	$2,875m	Target to maximum	18.5%
18%	Target -10% $573m	Target $637m	Target +10% $701m	$707m	Maximum	36.0%
20%	Target -10% $818m	Target $909m	Target +10% $1,000m	$908m	Minimum to target	19.9%
30%	Target -10% $178m	Target $198m	Target +10% $218m	$204m	Target to maximum	39.0%
5%	Target is completion of energy audits in 2 MENA countries			Achievement against objectives reviewed	Target to maximum	7.5%
7.5%	Threshold unchanged	Target 9% increase	Maximum 17% increase	Achievement against objective reviewed	Minimum	3.8%
7.5%	Committees assessment of progress			Achievement against objectives reviewed	Target	7.5%
100%	**Acceptable**	**Good**	**Excellent**			**132.1%**
				Committee final determination (see page 103)		**168.7%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	EIP Element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/ shares	Receive	Notes
Executive Vice Chairman	**Cash bonus**	806,787	100%	84.3%	$680,638	Cash now (March 2024)	
	Deferred shares		100%	84.3%	$680,638	Shares deferred for a period 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**168.7%**	**$1,361,276**		

2023 Annual Bonus Performance outcome: CEO[1] (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104.
The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
Strategic	Succession plan for Injectables business	It is critical that the Injectables business continues to deliver effectively against the business plan. The new CEO was therefore set the performance target of ensuring that there were effective succession plans in place and a smooth transition of responsibilities to the new President of the Injectables business.
Total		

1. Riad Mishlawi was appointed as CEO with effect from 1 September 2023. The incentive payments are therefore pro-rated for the period 1 September to 31 December 2023

	Performance level				Achievement		Application
	Weighting	Minimum 50% of salary awarded	Target 100% of salary awarded	Maximum 200% of salary awarded	Results	Achievement	% of salary
	30%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	Core revenue of $2,875m	Target to maximum	46.3%
	50%	Target -10% $573m	Target $637m	Target +10% $701m	Core EBIT of $707m	Maximum	100%
	20%		Committees' assessment of progress		Achievement against objectives reviewed	Target	20.0%
	100%	**Acceptable**	**Good**	**Excellent**			**166.3%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	Policy element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/shares	Receive	Notes
CEO	**Cash bonus**	$333,333	100%	83.1%	$277,106	Cash now (March 2024)	
	Deferred shares		100%	83.1%	$277,106	Shares deferred for a period of 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**166.3%**	**$554,213**		

Outstanding share awards (audited)

Hikma continued to operate the EIP with the final award being made in May 2023. The first award under the new LTIP was made on 30 May 2023. The outstanding share awards under the EIP in respect of each of the Executive Directors are:

Participant	Share scheme				Quantum		
Director	Scheme description[1]	Type of interest	Date of award	Date of vesting	Basis of award	Shares (max)	Face value[2]
Said Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	19,830	$673,028
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	101%	34,652	$1,023,967
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	53%	18,420	$544,311
	EIP Element B	Conditional award	30-May-23	30-May-25	69%	31,679	$707,075
	EIP Element C	Conditional award	30-May-23	30-May-26	43%	19,761	$441,066
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	291%	132,783	$2,963,717
Total						**257,125** 2022: 134,786	**$6,353,163** 2022: $4,108,412
Riad Mishlawi[4]	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	69%	17,120	$581,053
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	77%	22,099	$653,025
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	65%	18,691	$552,319
	EIP Element B	Conditional award	30-May-23	30-May-25	96%	36,371	$811,811
	EIP Element C	Conditional award	30-May-23	30-May-26	81%	30,749	$686,318
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	198%	75,339	$1,681,566
	LTIPs 2023[5]	Conditional award	31-Aug-23	31-Aug-26	40%	12,263	$340,176
Total						**212,632** 2022: N/A	**$5,306,268** 2022: N/A
Mazen Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	13,903	$471,868
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	98%	26,812	$792,295
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	54%	14,844	$438,640
	EIP Element B	Conditional award	30-May-23	30-May-25	100%	36,171	$807,337
	EIP Element C	Conditional award	30-May-23	30-May-26	57%	20,650	$460,908
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	291%	105,233	$2,348,801
Total						**217,613** 2022: 98,709	**$5,319,848** 2022: $3,004,989

1. The performance criteria for Elements B and C of the EIP are assessed before a grant is considered. Additionally, Element B is subject to forfeiture criteria for the first two years after grant
2. The face value is the value at the point of the EIP grant which is the 30-day average to the 31 December of the performance year. The face value (30-day average price) in respect of awards granted in 2020 $25.32 (£19.30p), and 2021 $33.94 (£25.25p), and 2022 $29.55(£22.20), and 2023 $18.44(£15.15). The actual value received by Executive Directors under the share incentive arrangements is dependent upon the share price of Hikma at the time of vesting, the satisfaction of performance criteria and the non-occurrence of forfeiture events (EIP Element B only). Forfeiture would apply to 50% of any unvested Element B shares if the financial performance in any year is less than 30% of the target.
3. The minimum value of the awards at vesting will be the share price on the day of vesting multiplied by the number of shares vesting. If the Executive Director leaves employment during the vesting period, the normal position is that zero shares vest. If all the forfeiture conditions occur in each year of the vesting period under Element B only, zero shares will vest. The weighting of each forfeiture condition has a proportional impact on the vesting percentage under Element B only
4. The outstanding awards shown for Riad Mishlawi relate to grants made prior to appointment as CEO and percentage is based on full year equivalent salary
5. The share price was determined by the average closing price in the five business days preceding the grant date. 25% of grant vests at threshold and 62.5% vests at target performance

The applicable share prices for Hikma during the period under review were:

Date	Market price (Closing price)
1 January 2023	1,621p
31 December 2023	1,789p
2023 Range (low to high)	1,606p to 2,205p
21 February 2024	1,997.5p

Dilution

In accordance with the guidelines set out by the Investment Association, Hikma can issue a maximum of 10% of its issued share capital in a rolling ten-year period to employees under all its share plans and a maximum of 50% of this (representing 5% of issued share capital) for discretionary share plans. The following table summarises the current level of dilution resulting from Hikma's share plans since 2013:

Type of plan	Granted in a rolling ten-year period	Granted during the year
Discretionary Share Plans (5% Limit)	4.42%	0.86%

Director share interests (audited)

Said Darwazah, Mazen Darwazah and Ali Al-Husry are Directors and shareholders of Darhold Limited. Darhold holds 60,000,000 Ordinary Shares in Hikma. The table below breaks down their shareholdings in Hikma by shares effectively owned through Darhold and shares held personally or by connected people. The cancellation and issuance of shares in Darhold and Hikma, as well as changes in the number of Hikma shares held by Darhold, can lead to a degree of variation in the 'Effective Hikma shares'.

	Darhold		Personal	
Director	Interest in Darhold	Effective Hikma shares	Shares (incl. connected people)	Total shareholding
Said Darwazah	22.40%	13,437,000	797,985	14,234,985
Mazen Darwazah[1]	11.29%	6,771,000	1,351,507	8,122,507
Ali Al-Husry[2]	8.28%	4,968,600	1,162,811	6,131,411

1. Mazen Darwazah holds his shares in Darhold Limited through a family trust
2. Ali Al-Husry holds his shares in Hikma and Darhold Limited through a family trust

The following table sets out details of the Directors' shareholdings in Hikma as at 31 December 2023 and, where there are shareholding requirements, whether these have been met:

	Ownership requirements			Total	Scheme Interests		Total
Director	Percentage of salary	Number of shares	Requirement fulfilled?	Shares owned[3]	Awards subject to performance conditions[4]	EIP subject to service (Element C)	Share interests
Said Darwazah[1]	**300%**	134,162	Yes	14,234,985	199,114	58,011	14,492,110
Riad Mishlawi[2]	**300%**	44,168	Yes	92,838	146,072	66,560	212,632
Mazen Darwazah[3]	**300%**	106,292	Yes	8,122,507	168,216	49,397	8,340,120
Ali Al-Husry[5]	N/A	N/A	N/A	6,131,411	N/A	N/A	6,131,411
Patrick Butler	N/A	N/A	N/A	3,875	N/A	N/A	3,875
John Castellani	N/A	N/A	N/A	3,500	N/A	N/A	3,500
Nina Henderson	N/A	N/A	N/A	7,100	N/A	N/A	7,100
Cynthia Flowers	N/A	N/A	N/A	1,100	N/A	N/A	1,100
Douglas Hurt	N/A	N/A	N/A	4,500	N/A	N/A	4,500
Deneen Vojta	N/A	N/A	N/A	1,000	N/A	N/A	1,000
Laura Balan	N/A	N/A	N/A	N/A	N/A	N/A	–
Victoria Hull	N/A	N/A	N/A	N/A	N/A	N/A	–

1. Including shares effectively owned through Darhold as per the table above
2. Riad Mishlawi was appointed CEO with effect from 1 September 2023
3. Mazen Darwazah holds his shares in Darhold Limited through a family trust, in which he has a beneficial interest
4. This includes element B awards made under the EIP (see page 116) and the LTIP under the new Policy.
5. Ali Al-Husry holds his shares in Hikma and Darhold Limited through a family trust, in which he has a beneficial interest

There have been no changes in the interests of the Directors in the shares of Hikma between 31 December 2023 and the date of this report. The share price used to calculate whether the shareholding requirements have been met is the price on 31 December 2023 of £17.89 and foreign exchange rate of $1.273 to £1 on the same date.

Director share interests (audited) continued

The following table sets out the changes in the share interests of Directors during the year under review and up to the date of this report. Other than as detailed in the table, the Directors' share interests in Hikma did not change during the period.

Director	Date	Event	Number of shares
Said Darwazah	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	27,057
Said Darwazah	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	34,827
Riad Mishlawi	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	22,437
Riad Mishlawi	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	20,285
Mazen Darwazah	17/04/2023	Vesting of 2020 EIP Element C. Retained all Shares	18,831
Mazen Darwazah	17/04/2023	Vesting of 2021 EIP Element B. Retained all Shares	24,319
Douglas Hurt	06/06/2023	Market Purchase of Shares	1,500
Deneen Vojta	18/01/2023	Market Purchase of Shares	1,000

Scheme interests (audited)

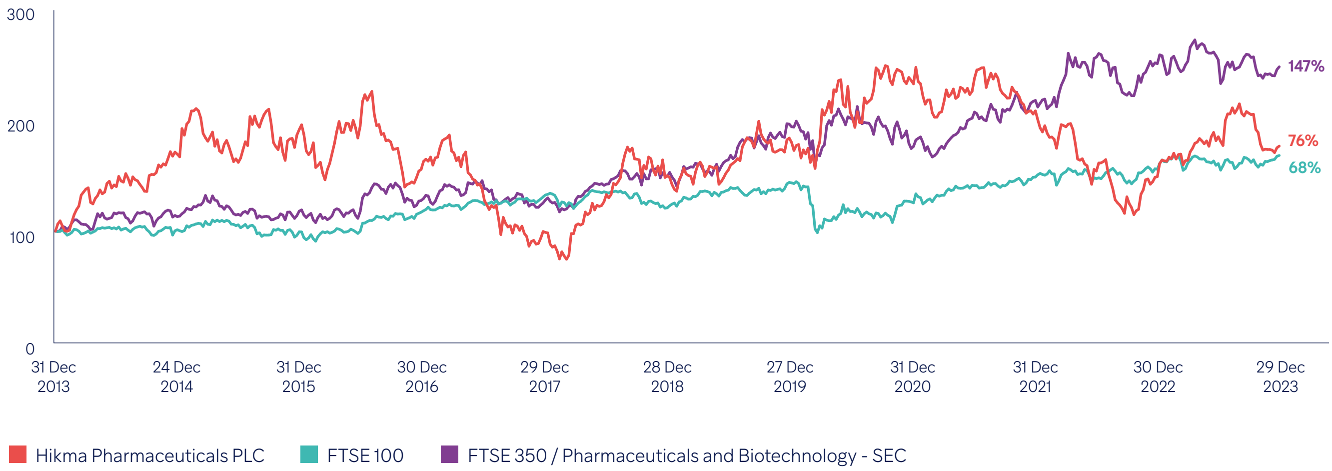
The following table sets out details of the 'scheme interests' of the Directors. Element B and C of the EIP have been included because they have service conditions in excess of one year.

	Type of interest		Share interests with performance measures		Vested but unexercised
Director	Shares	Share options	Yes	No	
Said Darwazah	257,125	–	199,114	58,011	–
Riad Mishlawi[1]	212,632	–	146,072	66,560	–
Mazen Darwazah	217,613	–	168,216	49,397	–
All other directors	–	–	–	–	–

1, Riad Mishlawi was appointed CEO with effect from 1 September 2023

Total shareholder return

During the last ten years, Hikma has outperformed the FTSE 100 index. The performance has been below the FTSE 350 Pharmaceuticals & Biotechnology segment, a relatively small group of companies that are mainly focused on developing new drugs. The Remuneration Committee has chosen these comparators because it uses executive compensation benchmarking data from the FTSE 100 and the pharmaceutical industry when considering compensation for the Executive Directors.



Remuneration table

The following table sets out the total remuneration, including amounts vesting under short-term and long-term incentive plans, for each financial period in respect of the Directors holding the positions of Executive Chairman and CEO. The total figures for the financial years 2017 and 2016 are higher than would otherwise be the case due to a change of incentive plan. In accordance with the Regulations, the 2017 and 2016 totals include LTIPs vesting during the relevant period (which were granted three years before) and Element C of the EIP which was granted in respect of the relevant period. The Regulations require Element C to be treated in a similar way to the annual bonus, although it is an award of shares that will vest three years after grant.

	Said Darwazah — Executive Chairman			Riad Mishlawi— Chief Executive Officer		
Year	Total	Bonus as % max[1]	Deferred share awards as % max[2]	Total	Bonus as % max[1]	Deferred share awards as % max[2]
2023	**$3,573,139**	**81%**	**81%**	**$1,552,467**	**83%**	**83%**
2022	$3,402,078	37%	38%	N/A	N/A	N/A
2021	$4,586,119	62%	67%	N/A	N/A	N/A
2020	$4,059,653	73%	77%	N/A	N/A	N/A
2019	$4,448,934	74%	78%	N/A	N/A	N/A
2018	$4,501,217	88%	90%	N/A	N/A	N/A
2017	$3,538,646	0%	0%	N/A	N/A	N/A
2016	$6,308,238	71%	68%	N/A	N/A	N/A
2015	$7,316,042	98%	98%	N/A	N/A	N/A
2014	$5,056,255	100%	70%	N/A	N/A	N/A

1. For the years 2014-2022 the 'Bonus as % max' column comprises cash under Element A of the EIP paid immediately and shares under Element C of the EIP that are released three years after grant.
2. For the years 2014-2022 the as % max' column includes Element B of the EIP, shares that vest in two years from the date of grant provided that the Executive remains in employment and forfeiture events have not occurred. No LTIP award granted under the new Policy is due to vest until 2026.

Non-Executive Directors (audited)

In December 2022, the Executive Directors reviewed the fees paid to Non-Executive Directors and made a number of changes that came into effect from 1 January 2023, the full details of which can be found on page 121 of the Annual Report 2022. No subsequent changes have been made.

		Fee (all elements) $		Taxable benefits[1] $		Total $	
Name	Board position	2023	2022	2023	2022	2023	2022
Patrick Butler[2]	Non-Executive Director	**136,234**	132,633	**973**	817	**137,207**	133,450
Ali Al-Husry	Non-Executive Director	**112,546**	108,627	**4,170**	0.0	**116,716**	108,627
John Castellani	Independent Director and CRE Committee Chair	**143,636**	132,633	**16,056**	18,852	**159,692**	151,485
Nina Henderson	Independent Director, Remuneration Committee Chair and Workforce Engagement Lead	**162,290**	140,192	**14,085**	7,524	**176,375**	147,716
Cynthia Flowers	Independent Director	**124,982**	120,630	**9,697**	7,007	**134,679**	127,637
Douglas Hurt	Independent Director and Audit Committee Chair	**149,854**	144,636	**0.0**	0.0	**149,854**	144,636
Laura Balan[3]	Independent Director	**124,982**	30,296	**0.0**	0.0	**124,982**	30,296
Victoria Hull[3]	Senior Independent Director and Nomination and Governance Committee Chair	**149,196**	20,197	**77**	214	**149,273**	20,411
Deneen Vojta[3]	Independent Director	**124,982**	20,197	**2,072**	2,578	**127,054**	22,776

1. 'Taxable benefits' includes certain accommodation expenses for Non-Executive Directors that are wholly related to their attendance at Board meetings and are in accordance with normal Hikma expense policy.
2. Patrick Butler was Senior Independent Director and Governance committee Chair until April 2023.
3. These NEDs were appointed during 2022

Payments to past Directors (audited)

There were no payments made to past Directors during 2023.

Payments for loss of office (audited)

There were no payments for loss of office during the financial year.

Terms of appointment and service

Service contracts

The details of the service contracts of the Executive Directors of Hikma in force at the end of the year under review are available for inspection at Hikma's registered office at 1 New Burlington Place, London W1S 2HR, were:

Executive Director	Company notice period	Contract date	Unexpired term of contract	Potential termination payment
Said Darwazah	12 months	1 July 2007	Rolling contract	12 months' salary and benefits
Riad Mishlawi	12 months	11 April 2023	Rolling contract	12 months' salary and benefits
Mazen Darwazah	12 months	25 May 2006	Rolling contract	12 months' salary and benefits

The Executive Directors are not appointed for a specified term and, therefore, do not have an outstanding term that requires disclosure.

Letters of appointment

The Non-Executive Directors have letters of appointment with Hikma, not service contracts, which are available for inspection at Hikma's registered office at 1 New Burlington Place, London W1S 2HR. Appointments are made for a period of 36 months and then reviewed.

Non-Executive Director	Date of appointment	Notice period
Ali Al-Husry	14 October 2005	1 month
Pat Butler	1 April 2014	1 month
John Castellani	1 March 2016	1 month
Nina Henderson	1 October 2016	1 month
Cynthia Flowers	1 June 2019	1 month
Douglas Hurt	1 May 2020	1 month
Laura Balan	1 October 2022	1 month
Victoria Hull	1 November 2022	1 month
Deneen Vojta	1 November 2022	1 month

Hikma complies with the UK Corporate Governance Code 2018 requirement that all Directors be subject to election or annual re-election by shareholders.

External appointments

Hikma recognises that Executive Directors may be invited to take up non-executive directorships or public sector and not-for-profit appointments, and that these can broaden the experience, network and knowledge of the Director, from which Hikma can benefit. Executive Directors may accept external appointments as long as they do not lead to a conflict of interest and are allowed to retain any fees. During the year under review, Said Darwazah received fees of $4,100 (2022: $4,100), There were no other fees paid to Executive Directors relating to external appointments. External appointments are detailed in their Director profiles on pages 86 and 87.

Implementation of Policy

In February 2024, the Remuneration Committee reviewed the base salaries for Executive Directors and agreed that there would be no changes with effect from 1 January 2024.

Annual bonus design for year ending 31 December 2024

The measures and targets for the annual bonus plan will be reviewed annually by the Committee and those agreed for 2024 are:

			Weighting[1]		
Area	Description	Rationale	Executive Chairman	Executive Vice Chairman	CEO
Financial	Group/Division Revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee recognizes that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. Please see page 16 of the Strategic report for the detail on this target	30%	32%	30%
	Group Core/ Divisional EBIT	Ultimately, core operating profit is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.	50%	48%	50%
Strategic	Corporate structure	The correct financing structure, business constituents and locations are critical to the future growth of Hikma. The Executive Chairman will review these and provide the Board with recommendations	10%		
	Environment	The efficient use of water in Hikma's operations in MENA is a key area for reducing the impact on the environment. The Executive Chairman, Vice Chairman and CEO have been requested to establish water related targets for Jordan, KSA, Algeria and make progress against these targets	10%	5%	5%
	Strategic execution	To continue Hikma's growth in MENA the Vice Chairman has been set a number of specific strategic objectives to achieve		15%	
	Strategic execution	To continue Hikma's growth the CEO has been set a number of targets regarding commercial development and business plans. These will be disclosed in the 2024 Annual Report			10%
	Diversity	An appropriate and diverse leadership structure is important for having the necessary experience to build Hikma. As a result the CEO has been asked to review the leadership structure, together with roles and responsibilities to ensure that it is effective			5%

1. The financial weightings for the Executive Vice Chairman are 12% Group Revenue,18% Core EBIT, 20% MENA Revenue and 30% MENA Core EBIT

The Committee has discretion to adjust the pay out to reflect the underlying business performance and any other relevant factors. Details of the financial and strategic targets for the year ended 31 December 2024 will be disclosed retrospectively in next year's annual report on remuneration, by which time the Board will no longer deem them commercially sensitive.

Long term incentive awards to be made in year ending 31 December 2024

The Committee intends to issue a Performance Share Plan (PSP) award to the Executive Directors. Under the Policy long-term incentive measures will be reviewed annually by the Committee and will be designed to drive Hikma business strategy and align with the delivery of value to shareholders. It is proposed that the following targets will be set for the 2024 award and measure over the period 1 January 2024 to 31 December 2026:

Measure	Rationale	Weighting	Threshold	Target	Maximum
Core compound EPS growth for 1 January 2024 to 31 December 2026[1]	Alignment with shareholders return	30%	1%	2%	5%
Percentage of revenue from new business over 3 years	Developing revenue from new business is a key element of Hikma's business plan	40%	12%	15%	18%
Relative TSR performance compared to FTSE 50-150 (excluding investment trusts)	Alignment with shareholders return	20%	Median	–	Upper quartile
Retention of employees measured by reduction in voluntary turnover measured against 2023 base number.	It is critically to Hikma's growth strategy that it retains key employees to drive the business.	10%	7%	10%	13%

1. The main reason for a lower EPS CAGR target, compared to the 2023 award of 8%, is that 2023 provided significant profits resulting from the exclusivity period of Sodium Oxybate.

It is proposed that a PSP share award of 300% is made to the Executive Directors subject to the measures in the above table.

Closing statement

We have continued to develop our approach to remuneration reporting this year and the Committee hopes that this has aided your understanding of our Remuneration Policy and practices. Please do not hesitate to contact me if you have any questions or observations.

For and on behalf of the Remuneration Committee.

Nina Henderson
Chair of the Remuneration Committee
21 February 2024

Other statutory disclosures

Directors' report and Strategic report

The Directors' report and Strategic report for the year ended 31 December 2023 comprise pages 80 to 137 and pages 1 to 79. This report forms the management report for the purposes of the Disclosure and Transparency Rules. Readers are asked to cross refer to the other sections of the Annual Report to the extent necessary to meet Hikma's reporting obligations as follows (statements that are not applicable have been excluded):

- Likely future developments of Hikma: Strategic report and the Business and financial review, pages 1 to 36
- Related party transactions: Note 38 to the Group financial statements, page 190
- Going concern statement: Risk management report, page 75
- Longer-term viability statement: Risk management report, page 76
- Greenhouse gas emissions: Sustainability report, pages 50 to 53
- Financial instruments and risk: Notes 2 and 29 to the Group financial statements, pages 155 and 178 to 183
- Stakeholder and S.172 Statement, pages 20 to 25

For the purposes of Listing Rule 9.8.4, shareholders are directed in accordance with the following table to notes in the consolidated financial statements:

Item	Reference
Interest capitalised and associated tax relief	See Notes 11 and 12 on pages 163 to 166
Publication of unaudited financial information	None
Details of long-term incentive schemes	See Note 37 on pages 187 to 189
Waiver of emoluments by Directors	None
Allotment of securities for cash, including by major subsidiaries	None
Controlling entities/parent undertakings of Hikma	None
Contracts of significance with a material interest of a Director or controlling shareholders	None
Services provided to Hikma by controlling shareholders	None
Arrangements by which shareholders have agreed to waive current or future dividends	See Note 31 on pages 183 and 184
Controlling shareholder agreements and associated obligations	Hikma does not have any controlling shareholders within the meaning of the Listing Rules

Principal activity

The principal activities of Hikma are the development, manufacture and marketing of a broad range of generic, branded and in-licensed pharmaceutical products. Hikma's pharmaceutical operations are conducted through three business segments: Injectables, Branded and Generics. The majority of Hikma's operations are in the MENA region, North America and Europe. Hikma does not have overseas branches within the meaning of the Companies Act 2006 (the Act).

Hikma's net sales, gross profit and segmental results are shown by business segment in Note 5 to the Group financial statements on pages 158 and 159.

Results

Hikma's reported profit attributable to shareholders of Hikma Pharmaceuticals PLC for the year in 2023 was $190 million (2022: $188 million).

Dividend

The Board is recommending a final dividend of 47 cents per share (2022: 37 cents per share) bringing the total dividend for the full year to 72 cents per share (2022: 56 cents per share). The proposed dividend will be paid on 3 May 2024 to eligible shareholders on the register at the close of business on 22 March 2024, subject to approval at the Annual General Meeting on 25 April 2024.

Post-balance sheet events

On 1 February 2024, the Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. These cases relate to the manufacture and sales 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 for the expected settlement amount for all related cases in North America. The provision is considered an adjusting post balance sheet event and is recognised in the consolidated financial statements for the year ended 31 December 2023.

Creditor payment policy

Hikma's policy, which is also applied by all subsidiaries and will continue in respect of the 2024 financial year, is to settle terms of payment with all suppliers when agreeing the terms of each transaction and to ensure that we abide by those terms of payment. Trade creditors of Hikma at 31 December 2023 were equivalent to 76 days' purchases (2022: 83 days), based on Group trade payables multiplied by 365, divided by trailing 12 months Group cost of goods sold.

Donations

During the year Hikma made charitable donations of over $6.0 million (2022: $5.0 million):

Type of donation	**Amount donated in 2023 ($)**	Amount donated in 2022 ($)
Local charities serving communities in which Hikma operates	1,249,424	1,022,963
Medical (donations in kind)	4,906,573	4,326,648
Political donations and expenditure	nil	nil
Total	**6,155,997**	**5,349,611**

Hikma's policy prohibits the payment of political donations and expenditure within the meaning of the Act.

Other statutory disclosures
continued

Research and development

Hikma's investment in research and development (R&D) during 2023 represented 5.2% of Group revenue (2022: 5.7%). Further details on Hikma's R&D activities can be found on pages 12 to 19.

Significant contracts

Due to the nature of Hikma's business, members of Hikma are party to agreements that could alter or be terminated upon a change of control of Hikma following a takeover. However, none of these agreements is individually deemed to be significant in terms of its potential impact on the business of Hikma taken as a whole. The Directors are not aware of any agreements between Hikma and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid. There are no persons, with whom Hikma has contractual or other arrangements, who are deemed to be essential to the business of Hikma.

Directors

It is the Board's policy that all Directors should retire and, should the Director wish to continue in office, seek election or re-election on an annual basis. Accordingly, Said Darwazah, Mazen Darwazah, Ali Al-Husry, John Castellani, Nina Henderson, Cynthia Flowers, Douglas Hurt, Laura Balan, Victoria Hull and Deneen Vojta will seek re-election at the AGM and Riad Mishlawi will seek election at the AGM.

Indemnities and insurance

Hikma maintains an appropriate level of Directors' and Officers' insurance. The Directors benefit from qualifying third-party indemnities made by Hikma that were in force during the year and as at the date of signing this report. These indemnities are uncapped in amount in relation to losses and liabilities which Directors may incur to third parties in the course of the performance of their duties.

Auditors

Each person who was a Director of Hikma at the date when this report was approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which Hikma's auditors are unaware
- the Director has taken all the steps that they ought to have taken as a Director to make themself aware of any relevant audit information and to establish that Hikma's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Workforce engagement

Nina Henderson is the designated Non-Executive Director to engage with the workforce under the UK Corporate Governance Code 2018 (the Code) and undertook workforce engagement activities, as described on pages 22 and 83. Hikma continued to operate its existing workforce engagement mechanisms which include intra-Group communications, social networking, an open door policy for legitimate union representatives and the operation of share incentive arrangements. Hikma does not discriminate against a potential employee on grounds of disability and will make reasonable adjustments to employ and develop disabled people.

Stakeholder engagement

Further information on the Board's engagement with stakeholders is detailed in our Section 172 Statement on pages 20 to 25.

Equity

Capital structure

Details of the issued share capital, together with movements in the issued share capital during the year, can be found in Note 31 to the Group financial statements on pages 183 and 184. Hikma has one class of Ordinary Shares of 10 pence each (Shares) which carries no right to fixed income. Each share carries the right to one vote at general meetings of Hikma.

As at 31 December 2023:

Type	Nominal value	In issue	Issued during the year	Cancelled during the year
Shares	10 pence	233,914,604	845,519	–

During 2023, Hikma issued Shares solely pursuant to the exercise of options under the 2005 Long Term Incentive Plan, 2009 Management Incentive Plan, 2018 Management Incentive Plan, and 2014 Executive Incentive Plan.

There are no specific restrictions on the size of a holding or on the transfer of shares, which are both governed by the general provision Hikma's Articles of Association (the Articles) and prevailing legislation.

The Directors are not aware of any agreements between holders of Hikma's shares that may have resulted in restrictions on the transfer of securities or on voting rights. No person has any special rights with regard to the control of Hikma's share capital and all issued shares are fully paid.

Share buyback

At the Annual General Meeting (AGM) on 28 April 2023, shareholders gave the Directors authority to purchase shares from the market up to an amount equal to 10% of Hikma's issued share capital at that time. This authority expires at the earlier of 28 July 2024 or the 2024 AGM, which is scheduled for 25 April 2024. During 2023 no Ordinary Shares were purchased by the Company.

During 2022, the Company purchased and cancelled 12,499,670 Ordinary Shares.

During 2020, the Company purchased 12,833,233 Ordinary Shares from Boehringer Ingelheim (the 'Treasury Shares'). The Treasury Shares are held in treasury and, accordingly, do not receive dividends and do not exercise voting rights.

Share issuance

At the AGM on 28 April 2023, the Directors were authorised to issue relevant securities up to an aggregate nominal amount of £7,342,093 and to be empowered to allot equity securities for cash on a non-pre-emptive basis up to an aggregate nominal amount of £4,405,256 at any time up to the earlier of the date of the 2024 AGM or 28 July 2024. The Directors propose to renew these authorities at the 2024 AGM for a further year. In the year ahead, other than in respect of Hikma's obligations to satisfy rights granted to employees under its various share-based incentive arrangements, the Directors have no present intention of issuing any additional share capital of Hikma.

Details of the employee share schemes are set out in Note 37 to the Group financial statements on pages 187 to 189. The Hikma Pharmaceuticals Employee Benefit Trust (EBT) holds no shares. The EBT has waived its right to vote on any shares it holds and also to its entitlement to a dividend. Other than the EBT and the Treasury Shares, no other shareholder has waived the right to a dividend.

Diversity disclosures pursuant to Listing Rule 9.8.6R

In April 2022, the UK Financial Conduct Authority (FCA) published its final rules to increase the disclosure of diversity on listed company boards and executive committees. This requires listed companies to disclose in a prescribed format information on the diversity of their board and executive committee. The Listing Rules (to which Hikma is subject) have been amended to require disclosure of the prescribed information and the new requirement applies to financial years beginning on or after 1 April 2022.

The Listing Rules require listed companies to state whether they have met certain targets on board diversity. The information in the table below is at 31 December 2023, which is the date selected as the reference date within Hikma's accounting period. The targets set out in the Listing Rules are that:

1. at least 40% of the individuals on its board of directors are women;

2. at least one of the following senior positions on its board of directors is held by a woman (the chair, SID, CEO or CFO); and

3. at least one individual on its board of directors is from a minority ethnic background.

As at the reference date, the Board of Hikma meets all three targets.

Gender diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)[1]	Number in Executive Management	Percentage of Executive Management
Men	7	58%	2	7	88%
Women	5	42%	1	1	12%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background diversity	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)[1]	Number in Executive Management	Percentage of Executive Management
White British or other White (including minority-white groups)	8	67%	1	4	50%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	4	33%	2	4	50%
Not specified/prefer not to say	–	–	–	–	–

Between 31 December 2023 and 21 February 2024, being the date at which this report is signed, Julie Hill was appointed to the Executive Committee. This change does not affect Hikma's ability to meet any of the targets detailed above. Each member of the Board or Executive Management has confirmed their gender and ethnic background to the Company Secretary and the above data has been collated from those records.

1. The CFO is not appointed to the Board

Other statutory disclosures
continued

Annual General Meeting

The AGM of Hikma will be held at Sofitel St James, 6 Waterloo Place, London SW1Y 4AN on Thursday 25 April 2024, starting at 11.00 am. The Notice convening the meeting is given in a separate document accompanying this document, and includes a commentary on the business of the AGM, explains how shareholders can take part and includes notes to help shareholders exercise their rights at the meeting.

Hikma provides for the vote on each resolution to be by poll rather than by show of hands. This provides for greater transparency and allows the votes of all shareholders to be counted, including those cast by proxy. The level of proxies lodged for each resolution is projected onto a screen as each resolution is put to the meeting. A 'vote withheld' explanation is included in the Notice.

Powers of the Directors

The powers of the Directors are determined by the Articles, the Code and other relevant UK legislation. The Articles give the Directors the power to appoint and remove Directors. The power to buy back, issue and allot shares contained in the Articles is subject to shareholder approval at each AGM. The Articles, which are available on the website, may only be amended by special resolution of the shareholders.

Substantial shareholdings

As at 31 December 2023, Hikma had been notified pursuant to sections 89A to 89L of the Financial Services and Markets Act 2000 and Rule 5 of the Disclosure and Transparency Rules of the UKLA of the following interests in the voting rights attaching to the share capital of Hikma:

Name of shareholder	Number of Shares	Percentage held[1]
Darhold Limited[2]	60,000,000	27.14%
Wellington Management Group LLP	11,556,882	5.23%
BlackRock Group	10,003,617	4.53%

1. The percentages detailed relate to voting rights in the Company. Therefore, the Treasury Shares and any shares held by the EBT have been excluded from the denominator for this calculation

2. Said Darwazah, Mazen Darwazah and Ali Al-Husry, each being a Director and shareholder of Hikma, are shareholders and Non-Executive Directors of Darhold Limited. See page 127 for details of their interests in Darhold Limited

Between 31 December 2023 and 21 February 2024, being the date at which this report is signed, no changes in substantial shareholdings were notified to Hikma.

Pre-emptive issue of shares

During the year under review, and in the period since the date of Hikma's Initial Public Offering on 1 November 2005, Hikma did not issue any shares pursuant to an authority given by shareholders at an AGM to issue shares for cash on a non-pre-emptive basis, other than in respect of the placing undertaken on 17 January 2008.

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). In preparing the Group and Company financial statements, the Directors have also elected to comply with International Financial Reporting Standards issued by the International Accounting Standards Board (IFRSs as issued by IASB).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards and IFRSs issued by IASB have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Electronic communications

Hikma's preference is to communicate through Hikma's website, rather than in paper form. Shareholders are encouraged to visit the website to access Hikma's Annual Reports and half-year and final results presentations. Shareholders who wish to receive paper communications can elect to do so using our shareholder portal (**www.hikmashares.com**) or through Hikma's Registrar, Link Group.

The Directors' report was approved by the Board of Directors and signed on its behalf by:

Said Darwazah
Executive Chairman
21 February 2024

Riad Mishlawi
Chief Executive Officer
21 February 2024

Financial statements


hikma.

Independent auditors' report to the members of Hikma Pharmaceuticals PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Hikma Pharmaceuticals PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 December 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRS Accounting Standards as issued by the IASB

As explained in note 2 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In our opinion, the Group financial statements have been properly prepared in accordance with IFRS Accounting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit included full scope audits of four components, an audit of specific financial statement line items of one additional component and audit procedures performed centrally over certain specific material balances at locations around the Group and over central consolidation and adjustment entities. Full scope components account for 81% of consolidated revenue and 68% of core profit before tax.

Key audit matters

- Adequacy and appropriateness of management's impairment and impairment reversal indicators assessment in respect of the Generic Advair Diskus® and Generics cash generating units (Group)
- Valuation and accuracy of gross to net rebate and returns adjustments in the US (Group)
- Recoverability of the carrying amounts in respect of investments in subsidiaries (Company)

Materiality

- Overall Group materiality: $31 million (2022: $25 million) based on approximately 5% of core profit before tax (2022: based on approximately 5% of core profit before tax).
- Overall Company materiality: $37.6 million (2022: $39 million) based on approximately 1% of total assets (2022: based on approximately 1% of total assets).
- Performance materiality: $23.2 million (2022: $18.75 million) (Group) and $28.2 million (2022: $29.2 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Adequacy and appropriateness of management's impairment and impairment reversal indicators assessment in respect of the Generic Advair Diskus® and Generics cash generating units (Group)	
The group has property, plant and equipment ("PPE") of $1,096 million (2022: $1,024 million) and intangible assets of $1,100 million (2022: $1,124 million). Management has assessed whether indicators of impairment or impairment reversal existed in relation to PPE and intangible assets as at 31 December 2023, performed at the cash generating units ("CGUs") level, being the lowest level at which largely independent cash inflows are generated. The goodwill and certain intangible assets allocated to the Generic Advair Diskus® and Generics CGUs were impaired in previous years. This, together with recent CGU performance, has resulted in these CGUs being the focus of our key audit matter. CGUs with finite life assets must be assessed for indicators of impairment at each reporting date. Where an impairment indicator has been identified, the recoverable amount of the CGU needs to be calculated to assess whether an impairment exists. Conversely, where there has been a sustained improvement in the conditions that gave rise to a prior impairment an impairment reversal should be recorded, other than where the impairment related to goodwill which cannot be reversed. Management's assessment did not identify any indicators of impairment or impairment reversal. The assessment of whether an impairment trigger has occurred requires exercise of judgement. The determination of whether there has been a sustained improvement in the conditions that gave rise to a previous impairment, to support an impairment reversal, also involves a significant degree of judgement and careful consideration. This includes, but is not limited to, consideration of actual performance in the year and management's view of future cash flow forecasts. These forecasts are based on management's expectations of external factors such as market competition, likelihood of regulatory product approvals and changes to regulations in addition to its own intentions. These impact key assumptions like market share, pricing, revenue growth and profit margins. Accordingly, the adequacy and appropriateness of management's impairment and impairment reversals indicators assessment for these two CGUs was determined to be a key audit matter. Refer to the Audit Committee review of areas of significant judgement, accounting policies (note 2), critical accounting judgements and key sources of estimation uncertainty (note 3), and goodwill and other intangible assets (note 15) and property, plant and equipment (note 16) in the Group financial statements.	We performed the following audit procedures in order to evaluate the reasonableness of management's indicators assessment and their conclusions: – We reconciled the carrying values of the CGUs to underlying financial records and understood the constituents of the CGU; – We obtained management's five-year business plan ("5YBP") and verified that the 5YBP was approved by the Board; – We evaluated the current year performance of the CGUs against prior year forecasts, compared the previous 5YBP to the current year 5YBP and challenged management to understand the reasons for improvement in the performance of both CGUs; – We considered the changes to the 5YBP since the last formal recoverable value determination in 2022, focusing on changes in the forecasts with respect to key contributor products. – We analysed the changes to forecasts for key contributor products since the last formal recoverable amount determination for the CGUs in 2022 to assess whether these changes have a material impact on the recoverable amounts of the CGUs in order to determine if they represent an indicator of impairment or impairment reversal; – We made enquiries of management including the commercial, regulatory and legal teams to further understand the key inputs and assumptions underpinning the forecasts for the overall CGU and in respect of key contributor products. We corroborated and challenged these key inputs and assumptions from these discussions using available third party data (e.g. IQVIA market intelligence, analyst reports), by inspecting correspondence with the regulator, and agreeing information to contracts; and, – Our internal valuation experts determined discount rate ranges for these CGUs. We considered the movement in these ranges since the prior year to identify any potential triggering events which may indicate a full impairment assessment is required as per IAS 36. Based on our procedures we consider management's conclusion that there are no indicators of impairment or impairment reversal to be reasonable. We also evaluated the disclosures in note 2, note 3, note 15 and note 16 and consider these to be appropriate.
Valuation and accuracy of gross to net rebate and returns adjustments in the US (Group)	
Management is required to make estimates in respect of revenue recognition, specifically the level of returns and rebates to be realised against the Group's revenue. The Group recorded significant revenue deductions for the year ended 31 December 2023 and determined provisions for customer rebates of $27 million, indirect rebates of $67 million and returns of $133 million. In aggregate, these estimates are complex, material to the financial statements and require significant estimation by Directors to establish an appropriate provision and accordingly this was determined to be a key audit matter. Refer to the Audit Committee review of areas of significant judgement, accounting policies (note 2), critical accounting judgements and key sources of estimation uncertainty (note 3), trade and other receivables (note 21) and other current liabilities (note 27) in the Group financial statements.	We considered the Group's processes for making judgements in this area and performed the following procedures: – We assessed the revenue recognition policy and applicable controls in place around this process; – We tested controls over the validation and approval of payment claims; – We tested returns, rebates payments and credit memos throughout the year by agreeing selected transactions back to the underlying source documentation including customer claims and payment information; – We confirmed channel inventory with major wholesalers or performed alternative procedures where confirmations were not received; – We developed an independent expectation or tested management's process for the largest elements of the reserves at 31 December 2023 using assumptions and inputs based on contracted prices and rebate terms, historical rebates, discounts, validated channel inventory levels, and invoices received or payments made, as applicable, subsequent to year-end to validate provisions. We compared this expectation to the actual accrual recognised by the Group; and, – We considered the historical accuracy of the Group's estimates in previous years and the effect of any adjustments to prior years' accruals in the current year's results. Based on the procedures performed, we did not identify any material differences between our independent expectations and the reserves recorded. We also evaluated the disclosures in note 2, note 3, note 21 and note 27 which we consider to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Recoverability of the carrying amounts in respect of investments in subsidiaries (Company)	
The investments in subsidiaries of $3,303m (2022: $3,296m) are accounted for at cost less impairment in the Company balance sheet at 31 December 2023. Investments in subsidiaries are accounted for at cost less provision for impairment in the Company balance sheet. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement. The impairment assessment was identified as a key audit matter due to the size of the underlying investment carrying values at 31 December 2023. Impairment indicators were identified in connection with certain investments in subsidiaries due to the carrying value of investments exceeding the net assets of the underlying subsidiaries. As a result, the recoverable amount of the investments are determined by reference to the value in use, in order to determine the headroom, if any. The determination of the recoverable amount requires the application of management judgement and estimates, particularly in determining the key assumptions to be applied in preparing cash flow projections. Refer to accounting policies (note 2) and investment in subsidiaries (note 4) in the Company financial statements.	We performed the following audit procedures in relation to the carrying amount of investments in subsidiaries: – We evaluated management's assessment of whether any indicators of impairment existed by comparing the carrying values of investments in subsidiaries with the net assets of the underlying subsidiaries at 31 December 2023; – For investments where the net assets were lower than the carrying values, we assessed their recoverable value by reference to the value in use of the investments compared to their carrying values at 31 December 2023. Where applicable, we verified that the recoverable values of investments were consistent with the recoverable values of the related CGUs tested for goodwill impairment purposes, leveraging the audit work undertaken as part of the Group audit; and, – We separately evaluated the difference between the carrying value of the Company's investments in subsidiaries and the Group's market capitalisation. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Procedures, including oversight discussions and site visits by senior team members, were performed prior to year-end to refine the audit approach and evaluate component auditor procedures and controls testing. As at 31 December 2023, Hikma Pharmaceuticals PLC had 57 subsidiaries and one joint venture as part of the Group. These entities may operate solely in one segment but more commonly operate across two. Each component submits a Group reporting package to Hikma's central accounting team including its income statement and balance sheet prepared under Group accounting policies which are in accordance with the accounting standards. We instructed component teams in the US, Jordan, Saudi Arabia and Algeria to audit reporting packages of certain entities in these territories and report to us the results of their full scope audit work. We also engaged our component team in Portugal to perform an audit over specific balances.
In addition to instructing and reviewing the reporting from our component audit teams, we conducted file reviews and participated in key meetings with local management both remotely and in person. We had regular dialogue with component teams throughout the year and performed site visits to the US, Jordan, Algeria and Portugal. In addition to the work performed by our component teams, central audit procedures were performed by the Group engagement team in relation to specific material balances not covered by component auditors. The Group consolidation and related central consolidation and other adjustments, financial statement disclosures and corporate functions were also audited by the Group engagement team. This included our work over central taxation adjustments, valuation of goodwill and intangible assets and major transactions. Taken together, audit work over the full scope components and central procedures performed covered approximately 81% of the Group's revenue and 68% of the Group's core profit before tax. In addition to the audit procedures noted above, we also performed disaggregated analytical review procedures over certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. We also performed a full scope audit of the Company to a separate Company standalone materiality.

The impact of climate risk on our audit

As explained in the Sustainability Report, the Group is mindful of its impact on the environment and is focussed on ways to reduce climate related impacts. In planning and executing our audit we have considered the Group's risk assessment process to identify and model the potential impact of climate change on the financial statements and further engaged with our own sustainability experts. Based on this, we understand that the key impact to the Group could be a potential increase in input costs for energy intensive supplies such as active pharmaceutical ingredients and packaging materials due to carbon pricing. This would impact the financial statement line items and estimates associated with future cash flows since the impact of climate change is expected to become more notable in the medium to long term. The key areas impacted include recoverability of goodwill, intangible assets and deferred tax assets. We note that management's assessment is that the impact on Hikma is currently immaterial, nevertheless, while auditing the estimates associated with the forecasts, we have challenged management on reflecting the impact of climate change and any climate change related commitments in the cash flows particularly in the context of the Group's target to reduce Scope 1 and 2 GHG emissions by 25% by 2030. We have not identified any matters as part of this work which contradict the disclosures in the Annual Report or lead to any material adjustments to the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	$31 million (2022: $25 million).	$37.6 million (2022: $39 million).
How we determined it	Based on approximately 5% of core profit before tax (2022: Based on approximately 5% of core profit before tax)	Based on approximately 1% of total assets (2022: Based on approximately 1% of total assets)
Rationale for benchmark applied	The Group's principal measure of earnings is core results. Management believes that it reflects the underlying performance of the Group and is a meaningful measure of the Group's performance to stakeholders.	Total assets is used as the benchmark as the Company's principal activity is to hold the Group's investments and perform treasury functions on behalf of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $12 million and $27.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to $23.2 million (2022: $18.75 million) for the Group financial statements and $28.2 million (2022: $29.2 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.5 million (Group audit) (2022: $1.2 million) and $1.8 million (Company audit) (2022: $1.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the underlying cash flow projections to board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- evaluating the key assumptions within management's forecasts;
- considering liquidity and available financial resources;
- considering compliance with covenants in the current year and ability to comply with these at each future covenant reporting date in the going concern period;
- assessing whether the plausible downside scenario prepared by management appropriately considered the principal risks facing the business; and
- evaluating the feasibility of management's mitigating actions in the plausible downside scenario.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Hikma Pharmaceuticals PLC
continued

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to patent protection, product safety (including but not limited to the United States Food and Drug Administration regulations), competition and antitrust laws, pricing practices and legislation, and anti-bribery and corruption legislation (including but not limited to the Foreign Corrupt Practices Act), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as applicable tax legislation, the Companies Act 2006 and Listing Rules of the Financial Conduct Authority (FCA). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessment of matters reported on the Group's whistleblowing hotline and results of management's investigation of such matters;
- challenging assumptions made by management in its significant accounting estimates particularly in relation to estimation of rebate and returns provisions, and recoverability of intangible assets (see related key audit matters above); and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 11 May 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 31 December 2016 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Nigel Comello
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
21 February 2024

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Revenue	4	**2,875**	**–**	**2,875**	2,517	–	2,517
Cost of sales		**(1,468)**	**(17)**	**(1,485)**	(1,252)	(27)	(1,279)
Gross profit/(loss)		**1,407**	**(17)**	**1,390**	1,265	(27)	1,238
Selling, general and administrative expenses		**(544)**	**(223)**	**(767)**	(509)	(106)	(615)
Impairment loss on financial assets, net		**(3)**	**(29)**	**(32)**	(5)	–	(5)
Research and development expenses		**(149)**	**–**	**(149)**	(144)	–	(144)
Other operating expenses	9	**(9)**	**(71)**	**(80)**	(25)	(181)	(206)
Other operating income	9	**5**	**–**	**5**	14	–	14
Total operating expenses		**(700)**	**(323)**	**(1,023)**	(669)	(287)	(956)
Operating profit/(loss)	5	**707**	**(340)**	**367**	596	(314)	282
Finance income	10	**7**	**–**	**7**	3	26	29
Finance expense	11	**(90)**	**(5)**	**(95)**	(77)	(4)	(81)
Gain/(loss) from investment at fair value through profit or loss (FVTPL)		**2**	**–**	**2**	(2)	–	(2)
Gain from investment divestiture, net		**–**	**–**	**–**	–	5	5
Profit/(loss) before tax		**626**	**(345)**	**281**	520	(287)	233
Tax	12	**(131)**	**42**	**(89)**	(111)	69	(42)
Profit/(loss) for the year		**495**	**(303)**	**192**	409	(218)	191
Attributable to:							
Non-controlling interests	32	**3**	**(1)**	**2**	3	–	3
Equity holders of the parent		**492**	**(302)**	**190**	406	(218)	188
Earnings per share (cents)							
Basic	14	**223**		**86**	181		84
Diluted	14	**221**		**85**	180		84

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	Note	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Profit/(loss) for the year		495	(303)	192	409	(218)	191
Other comprehensive income/(expense)							
Items that may subsequently be reclassified to the consolidated income statement:							
Currency translation and hyperinflation movement		(3)	–	(3)	(87)	–	(87)
Deferred tax on currency translation		1	–	1	–	–	–
Reclassification of translation gain on disposal of subsidiary		–	–	–	–	(8)	(8)
Items that will not subsequently be reclassified to the consolidated income statement:							
Change in investments at fair value through other comprehensive income (FVTOCI)	19	(13)	–	(13)	(8)	–	(8)
Total other comprehensive expense for the year		(15)	–	(15)	(95)	(8)	(103)
Total comprehensive income/(expense) for the year		480	(303)	177	314	(226)	88
Attributable to:							
Non-controlling interests		2	–	2	–	–	–
Equity holders of the parent		478	(303)	175	314	(226)	88
		480	(303)	177	314	(226)	88

Consolidated balance sheet

At 31 December 2023

	Note	2023 $m	2022 $m
Non-current assets			
Goodwill	15	**388**	389
Other intangible assets	15	**712**	735
Property, plant and equipment	16	**1,096**	1,024
Right-of-use assets	17	**45**	57
Investment in joint venture	18	**10**	10
Deferred tax assets	12	**226**	192
Financial and other non-current assets	19	**103**	65
		2,580	2,472
Current assets			
Inventories	20	**891**	776
Income tax receivable		**49**	32
Trade and other receivables	21	**824**	809
Cash and cash equivalents	22	**205**	270
Other current assets	23	**120**	110
Assets classified as held for sale/distribution		**11**	2
		2,100	1,999
Total assets		**4,680**	4,471
Current liabilities			
Short-term financial debts	24	**150**	139
Lease liabilities	17	**11**	9
Trade and other payables	25	**568**	476
Income tax payable		**74**	73
Provisions	26	**152**	32
Other current liabilities	27	**384**	348
		1,339	1,077
Net current assets		**761**	922
Non-current liabilities			
Long-term financial debts	28	**975**	1,074
Lease liabilities	17	**55**	61
Deferred tax liabilities	12	**25**	19
Provisions	26	**7**	–
Other non-current liabilities	30	**70**	92
		1,132	1,246
Total liabilities		**2,471**	2,323
Net assets		**2,209**	2,148
Equity			
Share capital	31	**40**	40
Share premium		**282**	282
Other reserves		**(282)**	(265)
Translation reserve related to assets classified as held for distribution		**–**	(14)
Retained earnings		**2,158**	2,092
Equity attributable to equity holders of the parent		**2,198**	2,135
Non-controlling interests	32	**11**	13
Total equity		**2,209**	2,148

The consolidated financial statements of Hikma Pharmaceuticals PLC, registered number 5557934, on pages 146 to 193 were approved by the Board of Directors on 21 February 2024 and signed on its behalf by:

Said Darwazah
Executive Chairman
21 February 2024

Riad Mishlawi
Chief Executive Officer

Consolidated statement of changes in equity

For the year ended 31 December 2023

	Note	Share capital $m	Share premium $m	Other reserves: Merger and revaluation reserves $m	Other reserves: Translation reserve $m	Other reserves: Capital redemption reserve $m	Other reserves: Total other reserves $m	Translation reserve related to assets classified as held for distribution $m	Retained earnings $m	Equity attributable to equity holders of the parent $m	Non-controlling interests $m	Total equity $m
Balance at 1 January 2022		42	282	164	(224)	–	**(60)**	–	2,189	**2,453**	14	**2,467**
Profit for the year		–	–	–	–	–	**–**	–	188	**188**	3	**191**
Change in investments at fair value through other comprehensive income (FVTOCI)	19	–	–	–	–	–	**–**	–	(8)	**(8)**	–	**(8)**
Currency translation and hyperinflation movement		–	–	–	(84)	–	**(84)**	–	–	**(84)**	(3)	**(87)**
Reclassification of translation gains on disposal of subsidiary		–	–	–	(8)	–	**(8)**	–	–	**(8)**	–	**(8)**
Total comprehensive income for the year		–	–	–	(92)	–	**(92)**	–	180	**88**	–	**88**
Transfer of merger reserve	31	–	–	(129)	–	–	**(129)**	–	129	**–**	–	**–**
Issue of Ordinary Bonus Share	31	1,746	–	–	–	–	**–**	–	(1,746)	**–**	–	**–**
Cancellation of Ordinary Bonus Share	31	(1,746)	–	–	–	–	**–**	–	1,746	**–**	–	**–**
Cost of equity-settled employee share scheme	37	–	–	–	–	–	**–**	–	22	**22**	–	**22**
Dividends paid	13	–	–	–	–	–	**–**	–	(125)	**(125)**	(3)	**(128)**
Ordinary Shares purchased and cancelled	31	(2)	–	–	–	2	**2**	–	(300)	**(300)**	–	**(300)**
Shares buyback transaction cost		–	–	–	–	–	**–**	–	(3)	**(3)**	–	**(3)**
Other comprehensive income accumulated in equity related to assets classified as held for distribution		–	–	–	14	–	**14**	(14)	–	**–**	–	**–**
Acquisition of subsidiaries		–	–	–	–	–	**–**	–	–	**–**	2	**2**
Balance at 31 December 2022 and 1 January 2023		40	282	35	(302)	2	**(265)**	(14)	2,092	**2,135**	13	**2,148**
Profit for the year		–	–	–	–	–	**–**	–	190	**190**	2	**192**
Change in investments at fair value through other comprehensive income (FVTOCI)	19	–	–	–	–	–	**–**	–	(13)	**(13)**	–	**(13)**
Currency translation and hyperinflation movement		–	–	–	(3)	–	**(3)**	–	–	**(3)**	–	**(3)**
Deferred tax on currency translation		–	–	–	–	–	**–**	–	1	**1**	–	**1**
Total comprehensive income for the year		–	–	–	(3)	–	**(3)**	–	178	**175**	2	**177**
Cost of equity-settled employee share scheme	37	–	–	–	–	–	**–**	–	25	**25**	–	**25**
Dividends paid	13	–	–	–	–	–	**–**	–	(137)	**(137)**	(4)	**(141)**
Other comprehensive income accumulated in equity related to assets no longer classified as held for distribution[1]		–	–	–	(14)	–	**(14)**	14	–	**–**	–	**–**
Balance at 31 December 2023		40	282	35	(319)	2	**(282)**	–	2,158	**2,198**	11	**2,209**

1. Translation reserve related to assets classified as held for distribution was reclassified to other reserves as the liquidation of Pharma Ixir Co. Ltd, one of the subsidiaries in Sudan, is no longer expected to be completed within twelve months because of the ongoing conflict in the country.

Consolidated cash flow statement

For the year ended 31 December 2023

	Note	2023 $m	2022 $m
Cash flows from operating activities			
Cash generated from operations	33	**737**	585
Income taxes paid		**(131)**	(103)
Income taxes received		**2**	48
Net cash inflow from operating activities		**608**	530
Cash flow from investing activities			
Purchase of property, plant and equipment		**(169)**	(138)
Proceeds from disposal of property, plant and equipment		**18**	1
Purchase of intangible assets		**(35)**	(87)
Proceeds from disposal of intangible assets		**–**	9
Additions to investments at FVTOCI		**(27)**	(15)
Proceeds from sale of investment at FVTOCI		**1**	–
Acquisition of businesses, net of cash acquired	35	**(98)**	(373)
Advance payment related to non-financial assets	19	**(23)**	–
Cash loss on disposal of subsidiary		**–**	(1)
Payments of contingent consideration liability		**(7)**	(6)
Interest income received		**7**	3
Net cash outflow from investing activities		**(333)**	(607)
Cash flow from financing activities			
Proceeds from issue of long-term financial debts		**778**	1,401
Repayment of long-term financial debts		**(841)**	(962)
Proceeds from short-term financial debts		**437**	380
Repayment of short-term financial debts		**(467)**	(363)
Repayment of lease liabilities		**(10)**	(9)
Dividends paid	13	**(137)**	(125)
Distributions to non-controlling interests		**(4)**	(3)
Interest and bank charges paid		**(82)**	(68)
Increase in restricted cash	19	**(10)**	–
Revolving credit facility upfront fees paid		**–**	(5)
Share buyback		**–**	(300)
Share buyback transaction costs		**–**	(3)
Payments of co-development and earnout payment agreement		**(1)**	(1)
Net cash outflow from financing activities		**(337)**	(58)
Net decrease in cash and cash equivalents		**(62)**	(135)
Cash and cash equivalents at beginning of year		**270**	426
Foreign exchange translation movements		**(3)**	(21)
Cash and cash equivalents at end of year	22	**205**	270

Notes to the consolidated financial statements

1. Adoption of new and revised standards

The following new and revised standards and interpretations have been issued and are effective for annual periods beginning on 1 January 2023.

IFRS 17 (New Standard)	Insurance Contracts
IAS 1 (Amendments)	Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – disclosure of accounting policies
IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors – definition of accounting estimates
IAS 12 (Amendments)	Income Taxes – deferred tax related to assets and liabilities arising from a single transaction
IAS 12 (Amendments)	Income Taxes – International Tax Reform — Pillar Two Model Rules

IAS 1 amendments had an impact on the Group's disclosures of accounting policies, but did not impact the measurement, recognition or presentation of the consolidated financial statements. The other new and revised standards and interpretations had no significant impact on the consolidated financial statements but may impact the accounting for future transactions and arrangements.

The standards and interpretations that had been issued but were not mandatory for annual reporting periods ending on 31 December 2023 were not early adopted. The Group doesn't expect any significant impact from applying these standards and interpretations.

2. Accounting policies

General information

Hikma Pharmaceuticals PLC is a public limited liability company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is stated on page 202.

The Group's principal activities are the development, manufacturing, marketing and selling of a broad range of generic, branded generic and in-licensed patented pharmaceutical products in solid, semi-solid, liquid and injectable final dosage forms.

Basis of preparation

Hikma Pharmaceuticals PLC's consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The consolidated financial statements also fully comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation to fair value of certain financial assets and liabilities.

The accounting policies included in this note have been applied consistently other than where new policies have been adopted.

The Group's previously published consolidated financial statements were also prepared in accordance with UK-adopted international accounting standards, the requirements of the Companies Act 2006, and were fully compliant with the IFRS Accounting Standards.

The presentational currency of the Group's consolidated financial statements is the US dollar as the majority of the Group's business is conducted in US dollars.

Going concern

The Directors believe that the Group is well diversified due to its geographic spread, product diversity and large customer and supplier base. Taking into account the Group's current position and its principal risks for a period longer than 12 months from the date of signing the consolidated financial statement, a going concern analysis has been prepared using realistic scenarios applying a severe but plausible downside which shows sufficient liquidity headroom. Therefore, the Directors believe that the Group and its subsidiaries are adequately placed to manage their business and financing risks successfully, despite the current uncertain economic outlook. Having assessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the consolidated financial statements. (See page 75).

Financial covenants are suspended while the Group retains its investment grade status from two rating agencies[1]. As of 31 December 2023, the Group's investment grade rating was affirmed by S&P and Fitch.

1. Rating agencies: means each of Fitch, Moody's and S&P or any of their affiliates or successors

Basis of consolidation

The consolidated financial statements incorporate the results of Hikma Pharmaceuticals PLC (the Company) and entities controlled by the Company (together, the Group).

All subsidiaries and the Company's financial statements are consolidated up to 31 December each year.

Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. All identifiable assets, liabilities and contingent liabilities acquired are measured at fair value on the acquisition date. All acquisition-related costs are recognised in the consolidated income statement as incurred.

The consideration is measured at the aggregate fair values of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, at the acquisition date. Where applicable, this consideration may include the fair value of assets or liabilities resulting from a contingent consideration arrangement.

Contingent consideration classified as an asset or liability is a financial instrument and, within the scope of IFRS 9 'Financial Instruments', is measured at fair value, with changes in fair value recognised in the consolidated income statement in line with IFRS 9.

Subsequent changes to those fair values can only affect the measurement of goodwill, where they occur during the 'measurement period' and are as a result of additional information becoming available about facts and circumstances that existed at the acquisition date. All other changes are dealt with in accordance with relevant IFRS Accounting Standards. This will usually mean that changes in the fair value of consideration are recognised in the consolidated income statement.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the aggregate of consideration, non-controlling interest and any fair value of previously held equity interest over the fair values of the identifiable net assets acquired. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and acquired contingent liabilities exceeds the cost of the consideration, the gain is recognised immediately in the consolidated income statement.

The non-controlling interest in the acquiree is initially measured at the non-controlling interest's proportion of the net fair value of the assets, liabilities and acquired contingent liabilities recognised.

2. Accounting policies continued

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Revenue recognition

Revenue is recognised in the consolidated income statement when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The point at which control passes is determined by each customer arrangement, but generally occurs on delivery to the customer.

The Group has generally concluded that it acts as principal in its revenue arrangements because it typically controls the goods before the transfer to the customer.

The Group manufactures certain medicines on behalf of some customers. The revenue from providing contract manufacturing services is recognised when these medicines are approved by the quality control department, there is no alternative use of these medicines and the Group has enforceable right to payments.

Revenue represents the amounts receivable after the deduction of discounts, value added tax, other sales taxes, allowances given, provisions for chargebacks, accruals for estimated future rebates, returns and price adjustments. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in light of contractual and historical information.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for time value of money.

Variable consideration

The ultimate net selling price is calculated using variable consideration estimates for certain gross to net adjustments.

Chargebacks

In the US, the Group sells its products directly to wholesale distributors, generic distributors, retail pharmacy chains and mail-order pharmacies. The Group also sells its products indirectly to independent pharmacies, managed care organisations, hospitals, and group purchasing organisations, collectively referred to as 'indirect customers'. The Group enters into agreements with its indirect customers to establish pricing for certain products. The indirect customers then independently select a wholesaler from which they purchase the products at agreed-upon prices. The Group will provide credit to the wholesaler for the difference between the agreed-upon price with the indirect customer and the wholesaler's invoice price. This credit is called a chargeback. The provision for chargebacks is based on historical sell-through levels by the Group's wholesale customers to the indirect customers, and estimated wholesaler inventory levels. As sales are made to large wholesale customers, the Group continually monitors the provision for chargebacks and makes adjustments when it believes that actual chargebacks may differ from estimated reserves.

Returns

The Group has a product return policy that allows customers to return the product within a specified period prior to and subsequent to the expiration date. Provisions for returns are recognised as a reduction of revenue in the period in which the underlying sales are recognised.

The Group estimates its provision for returns based on historical experience, representing management's best estimate. While such experience has enabled reasonable estimations in the past, history may not always be an accurate indicator of future returns. The Group continually monitors the provisions for returns and makes adjustments when it believes that actual product returns may differ from established reserves (see Note 27 for return sensitivity analysis).

Rebates

In the US, rebates are granted to wholesaler distributors and direct customers. Rebates are also granted to healthcare authorities and certain indirect customers under contractual arrangements. Products sold in the US are covered by various programmes (such as Medicaid) under which products are sold at a discount.

The Group estimates its provision for rebates based on current contractual terms and conditions as well as historical experience, changes to business practices and credit terms. While such experience has enabled reasonable estimations in the past, history may not always be an accurate indicator of future rebate liabilities. The Group continually monitors the provisions for rebates and makes adjustments when it believes that actual rebates may differ from established reserves. All rebates are recognised in the period in which the underlying sales are recognised as a reduction of revenue (see Notes 21 and 27 for rebates sensitivity analysis).

Performance obligation

Free goods

Free goods are issued to certain customers as an alternative to discounts. These free goods give rise to a separate performance obligation, which requires management to allocate the transaction price to the original goods and the related free goods. Revenue for free goods is recognised when they are transferred to the customer and a contract liability is recognised when the free goods are due but not yet transferred to the customer.

Share-based payments (Note 37)

At the Company's discretion and subject to the achievement of Group and personal performance criteria in the prior year, employees (including Executive Directors) of the Group receive performance-based remuneration in the form of share-based payments, whereby employees render their services in exchange for shares or rights over shares (equity-settled transactions) under 2014 Executive Incentive Plans (EIP), the 2009 and 2018 Management Incentive Plan (MIP) or the deferred bonus shares awards introduced within the 2023 Incentive Policy.

Additionally, a new Long-Term Incentive Plan (LTIP) was introduced under the 2023 Incentive Policy, which represents a performance share plan with performance measured over certain non-market and market conditions in future years.

The cost of share-based payments' transactions with employees for the EIP, MIP and deferred bonus shares awards is measured by reference to the fair value at the date at which the share-based awards are granted. Fair value is determined based on the share price as at the date of grant discounted by dividend yield. The cost of share-based payments for these share awards is recognised, together with a corresponding increase in equity, on a straight-line basis over the year of performance and the vesting period after the grant date.

2. Accounting policies continued

The cost of share-based payments' transactions with employees under the LTIP is measured by reference to the fair value at the date at which the share-based payments are granted. Fair value is determined based on Monte Carlo methodology for the market condition portion. For non-market conditions, fair value is determined based on the share price at the date of the grant, no discounting for dividend yield is applied as participants will receive the benefit of dividends paid during the vesting period in the form of additional shares. The cost is recognised, together with a corresponding increase in equity, on a straight-line basis over the vesting period after the grant date.

The Group revises its estimate of the number of equity instruments expected to vest, and the impact of the revision of the original estimates (except for the portion related to a market vesting condition), if any, is recognised in the consolidated income statement, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

The dilutive effect of outstanding share-based payments is reflected in the computation of diluted earnings per share.

Taxes (Note 12)

The Group provides for income tax according to the laws and regulations prevailing in the countries where the Group operates. Furthermore, the Group computes and records deferred tax assets and liabilities according to IAS 12 'Income Taxes'.

The tax expense represents the sum of the current tax in the current period and deferred tax.

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities within one year.

The current tax incurred in the period is based on taxable profit for the year and prior year movement accounted for in the current year. Taxable profit differs from net profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's tax incurred is calculated using tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the consolidated balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences will reverse. To the extent the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences, no deferred tax is provided.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each consolidated balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Mandatory temporary exception

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Uncertain tax position

In line with IFRIC 23, if it is considered probable that a tax authority will accept an uncertain tax treatment, the tax charge should be calculated on that basis. If it is not considered probable, the effect of the uncertainty should be estimated and reflected in the tax charge. In assessing the uncertainty, it is assumed that the tax authority will have full knowledge of all information related to the matter.

Exceptional items and other adjustments (Note 6)

We use a number of non-IFRS measures to report and monitor the performance of our business. Management uses these adjusted numbers internally to measure our progress and for setting performance targets. We also present these numbers, alongside our reported results, to external audiences to help them understand the underlying performance of our business. Our adjusted numbers may be calculated differently to other companies.

Adjusted measures are not substitutable for IFRS numbers and should not be considered superior to results presented in accordance with IFRS Accounting Standards.

Core results

Reported results represent the Group's overall performance. However, these results can include one-off or non-cash items that mask the underlying performance of the Group. To provide a more complete picture of the Group's performance and to improve comparability of our consolidated financial statements to external audiences, we provide, alongside our reported results, core results, which are a non-IFRS measure. We represent and discuss our Group and segmental financials reconciled between reported and core results. This presentation allows for full visibility and transparency of our financials so that shareholders are able to clearly assess the performance factors of the Group.

Core results mainly exclude:

- Amortisation of intangible assets other than software
- Impairment charge/reversal of intangible assets and property, plant and equipment
- Finance income and expense resulting from remeasurement and unwinding of contingent consideration and co-development earnout payment agreement financial liabilities
- Exceptional items which management believes to be exceptional in nature by virtue of their size or incidence, or have a distortive effect on current year earnings, such as costs associated with business combinations, one-off gains and losses on disposal of businesses, legal expenses, reorganisation costs and any exceptional items related to tax such as significant tax benefit/expense associated with previously unrecognised deferred tax assets/liabilities

Our core results exclude the exceptional items and other adjustments set out in Note 6 in the Notes to the consolidated financial statements.

2. Accounting policies continued

Intangible assets (Note 15)

Intangible assets are measured at cost, less any accumulated amortisation and impairment losses.

The assets other than goodwill are amortised on a straight-line basis and the amortisation expense is recognised in the selling, general and administrative expenses.

Judgement is used to assess the degree of certainty attached to the flow of future economic benefits that are attributable to the use of the asset on the basis of the evidence available at the time of initial recognition, giving greater weight to external evidence.

Expenditures on research and development activities are charged to the consolidated income statement, except only when the criteria for recognising an internally generated intangible asset is met, which is usually when approval from the relevant regulatory authority is considered probable.

Also, the Group engages with third-party research and development companies to develop products on its behalf. Substantial payments made to such third parties to fund research and development efforts are recognised as intangible assets if the capitalisation criteria for an intangible asset are met, typically when licences are acquired and certain milestones are met. All other expenditures are charged to the consolidated income statement.

Principal intangible assets are:

(a) **Goodwill**

(b) **Product related intangibles:**

(i) Product files and in-licensed products recognised through acquisitions and partnerships are amortised over their useful economic lives once the asset is ready for use

(ii) In-process product files recognised on acquisition are amortised over the useful economic life once the asset is ready for use

(c) **Purchased software:** is amortised over the useful economic life when the asset is ready for use

Other identified intangibles are:

(d) **Customer relationships:** represent the value attributed to the long-term relationships held with existing customers that the Group acquired on business combinations. Customer relationships are amortised over their useful economic lives

(e) **Trade names:** are amortised over their useful lives from the date of acquisition

(f) **Marketing rights:** are amortised over their useful lives commencing in the year in which the rights first generate sales

Details of the intangible assets useful lives are included in Note 15.

Property, plant and equipment (Note 16)

Property, plant and equipment are stated at cost on acquisition and are depreciated on a straight-line basis except for land.

The normal expected useful lives of the major categories of Property, plant and equipment are:

Buildings	20 to 50 years
Machinery and equipment	3 to 20 years
Vehicles, fixtures and equipment	3 to 13 years

A unit of production method of depreciation is applied to operations in their start-up phase, as this reflects the expected pattern of consumption of the future economic benefits embodied in the assets. When these assets are fully utilised, a straight-line method of depreciation is applied.

Projects under construction are carried at cost, less any recognised impairment loss. Depreciation of these assets, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

Any additional costs that extend the useful life of property, plant and equipment are capitalised.

Impairment of intangible assets and property, plant and equipment

At the same time each year, the Group carries out an impairment review for goodwill and intangible assets that are not yet ready for use as follows:

(a) Goodwill is allocated to each of the Group's cash-generating units. These cash-generating units are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(b) Intangible assets that are not yet ready for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

The Group also reviews the carrying amounts of its property, plant and equipment and intangible assets that are subject to depreciation and amortisation to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated income statement.

When an impairment loss for the asset, other than goodwill, subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. However, the increased carrying amount should not exceed the carrying amount that would have been determined had there been no impairment in prior years. A reversal of an impairment loss is recognised immediately in the consolidated income statement.

Leases (Note 17)

In accordance with IFRS 16, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets:

– Right-of-use assets: The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain of obtaining ownership of a leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term

2. Accounting policies continued

- Lease liabilities: at the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments), less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option, payments for optional extension periods and payments of penalties for terminating a lease when these options are reasonably certain to be exercised by the Group. The discount rate used to calculate the lease liabilities is the incremental borrowing rate (IBR). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit profile)
- Short-term leases and leases of low-value assets: the Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below $5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term

Inventories (Note 20)

Inventories are stated at the lower of cost and net realisable value. Purchased products are stated at acquisition cost including all additional attributable costs incurred in bringing each product to its present location and condition. The costs of own-manufactured products comprise direct materials and, where applicable, direct labour costs and any overheads that have been incurred in bringing the inventories to their present location and condition. In the consolidated balance sheet, inventory is primarily valued at historical cost determined on a moving average basis, and this value is used to determine the cost of sales in the consolidated income statement.

Provisions (Note 26)

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

The Group classifies its financial assets in the following measurement categories:

(i) Financial assets at FVTPL (Note 23)

Include listed shares, debt instruments and investment portfolios held by the Group that are traded in an active market and are mostly designated as being measured at fair value through profit or loss. Gains and losses arising from changes in fair value are recognised in the consolidated income statement.

(ii) Financial assets at FVTOCI (Note 19)

The Group irrevocably choses to designate certain investments as financial assets at FVTOCI as they mainly are venture capital investments and are not held for trading. Investments in unlisted shares are measured using a level 3 fair value which is based on cost and adjusted as necessary for impairment and revaluations with reference to relevant available information and recent financing rounds. For investments in listed shares, fair value is readily determinable under level 1 valuation, see Note 29.

(iii) Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'financial assets at amortised cost'.

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected credit loss. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Financial liabilities are classified in two categories: financial liabilities at FVTPL or financial debts measured at amortised cost representing loans and borrowings. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

(i) Financial liabilities at FVTPL (Notes 27 and 30)

The Group currently has two financial liabilities at FVTPL as below:

- co-development and earn out payment agreements with third parties where the Group received payments on certain research and development milestones. In return for receiving such milestone payments, the Group has agreed to pay the contracting parties a certain percentage of future sales of those products
- contingent consideration arising from the Columbus business acquisition represents contractual liabilities to make payments to third parties in the form of milestone payments that are dependent on the achievement of certain US FDA approval milestones; and payments based on future sales of certain products

These financial liabilities are recorded under other current liabilities and other non-current liabilities in the consolidated balance sheet.

(ii) Financial debts

Financial debts are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and no longer at the discretion of the Company. In accordance with the laws of the United Kingdom, a final dividend is recognised when it is approved by the majority of shareholders and an interim dividend is recognised when it is paid.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the Directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group's Directors believe that the following accounting policies that involve Directors' judgements and estimates are the most critical and might result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition estimate (Notes 4 and 5)

The Group's revenue recognition policies require Directors to make estimates of the net selling price, which is complicated due to chargebacks, product returns and rebates, which together are considered to be a critical estimate that might result in a material adjustment.

These arrangements vary by product arrangement and buying group. Refer to Notes 21 and 27 for sensitivity analysis.

Chargebacks

Critical estimates

The key inputs and assumptions included in calculating this provision are estimations of 'in channel' inventory at the wholesalers (including processing lag), estimated chargeback rates as informed by average historical chargeback credits adjusted for expected chargeback levels for new products, changes to pricing and estimated future sales trends (including customer mix). Refer to Note 21 for sensitivity analysis.

Returns

Critical estimates

The key assumptions included in calculating this provision are estimations of the product shelf life, returns rate for revenue subject to returns, as informed by both historical return rates and consideration of specific factors like product dating and expiration, new product launches, entrance of new competitors and changes to contractual terms. Refer to Note 27 for sensitivity analysis.

Rebates

Critical estimates

The key inputs and assumptions included in estimating this provision are the historical relationship between contractual rebate payments to revenue, past payment experience, changes to pricing and sales levels, estimation of 'in channel' inventory at the wholesalers and retail pharmacies and estimated future sales trends (including customer mix). Refer to Notes 21 and 27 for sensitivity analysis.

Intangible assets – impairment testing (Note 15)

Critical judgement

- Determining whether an impairment indication has occurred for individual intangible assets or group of assets. In such case, the Group assesses the qualitative factors to determine whether it is more likely than not that the recoverable value of the intangible asset or group of assets is less than its carrying amount as a basis for determining whether it is necessary to perform a quantitative impairment test.
- For previously impaired assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased, if such indication exists, the Group estimates the asset's or CGU's recoverable amount

Based on the annual impairment trigger assessment and impairment testing for other intangible assets, the Group has not identified any material impairment on an individual asset basis, that may have significant risk resulting in a material adjustment to their carrying amounts within the next financial year.

Taxation (Note 12)

Tax and transfer pricing audit risk

Critical judgement

In common with most international organisations, the Group is subject to tax and transfer pricing audits from tax authorities from time to time. Where an outflow of funds is believed to be probable and a reliable estimate of the outcome of the dispute can be made, management provides for its best estimate of the liability in line with IFRIC 23 principles. These estimates take into account the specific circumstances of each dispute and relevant external advice, and are inherently judgemental in nature and could change substantially over time as new facts emerge and each dispute progresses. The Group regularly takes professional advice to ensure the risks are appropriately analysed and managed with any ultimate potential liability being adequately provided, and continues to invest in its financial systems to improve the quality of the Group's financial data which reduces the risk of an adverse tax authority audit.

As at 31 December 2023, the Group's uncertain tax positions amounted to $59 million (2022: $50 million) (Note 12), while it is not practical to provide a sensitivity analysis due to the number of uncertain tax positions held and the number of jurisdictions to which these relate, the Group reviews material uncertain tax positions on an individual basis and believes that it has accounted for an adequate provision for the liabilities likely to arise from open assessments and audits and continues to re-evaluate existing uncertain positions to determine if a change in facts and circumstances has occurred that would make it necessary to adjust.

Contingent liabilities

The promotion, marketing and sale of pharmaceutical products and medical devices are highly regulated and the operations of market participants, such as the Group, are closely supervised by regulatory authorities and law enforcement agencies, including the FDA and the US Department of Justice. As a result, the Group is subject to certain investigations by governmental agencies, as well as other various legal proceedings considered typical to its business relating to employment, product liability and commercial disputes which may result in a possible obligation depending on whether some uncertain future event occurs in relation to legal proceedings and/or governmental agencies investigations.

It is the Group's policy to provide for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

A contingent liability is not provided for and disclosed in Note 36 if:

- payment is not probable where the Group denies having engaged in conduct that would give rise to liability with respect to these civil suits and is vigorously pursuing defence of legal proceedings, or
- it is a present obligation but the amount cannot be measured reliably

4. Revenue

Business and geographical markets

The following tables provide an analysis of the Group's reported revenue by segment and geographical market, irrespective of the origin of the goods/services:

Year ended 31 December 2023	Injectables $m	Generics $m	Branded $m	Others $m	Total $m
North America	**808**	**937**	**–**	**4**	**1,749**
Middle East and North Africa	**195**	**–**	**703**	**11**	**909**
Europe and rest of the world	**189**	**–**	**11**	**6**	**206**
United Kingdom	**11**	**–**	**–**	**–**	**11**
	1,203	**937**	**714**	**21**	**2,875**

Year ended 31 December 2022 (revised)	Injectables[2] $m	Generics $m	Branded $m	Others[2] $m	Total $m
North America[1]	778	672	–	1	1,451
Middle East and North Africa	178	–	681	7	866
Europe and rest of the world	176	–	10	6	192
United Kingdom	8	–	–	–	8
	1,140	672	691	14	2,517

1. Canada is now included in North America (previously in Europe and rest of world). Canada's 2022 revenue of $18 million has therefore been reclassified to North America
2. During 2023, the Group has revised its Injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. 503B compounding business 2022 revenue of $1 million has therefore been reclassified to the Others segment

The top selling markets are shown below:

	2023 $m	2022 $m
United States	**1,726**	1,433
Saudi Arabia	**261**	240
Algeria	**189**	132
Egypt	**93**	115
	2,269	1,920

In 2023, included in revenue arising from the Generics and Injectables segments are sales the Group made to three wholesalers in the US, each accounting for equal to or greater than 10% of the Group's revenue: $370 million (13% of Group revenue), $365 million (13% of Group revenue) and $278 million (10% of Group revenue). In 2022, revenue included sales made to three wholesalers: $361 million (14% of Group revenue), $330 million (13% of Group revenue) and $251 million (10% of Group revenue), respectively.

The following table provides contract balances related to revenue:

	2023 $m	2022 $m
Net trade receivables (Note 21)	**789**	777
Contract and refund liabilities (Note 27)	**179**	193

Trade receivables are non-interest bearing and typical credit terms range from 30 to 90 days in the US, 30 to 120 days in Europe and 180 to 360 days in MENA.

Contract and refund liabilities mainly relate to returns and free goods provisions.

5. Business segments

For management reporting purposes, the Group is organised into three principal operating divisions – Injectables, Branded and Generics. These divisions are the basis on which the Group reports its segmental information. (See business and financial review section on page 26 for more details on the business segments performance)

Core operating profit, defined as 'segment result', is the principal measure used in the decision-making and resource allocation process of the chief operating decision maker, who is the Group's Chief Executive Officer.

Information regarding the Group's operating segments is reported below:

Injectables	**2023 Core results $m**	**2023 Exceptional items and other adjustments (Note 6) $m**	**2023 Reported results $m**	2022 Core results (revised)[2] $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results (revised)[2] $m
Revenue	**1,203**	**–**	**1,203**	1,140	–	1,140
Cost of sales	**(546)**	**(2)**	**(548)**	(489)	(26)	(515)
Gross profit	**657**	**(2)**	**655**	651	(26)	625
Total operating expenses	**(213)**	**(84)**	**(297)**	(214)	(57)	(271)
Segment result	**444**	**(86)**	**358**	437	(83)	354

Branded	**2023 Core results $m**	**2023 Exceptional items and other adjustments (Note 6) $m**	**2023 Reported results $m**	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Revenue	**714**	**–**	**714**	691	–	691
Cost of sales	**(348)**	**(15)**	**(363)**	(341)	–	(341)
Gross profit	**366**	**(15)**	**351**	350	–	350
Total operating expenses	**(196)**	**(60)**	**(256)**	(204)	(10)	(214)
Segment result	**170**	**(75)**	**95**	146	(10)	136

Generics	**2023 Core results $m**	**2023 Exceptional items and other adjustments (Note 6) $m**	**2023 Reported results $m**	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Revenue	**937**	**–**	**937**	672	–	672
Cost of sales	**(550)**	**–**	**(550)**	(406)	(1)	(407)
Gross profit	**387**	**–**	**387**	266	(1)	265
Total operating expenses	**(195)**	**(45)**	**(240)**	(163)	(219)	(382)
Segment result	**192**	**(45)**	**147**	103	(220)	(117)

Others[1]	**2023 Core results $m**	**2023 Exceptional items and other adjustments (Note 6) $m**	**2023 Reported results $m**	2022 Core results (revised)[2] $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results (revised)[2] $m
Revenue	**21**	**–**	**21**	14	–	14
Cost of sales	**(24)**	**–**	**(24)**	(15)	–	(15)
Gross profit	**(3)**	**–**	**(3)**	(1)	–	(1)
Total operating expenses	**(6)**	**–**	**(6)**	(5)	–	(5)
Segment result	**(9)**	**–**	**(9)**	(6)	–	(6)

1. Others mainly comprises Arab Medical Containers LLC, International Pharmaceutical Research Centre LLC and the 503B compounding business
2. During 2023, the Group has revised its Injectables operating segment. Previously, the 503B compounding business was reported under the Injectables segment and is now included within the Others segment. The 503B compounding business 2022 revenue of $1 million and operating loss of $9 million have therefore been reclassified to the Others segment

5. Business segments continued

Group	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Segments' results	**797**	**(206)**	**591**	680	(313)	367
Unallocated expenses[1]	**(90)**	**(134)**	**(224)**	(84)	(1)	(85)
Operating profit/(loss)	**707**	**(340)**	**367**	596	(314)	282
Finance income	**7**	**–**	**7**	3	26	29
Finance expense	**(90)**	**(5)**	**(95)**	(77)	(4)	(81)
Gain/(loss) from investment at fair value through profit or loss (FVTPL)	**2**	**–**	**2**	(2)	–	(2)
Gain from investment divestiture, net	**–**	**–**	**–**	–	5	5
Profit/(loss) before tax	**626**	**(345)**	**281**	520	(287)	233
Tax	**(131)**	**42**	**(89)**	(111)	69	(42)
Profit/(loss) for the year	**495**	**(303)**	**192**	409	(218)	191
Attributable to:						
Non-controlling interests	**3**	**(1)**	**2**	3	–	3
Equity holders of the parent	**492**	**(302)**	**190**	406	(218)	188

1. In 2023, unallocated expenses mainly comprise provision for legal settlements (Notes 6, 26 and 41), employee costs, third-party professional fees, IT and travel expenses

The following table provides an analysis of the Group's non-current assets[2] by geographic area:

	2023 $m	2022 (restated)[4] $m
North America		
US	**1,301**	1,305
Canada[3]	**36**	37
	1,337	1,342
Middle East and North Africa		
Jordan	**348**	349
Algeria	**104**	85
Morocco	**89**	76
Saudi Arabia	**71**	51
Others	**75**	97
	687	658
Europe and rest of the world		
Portugal	**147**	133
Germany	**42**	40
Others[3]	**47**	22
	236	195
United Kingdom	**11**	20
	2,271	2,215

2. Non-current assets exclude deferred tax assets (Note 12), investments at FVTOCI, restricted cash and other financial assets (Note 19)
3. Canada is now included in North America (previously in Europe and rest of the world). Canada's 2022 non-current assets of $37 million have therefore been reclassified to North America
4. 2022 numbers have been restated to add investment in joint venture to the relevant geographical area

6. Exceptional items and other adjustments

Exceptional items and other adjustments are disclosed separately in the consolidated income statement to assist in the understanding of the Group's core performance. Exceptional items and other adjustments have been recognised in accordance with our accounting policy outlined in Note 2, the details are presented below:

		Injectables $m	Branded $m	Generics $m	Unallocated $m	Total $m
Impairment and cost in relation to halted operations in Sudan	—[1]	(14)	(69)	–	–	(83)
Provision for legal settlements	SG&A	–	–	–	(129)	(129)
Intangible assets amortisation other than software	SG&A	(47)	(6)	(35)	–	(88)
Impairment charge on intangible assets	Other operating expenses	(18)	–	(9)	(5)	(32)
Impairment charge on right-of-use assets and property, plant and equipment	Other operating expenses	(7)	–	(1)	–	(8)
Remeasurement of contingent consideration and other financial liability	Finance expense	–	–	–	(2)	(2)
Unwinding of contingent consideration and other financial liability	Finance expense	–	–	–	(3)	(3)
Exceptional items and other adjustments included in profit before tax		**(86)**	**(75)**	**(45)**	**(139)**	**(345)**
Tax effect	Tax					42
Impact on profit for the year						**(303)**
Non-controlling interest						(1)
Equity holders of the parent						**(302)**

1. The impact on the consolidated income statement line items is shown below.

– Impairment and costs in relation to halted operations in Sudan: In April 2023, violent conflict erupted in the Sudanese capital of Khartoum. The conflict has since been escalating in other areas of the country. The Group has evaluated the effect on the carrying values of the Group's assets, and as a consequence, a loss of $76m was recognised to reflect the fall in the recoverable amount of the assets listed below. A further $7 million of employee benefits, hyperinflation and other expenses from the halted operations have been classified as exceptional items on the basis that no revenue was generated after the operations were halted.

		Injectables $m	Branded $m	Generics $m	Unallocated $m	Total $m
Provision against inventory	Cost of sales	(2)	(15)	–	–	(17)
Impairment charge on financial assets	Net impairment loss on financial assets	(12)	(17)	–	–	(29)
Impairment charge on intangible assets	Other operating expenses	–	(3)	–	–	(3)
Impairment charge on property, plant and equipment	Other operating expenses	–	(25)	–	–	(25)
Impairment charge on other current assets	Other operating expenses	–	(2)	–	–	(2)
Cost from halted operations in Sudan	SG&A	–	(6)	–	–	(6)
Cost from halted operations in Sudan	Other operating expenses	–	(1)	–	–	(1)
		(14)	(69)	–	–	(83)

– Provision for legal settlements: On 1 February 2024, the Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. 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 (Notes 26 and 41)
– Intangible assets amortisation other than software of $88 million (Note 15)
– Impairment charge on intangible assets: $32 million mainly comprise $11 million in relation to product related intangible assets as a result of the decline in performance and forecasted profitability and $16 million marketing rights due the termination of business development contracts. Additionally, $5 million of impairment charge relates to software (Notes 9 and 15)
– Impairment charge on property, plant and equipment and right-of-use assets: $8 million of impairment charge mainly relates to a leased property with no future plans of utilisation (Notes 9, 16 and 17)
– Remeasurement of contingent consideration and other financial liability: $2 million represents the finance expense resulting from the valuation of the liabilities associated with the future contingent payments in respect of contingent consideration recognised through business combinations and the financial liability in relation to the co-development earnout payment agreement (Notes 11, 27, 29 and 30)
– Unwinding of contingent consideration and other financial liability: $3 million represents the finance expense resulting from the unwinding of contingent consideration recognised through business combinations and the financial liability in relation to the co-development earnout payment agreement (Notes 11, 27, 29 and 30)

6. Exceptional items and other adjustments continued

Tax effect

– The tax effect represents the tax effect on pre-tax exceptional items and other adjustments which is calculated based on the applicable tax rate in each jurisdiction

In the previous year, exceptional items and other adjustments were related to the following:

		Injectables $m	Branded $m	Generics $m	Unallocated $m	Total $m
Gain from investment divestiture, net		–	–	–	5	5
Reorganisation costs	SG&A	(2)	(2)	(9)	(1)	(14)
Impairment charge on property, plant and equipment and right-of-use assets	Other operating expenses	(4)	–	(76)	–	(80)
Impairment charge on intangible assets	Other operating expenses	(8)	–	(93)	–	(101)
Intangible assets amortisation other than software	SG&A	(43)	(8)	(41)	–	(92)
Unwinding of acquisition related inventory step-up	Cost of sales	(26)	–	(1)	–	(27)
Remeasurement of contingent consideration	Finance income	–	–	–	26	26
Unwinding of contingent consideration and other financial liability	Finance expense	–	–	–	(4)	(4)
Exceptional items and other adjustments included in profit before tax		(83)	(10)	(220)	26	(287)
Tax effect	Tax					69
Impact on profit for the year						(218)

– Gain from investment divestiture: represents $8 million from reclassification of translation gains previously included in other comprehensive income and the $3 million loss on disposal of Hikma Liban S.A.R.L.
– Reorganisation costs: $14 million of reorganisation costs relate to a one-off global restructuring to align staffing levels with current business conditions.
– Impairment charge on property, plant and equipment and right-of-use assets: $80 million of impairment charge relates to excess capacity and the rationalisation of the R&D pipeline associated production lines mainly in the Generics CGU, in addition to the impairment of generic Advair Diskus® CGU related property, plant and equipment (Notes 9, 15, 16 and 17)
– Impairment charge on intangible assets: $101 million impairment charge mainly relates to the generic Advair Diskus® CGU, other product related intangible assets and marketing rights mainly resulting from decline in performance and forecasted profitability and the rationalisation of the R&D pipeline in the Generics CGU (Notes 9 and 15)
– Intangible assets amortisation other than software: $92 million intangible assets amortisation other than software
– Unwinding of acquisition related inventory step-up: $27 million unwinding of acquisition related inventory step-up reflects the unwinding of the fair value uplift of the inventory acquired as part of Custopharm Topco Holdings, Inc. business combination and the Teligent Inc. Canadian assets acquisition ($25 million and $2 million, respectively)
– Remeasurement of contingent consideration: $26 million finance income represents the income resulting from the valuation of the liabilities associated with the future contingent payments in respect of contingent consideration recognised through business combinations (Notes 10, 27, 29 and 30)
– Unwinding of contingent consideration and other financial liability: $4 million finance expense represents the expense resulting from the unwinding of contingent consideration recognised through business combinations and the financial liability in relation to the co-development earnout payment agreement (Notes 11, 27, 29 and 30)

Tax effect

– The tax effect represents the tax effect on pre-tax exceptional items and other adjustments which is calculated based on the applicable tax rate in each jurisdiction

7. Audit remuneration

The Group auditor's remuneration on a worldwide basis is as below:

	2023 $m	2022 (restated)[1] $m
Fees to the company's auditor and its associates for the audit of the parent company and consolidated financial statements	**2.9**	3.4
Fees to the company's auditor and its associates for the audit of the financial statements of the Group's subsidiaries	**0.6**	0.5
Total audit fees	**3.5**	3.9
Audit related assurance services	**0.3**	0.2
Other non-audit fees	**0.2**	–
Total audit and non-audit fees	**4.0**	4.1

1. 2022 figures have been restated to reflect final amounts billed, the figures have also been revised to reflect $1.8 million which has been reclassified from audit fees for the financial statements of the Group's subsidiaries to fees for the consolidated financial statements

Audit related assurance services relate to review procedures in respect of the interim financial information.

A description of the work of the Audit Committee is set out in the Audit Committee report on pages 97 to 100 and includes an explanation of how auditor objectivity and independence is safeguarded when non-audit services are provided by the auditor.

8. Staff costs

The average monthly number of employees (including Executive Directors) was:

	2023 Number	2022 Number
Production	**5,257**	5,071
Sales, general and administration	**3,200**	3,234
Research and development	**510**	530
	8,967	8,835

	2023 $m	2022 $m
Aggregate remuneration for employees (including Executive Directors) comprised:		
Wages, salaries and bonuses	**431**	411
Social security costs	**41**	37
Post-employment benefits	**15**	16
End of service indemnity	**8**	20
Share-based payments (Note 37)	**25**	22
Car and housing allowances	**23**	22
Health insurance	**38**	42
Other costs and employee benefits	**29**	23
	610	593

9. Other operating expenses/income

Other operating expenses	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Impairment charges (Notes 15, 16 and 17)	–	70	70	1	181	182
Forex and net monetary hyperinflation losses, net	5	1	6	20	–	20
Others	4	–	4	4	–	4
	9	71	80	25	181	206

Impairment charges (excluding Sudan) comprise $32 million related to product related intangible assets, marketing rights intangible assets and software, $30 million related to Sudan exposure, and $8 related to right-of-use assets and property, plant and equipment (Notes 6, 15, 16 and 17). In 2022, impairment charges of $182 million primarily related to excess capacity due to the rationalisation of the Generics R&D pipeline and associated production lines in addition to the impairment of generic Advair Diskus CGU (Notes 6, 15, 16 and 17).

Other operating income	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Gain from disposal of property, plant and equipment	–	–	–	1	–	1
Gain from disposal of intangible assets	–	–	–	6	–	6
Others	5	–	5	7	–	7
	5	–	5	14	–	14

10. Finance income

	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Interest income	7	–	7	3	–	3
Remeasurement of contingent consideration (Notes 6, 27, 29 and 30)	–	–	–	–	26	26
	7	–	7	3	26	29

11. Finance expense

	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Interest on bank overdrafts and loans	51	–	51	37	–	37
Interest on Eurobond	18	–	18	18	–	18
Unwinding and remeasurement of contingent consideration and other financial liabilities (Notes 6, 27, 29 and 30)	–	5	5	–	4	4
Other bank charges	14	–	14	11	–	11
Lease accretion of interest (Note 17)	4	–	4	4	–	4
Net foreign exchange loss	3	–	3	7	–	7
	90	5	95	77	4	81

12. Tax

	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Current tax						
Current year	**117**	**(2)**	**115**	121	(16)	105
Adjustment to prior years	**(1)**	**–**	**(1)**	(1)	–	(1)
Deferred tax						
Current year	**11**	**(40)**	**(29)**	(5)	(53)	(58)
Adjustment to prior year	**4**	**–**	**4**	(4)	–	(4)
	131	**(42)**	**89**	111	(69)	42

UK corporation tax is calculated at 23.5% blended rate (2022: 19.0%).

The Group incurred a tax expense of $89 million (2022: $42 million), the reported and core effective tax rates are 31.7% and 20.9% respectively (2022: 18.0% and 21.3% respectively). The reported effective tax rate is higher than the statutory rate due to the exceptional items related to Sudan.

Taxation for all jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The charge for the year can be reconciled to profit before tax per the consolidated income statement as follows:

	2023 $m	2022 $m
Profit before tax	**281**	233
Tax at the UK corporation tax rate of 23.5% (2022: 19.00%)	**66**	44
Profits taxed at different rates	**(21)**	4
Permanent differences:		
– Non-deductible expenditure	**3**	3
– Other permanent differences	**2**	2
– Research and development benefit	**(3)**	(5)
State and local taxes	**2**	(2)
Temporary differences:		
– Rate change, tax losses and other deductible temporary differences for which no benefit is recognised	**(3)**	(5)
Impact of the halted operations in Sudan	**32**	–
Change in uncertain tax positions	**9**	10
Unremitted earnings	**(1)**	(4)
Prior year adjustments	**3**	(5)
Tax expense for the year	**89**	42

Profits taxed at different tax rates relate to profits arising in overseas jurisdictions where the tax rate differs from the UK statutory rate. Permanent differences relate to items which are non-taxable or for which no tax relief is ever likely to be due. The major items are expenses and income disallowed where they are covered by statutory exemptions, foreign exchange differences in some territories and statutory reliefs such as research and development.

The exceptional costs associated with the halted operations in Sudan mainly comprise tax on permanent differences of $24 million and unrecognised deferred tax assets of $12 million on the basis that the Group does not consider it probable that tax deductions can be realised on these temporary differences for local tax purposes.

Rate change, tax losses and other deductible temporary differences for which no benefit is recognised include items for which it is not appropriate to recognise deferred tax.

The change in the uncertain tax positions relates to the balance the Group holds in the event a revenue authority successfully takes an adverse view of the positions adopted by the Group in 2023 and prior years. As at 31 December 2023, the Group's uncertain tax positions amounted to $59 million (2022: $50 million). The Group released $13 million in 2023 (2022: $3 million) primarily due to the resolution of some audits with the relevant tax authorities and released $nil (2022: $2 million) following closure of tax audit with no final tax adjustments required by the relevant tax authorities, this was offset by new provisions and updates of $22 million booked in 2023 (2022: $15 million) arising from new and ongoing tax audits. There was no impact from the currency exchange difference in 2023 (2022: $1 million reduction to the aggregate balance). If all areas of uncertainty were audited and all areas resulted in an adverse outcome, management does not believe any material additional tax would be payable beyond what is provided.

Prior year adjustments include differences between the tax liability recorded in the tax returns submitted for previous years and the estimated tax provision reported in a prior year's consolidated financial statements. This category also includes adjustments to the tax returns against which an adverse uncertain tax position has been booked and included under 'change in uncertain tax positions' above.

12. Tax continued

Tax contingent liabilities
Due to the Group operating across a number of different tax jurisdictions, it is subject to periodic challenge by local tax authorities on a range of tax matters arising in the normal course of business. These challenges generally include transfer pricing arrangements, other international tax matters and the judgemental interpretation of local tax legislation.

A tax contingent liability is not provided for and disclosed if:

- tax payments are not probable in the future on challenges by tax authorities; or
- it is a present tax obligation, but the amount cannot be measured reliably

Publication of tax strategy
In line with the UK requirement for large UK businesses to publish their tax strategy, the Group's tax strategy has been made available on the Group's website.

Global minimum tax – Pillar Two
Pillar Two legislation has been enacted, or substantively enacted, in certain jurisdictions where the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the year ending on 31 December 2024.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment, the Group has identified potential exposure to Pillar Two income taxes in respect of profits earned in the UAE. The potential exposure comes from the constituent entities (mainly operating subsidiaries) in these jurisdictions where the expected Pillar Two effective tax rate is below 15%. Starting in 2024, the Group's core effective tax rate guidance reflects Pillar Two impact which contributed to an increase of 2 to 3 percentage points. Further factors such as the proportion of profit before tax, revenues, costs, and foreign currency exchange rates have been considered in the guidance for the core effective tax rate in 2024.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

Deferred tax
Recognition of deferred tax assets
The recognition of deferred tax assets is based on the current forecast of taxable profits arising in the jurisdiction in which the deferred tax asset arises. A deferred tax asset is recognised to the extent that there are forecast taxable profits within a reasonable period.

This exercise is reviewed each year and, to the extent forecasts change, an adjustment to the recognised deferred tax asset may be made.

Recognition of deferred tax assets is driven by the Group's ability to utilise the deferred tax asset which is reliant on forecast taxable profits arising in the jurisdiction in which losses are incurred.

Deferred tax assets and liabilities have been offset only where it is appropriate to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	As at 31 December	
	2023 **$m**	2022 $m
Deferred tax assets	**226**	192
Deferred tax liabilities	**(25)**	(19)
	201	173

The table below represents the deferred tax movement in 2023:

	Product related provision $m	Intangible assets $m	Other provisions and accruals $m	Unremitted earnings $m	Others $m	Total $m
1 January 2023	83	46	16	(4)	32	173
(Charge)/credit to income	7	8	43	1	(34)	25
Currency translation and hyperinflation impact	–	–	–	–	3	3
At 31 December 2023	**90**	**54**	**59**	**(3)**	**1**	**201**

12. Tax continued

The table below represents the deferred tax movement in 2022:

	Product related provision $m	Intangible assets $m	Other provisions and accruals $m	Unremitted earnings $m	Others $m	Total $m
1 January 2022	94	77	12	(8)	(16)	159
(Charge)/credit to income	(5)	21	3	4	39	62
Acquisition of business	(5)	(53)	1	–	11	(46)
Currency translation and hyperinflation impact	(1)	1	–	–	(2)	(2)
At 31 December 2022	**83**	**46**	**16**	**(4)**	**32**	**173**

The Group has a potential deferred tax asset of $288 million (2022: $246 million), of which $226 million (2022: $192 million) has been recognised.

No deferred tax asset has been recognised on gross temporary differences totalling $288 million (2022: $223 million), with a tax effect of $62 million mainly due to the unpredictability of the related future profit streams. $200 million (2022: $195 million) of these gross temporary differences relate to losses, of which $183 million are UK losses that don't expire. No deferred tax is recognised against the losses due to significant uncertainty regarding future taxable income forecasts in the relevant jurisdictions. None of the non-UK losses are expected to expire in 2024. The remaining $88 million represent other unrecognised gross short-term temporary differences that relate to multiple jurisdictions.

During the year a reduction in the deferred tax liability has been recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries of $1 million (2022: reduction of $4 million). No deferred tax liability has been recognised on the remaining unremitted earnings of $414 million (2022: $294 million), as the Group is able to control the timing of the reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

Other deferred taxes mainly relate to property, plant and equipment, temporary differences related to Sudan as well as the difference between book and tax bases in relation to the research and development expenditures.

Mandatory temporary exception

The Group has applied the temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

13. Dividends

	Paid in 2023 $m	Paid in 2022 $m
Amounts recognised as distributions to equity holders in the year:		
Final dividend for the year ended 31 December 2022 of 37 cents (31 December 2021: 36 cents) per share	**82**	83
Interim dividend during the year ended 31 December 2023 of 25 cents (31 December 2022: 19 cents) per share	**55**	42
	137	125

The proposed final dividend for the year ended 31 December 2023 is 47 cents (2022: 37 cents).

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 25 April 2024 and has not been included as a liability in these consolidated financial statements. Based on the number of shares in free issue at 31 December 2023 (221,081,371), the final dividend would be $104 million.

14. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Ordinary Shares in free issue during the year after deducting Treasury shares (Note 31). Treasure shares have no right to receive dividends.

Diluted EPS is calculated after adjusting the weighted average number of Ordinary Shares used in the basic EPS calculation for the conversion of all potentially dilutive Ordinary Shares.

Core basic and diluted EPS are intended to highlight the core results of the Group before exceptional items and other adjustments.

	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Profit attributable to equity holders of the parent	**492**	**(302)**	**190**	406	(218)	188

The number of shares used in calculating basic and diluted EPS is reconciled below:

Weighted average number of Ordinary Shares in free issue	2023 Number	2022 Number
Basic EPS	**220,862,103**	223,728,473
Effect of potentially dilutive Ordinary Shares:		
Share-based awards	**1,506,611**	1,180,336
Diluted EPS	**222,368,714**	224,908,809

	2023 Core EPS Cents	2023 Reported EPS Cents	2022 Core EPS Cents	2022 Reported EPS Cents
Basic	**223**	**86**	181	84
Diluted	**221**	**85**	180	84

15. Goodwill and other intangible assets

The changes in the carrying value of goodwill and other intangible assets for the years ended 31 December 2023 and 31 December 2022 are as follows:

	Goodwill	Other intangible assets			
	$m	Product-related intangibles $m	Software $m	Other identified intangibles $m	Total $m
Cost					
Balance at 1 January 2022	693	1,056	142	257	2,148
Additions	–	48	1	36	85
Disposals	–	–	–	(3)	(3)
Translation adjustments	(15)	(5)	(2)	(5)	(27)
Acquisition of subsidiaries	119	251	–	–	370
Balance at 31 December 2022 and 1 January 2023	**797**	**1,350**	**141**	**285**	**2,573**
Additions	–	10	1	33	44
Disposals	–	–	(4)	(3)	(7)
Translation adjustments	(1)	(1)	–	2	–
Business combination (Note 35)	–	63	–	–	63
Balance at 31 December 2023	**796**	**1,422**	**138**	**317**	**2,673**
Accumulated Amortisation and Impairment					
Balance at 1 January 2022	(408)	(650)	(91)	(107)	(1,256)
Charge for the year	–	(75)	(8)	(17)	(100)
Impairment charge	–	(72)	(1)	(29)	(102)
Translation adjustments	–	4	2	3	9
Balance at 31 December 2022 and 1 January 2023	**(408)**	**(793)**	**(98)**	**(150)**	**(1,449)**
Charge for the year	–	(73)	(8)	(15)	(96)
Disposals	–	–	4	3	7
Impairment charge	–	(13)	(5)	(17)	(35)
Translation adjustments	–	1	–	(1)	–
Balance at 31 December 2023	**(408)**	**(878)**	**(107)**	**(180)**	**(1,573)**
Carrying amount					
At 31 December 2023	**388**	**544**	**31**	**137**	**1,100**
At 31 December 2022	389	557	43	135	1,124

Of the total intangible assets other than goodwill, $152 million (2022: $89 million) are not yet available for use.

Goodwill

Goodwill is allocated from the acquisition date to the CGUs that are expected to benefit from the synergies of the business combination. The carrying amount of goodwill has been allocated as follows:

	As at 31 December	
	2023 $m	2022 $m
Injectables	**228**	229
Branded	**160**	160
Total	**388**	389

In accordance with the Group policy, goodwill is tested annually for impairment during the fourth quarter or more frequently if there are indicators that goodwill may be impaired. The impairment test was performed by calculating the recoverable amount of the CGUs to which the goodwill is allocated, based on discounted cash flows by applying an appropriate discount rate that reflects the risk factors associated with the cash flows under which these CGUs sit. These values are then compared to the carrying value of the CGUs to determine whether an impairment is required.

15. Goodwill and other intangible assets continued

Details related to the discounted cash flow models used in the impairment tests of the CGUs under which the goodwill is allocated are as follows:

Valuation basis, terminal growth rate and discount rate		Valuation basis	Terminal growth rate (perpetuity) 2023	2022	Discount rate 2023	2022	
	Injectables	VIU	**2.5%**	1.6%	**12.6%**	12.0%	Pre-tax
	Branded	VIU	**2.5%**	2.2%	**17.4%**	17.7%	Pre-tax
Key assumptions	Projected cash flows based on: – Sales growth rates, informed by pricing and volume assumptions – Profit margins and profit margin growth rates for marketed and pipeline products – Expected launch dates for pipeline products Terminal growth rates Discount rates						
Determination of assumptions	Growth rates are internal forecasts based on both internal and external market information, informed by historical experience and management's best estimates of the future Margins reflect past experience, adjusted for expected changes in the future Establishing the launch date and probability of a successful product approval for pipeline products Terminal growth rates are based on the Group's experience in its markets Discount rates for each CGU are derived from specific regions/countries						
Period of specific projected cash flows	5 years						

The valuation did not result in any impairment for the CGUs and indicated that sufficient headroom exists even under reasonable changes in key assumptions.

The Group monitors the development of climate related risks and assessed the qualitative and quantitative impact which is not expected to have a material impact on the consolidated financial statements nor the recoverable amount of the CGUs (See page 56).

Product-related intangible assets

Product rights not yet available for use

Product rights not yet available for use amounts to $75 million (2022: $22 million), no amortisation has been charged against them. The Group performs an impairment review of these assets annually. The result of this test was an impairment charge of $3 million in the Generics segment mainly due to the high risk of obtaining regulatory approval for a certain product (2022: $8 million in the Injectables segment).

Product rights

Product rights consists of marketed products of $469 million (2022: $535 million) which includes one product in the injectables CGU of $129 million (2022: $140 million) that has a remaining useful life of twelve years (2022: thirteen years), in addition to generic Advair Diskus® of $87 million (2022: $97 million) that has a remaining useful life of eight years (2022: nine years). The product rights have an average estimated useful life of twelve years.

The Group performs impairment indicators assessment for definite life intangible assets, if any indicator exists, the Group reconsiders the asset's estimated economic benefit, calculates the recoverable value of the individual assets or asset group's cash flows and compares such value against the individual asset's or asset group's carrying amount. If the carrying amount is greater, the Group records an impairment loss for the excess of book value over the recoverable value. As at 31 December 2023, the result of this testing was an impairment charge of $10 million (2022: $64 million).

Software

Software intangibles mainly represent the Enterprise Resource Planning solutions that are being implemented in different operations across the Group in addition to other software applications, of which $1 million is not yet available for use (2022: $9 million). The software has an average estimated useful life that varies from three to ten years.

Following a review of impairment indicators for software as at 31 December 2023, an impairment charge of $5 million was recognised (2022: $1 million).

Other identified intangibles

Other identified intangibles comprise marketing rights, customer relationships and trade names of $137 million (2022: $135 million) of which $76 million represent assets not yet available for use (2022: $58 million). The Group performs an impairment review of other identified intangible assets that are not yet available for use annually, and performs impairment indicators assessment for assets in use. The result of this test was an impairment charge of $17 million mainly in the Injectables and Generics segments due to the discontinuation of certain marketing rights (2022: $29 million).

Marketing rights

Marketing rights are amortised over their useful lives commencing in the year in which the rights are ready for use with estimated useful lives varying from two to ten years.

Customer relationships

Customer relationships represent the value attributed to existing direct customers that the Group acquired on the acquisition of subsidiaries. The customer relationships have an average estimated useful life of fifteen years.

15. Goodwill and other intangible assets continued

Trade names

Trade names were mainly recognised on the acquisition of Hikma Germany GmbH (Germany) with estimated useful lives of ten years.

16. Property, plant and equipment

	Land and buildings $m	Machinery and equipment $m	Vehicles, fixtures and equipment $m	Projects under construction $m	Total $m
Cost					
Balance at 1 January 2022	676	796	138	271	1,881
Additions	4	16	7	114	141
Disposals	(1)	(10)	(3)	(1)	(15)
Transfers	74	35	11	(120)	–
Acquisition of subsidiaries	–	1	–	–	1
Transfer to assets classified as held for distribution	(2)	–	–	–	(2)
Translation adjustment	(26)	(19)	(8)	(2)	(55)
Balance at 31 December 2022 and 1 January 2023	**725**	**819**	**145**	**262**	**1,951**
Additions	31	20	7	112	170
Disposals	(15)	(10)	(9)	–	(34)
Transfers	43	63	6	(112)	–
Business combination (Note 35)	25	3	–	8	36
Transfer to assets classified as held for sale	(11)	–	–	–	(11)
Translation adjustment	(1)	(1)	(1)	2	(1)
Balance at 31 December 2023	**797**	**894**	**148**	**272**	**2,111**
Accumulated depreciation and impairment					
Balance at 1 January 2022	**(231)**	**(458)**	**(117)**	**(3)**	**(809)**
Charge for the year	(21)	(47)	(12)	–	(80)
Disposals	1	9	3	–	13
Impairment	–	(16)	–	(61)	(77)
Translation adjustment	8	13	5	–	26
Balance at 31 December 2022 and 1 January 2023	**(243)**	**(499)**	**(121)**	**(64)**	**(927)**
Charge for the year	(23)	(49)	(12)	–	(84)
Disposals	–	7	9	–	16
Impairment	(14)	(8)	(1)	(3)	(26)
Translation adjustment	2	3	1	–	6
Balance at 31 December 2023	**(278)**	**(546)**	**(124)**	**(67)**	**(1,015)**
Carrying amount					
At 31 December 2023	**519**	**348**	**24**	**205**	**1,096**
At 31 December 2022	482	320	24	198	1,024

Land is not subject to depreciation.

As at 31 December 2023, the Group had pledged property, plant and equipment with a carrying value of $nil (2022: $8 million) as collateral for various long-term loans. In 2022, the amount included specific items in the net property, plant and equipment of the Group's businesses in Tunisia.

As at 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $52 million (2022: $40 million).

During the year ended 31 December 2023, $2 million of borrowing costs have been capitalised (2022: $nil).

As at 31 December 2023, the Group booked an impairment charge of $26 million mainly in relation to Sudan exposure (Notes 6 and 9). In 2022, the Group booked an impairment charge of $77 million. $61 million of the impairment charge is in respect of the excess capacity and the rationalisation of the R&D pipeline associated production lines in the Generics CGU, in addition to $16 million of impairment of generic Advair Diskus® CGU related property, plant and equipment (Notes 6 and 9).

17. Right-of-use assets and lease liabilities

The carrying amounts of right-of-use assets recognised and the movements during the year were as follows:

	Buildings $m	Vehicles $m	Total $m
At 1 January 2022	66	8	74
Additions	4	1	5
Adjustments[1]	(9)	–	(9)
Impairment	(3)	–	(3)
Depreciation expense	(7)	(3)	(10)
Balance at 31 December 2022 and 1 January 2023	51	6	57
Additions	**3**	**3**	**6**
Impairment	**(7)**	**–**	**(7)**
Depreciation expense	**(7)**	**(4)**	**(11)**
Balance at 31 December 2023	**40**	**5**	**45**

1. Adjustments arise from a change in the expected exercise of optional extension periods

The carrying amounts of lease liabilities and the movements during the year were as follows:

	2023 $m	2022 $m
At 1 January	**70**	83
Additions	**6**	5
Accretion of interest (Note 11)	**4**	4
Adjustments[1]	**–**	(9)
Repayments	**(14)**	(13)
Balance at 31 December	**66**	70
Current	**11**	9
Non-current	**55**	61

1. Adjustments arise from a change in the expected exercise of optional extension periods

The following is the maturity analysis of lease liabilities:

	2023 $m	2022 $m
Breakdown by maturity:		
Within one year	**11**	9
In the second year	**8**	8
In the third year	**5**	7
In the fourth year	**4**	5
In the fifth year	**3**	3
In the sixth year	**3**	3
Thereafter	**32**	35
	66	70

At 31 December 2023, lease liabilities included optional extension periods amounting to $19 million on a discounted basis (2022: $17 million).

The following are the amounts recognised in the consolidated income statement:

	2023 $m	2022 $m
Depreciation expense of right-of-use assets	**(11)**	(10)
Impairment of right-of-use assets	**(7)**	(3)
Interest expense on lease liabilities	**(4)**	(4)
Expense relating to short-term leases	**(2)**	(2)
Total amount recognised in the consolidated income statement	**(24)**	(19)

18. Investments in joint venture

The Group's share in Hubei Haosun Pharmaceutical Co., Ltd. was 49% at 31 December 2023 (31 December 2022: 49%) with an investment balance of $10 million at 31 December 2023 (31 December 2022: $10 million) and share of the profit for the year ended 31 December 2023 of $nil (2022: $nil).

The table below represents investment in joint ventures movement during the year:

	2023 $m	2022 $m
Balance at 1 January	**10**	10
Group's share of profit of joint venture	**–**	–
Balance at 31 December	**10**	10

Summarised financial information in respect of the Group's interests in Hubei Haosun Pharmaceutical Co., Ltd. is set out below:

	As at 31 December	
	2023 $m	2022 $m
Total assets	**23**	23
Total liabilities	**(5)**	(5)
Net assets	**18**	18
Group's share of net assets of joint venture	**9**	9

	For the year ended 31 December 2023 $m	For the year ended 31 December 2022 $m
Total revenue	**7**	5
Net profit	**1**	1
Group's share of profit of joint venture	**–**	–

19. Financial and other non-current assets

	As at 31 December	
	2023 $m	2022 $m
Investments at FVTOCI	**55**	42
Advance payment related to non-financial assets	**20**	–
Restricted cash	**10**	–
Other financial assets	**18**	23
	103	65

Investments at FVTOCI mainly include venture capital investments which are not held for trading and which the Group has irrevocably designated as measured at fair value through other comprehensive income.

During the year, the Group sold one of its investments, invested in four new ventures and increased investment in three existing ones.

The total portfolio as at 31 December 2023 includes two investments in listed companies with a readily determinable fair value that falls under level 1 valuation (Note 29), their values are measured based on quoted prices in active markets. The other investments are unlisted shares without readily determinable fair values that fall under level 3 valuation (Note 29). The fair value is estimated by management based on the cost of investment and adjusted as necessary for impairment and revaluations with reference to relevant available information and recent financing rounds.

During the year, the total change in fair value was a net loss of $13 million (2022: $8 million loss) recognised in other comprehensive income.

Advance payment related to non-financial asset represents cash advanced for settlement mainly in future product licenses.

Restricted cash represents the cash margin on a long-term loan.

Other financial assets balance as at 31 December 2023 and 2022 mainly represented long-term receivables and a sublease arrangement in the US.

20. Inventories

	As at 31 December 2023 $m	2022 $m
Finished goods	**351**	284
Work-in-progress	**125**	103
Raw and packing materials	**455**	412
Goods in transit	**24**	25
Spare parts	**47**	42
Provision against Inventory	**(111)**	(90)
	891	776

Inventories are stated net of provision as follows:

	As at 1 January $m	Additions $m	Utilisation $m	Translation adjustments $m	**As at 31 December $m**
Provisions against inventory in 2023	**90**	**81**	**(53)**	**(7)**	**111**
Provisions against inventory in 2022	77	42	(27)	(2)	90

The cost of inventory related provision recognised as an expense in the cost of sales in the consolidated income statement was $81 million (2022: $42 million). The increase is partly driven by the provision related to Sudan exposure (Note 6).

21. Trade and other receivables

	As at 31 December 2023 $m	2022 $m
Gross trade receivables	**1,222**	1,128
Chargebacks and other allowances	**(352)**	(298)
Expected credit loss allowance	**(81)**	(53)
Net trade receivables	**789**	777
VAT and sales tax recoverable	**35**	32
Net trade and other receivables	**824**	809

The fair value of receivables is estimated to be not significantly different from the respective carrying amounts.

Trade receivables are stated net of provisions for chargebacks, other allowances and expected credit loss allowance as follows:

	As at 31 December 2022 and 1 January 2023 $m	Additions, net $m	Utilisation $m	Translation adjustments $m	Acquisition of subsidiaries $m	**As at 31 December 2023 $m**
Chargebacks and other allowances	**298**	**2,560**	**(2,505)**	**(1)**	**–**	**352**
Expected credit loss allowance	**53**	**32**	**(4)**	**–**	**–**	**81**
	351	**2,592**	**(2,509)**	**(1)**	**–**	**433**

	As at 31 December 2021 and 1 January 2022 $m	Additions, net $m	Utilisation $m	Translation adjustments $m	Acquisition of subsidiaries $m	As at 31 December 2022 $m
Chargebacks and other allowances	275	2,344	(2,346)	–	25	298
Expected credit loss allowance	51	5	–	(3)	–	53
	326	2,349	(2,346)	(3)	25	351

The increase in the allowance for expected credit loss is mainly driven by the impairment of trade and other receivables related to Sudan exposure (Note 6).

More details on the Group's policy for credit and concentration risk are provided in Note 29.

21. Trade and other receivables continued

At 31 December 2023, the provision balance relating to chargebacks was $236 million (2022: $204 million). The key inputs and assumptions included in calculating this provision are estimations of 'in channel' inventory at the wholesalers (including processing lag) of 39 days (2022: 36 days), estimated chargeback rates as informed by average historical chargeback credits adjusted for expected chargeback levels for new products, changes to pricing and estimated future sales trends (including customer mix). Based on the conditions existing at the balance sheet date, an increase/decrease in the estimate of in channel inventory by 1 day increases/decreases the provision by $6 million (2022: $5 million), and if the overall chargeback rate of 57% (2022: 57%) increases/decreases by one percentage point, the provision would increase/decrease by $4 million (2022: $4 million).

At 31 December 2023, the provision balance relating to customer rebates was $49 million (2022: $49 million). The key inputs and assumptions included in calculating this provision are the historical relationship between contractual rebate payments to revenue, past payment experience, changes to pricing and sales levels, estimation of 'in channel' inventory at the wholesalers and retail pharmacies and estimated future sales trends (including customer mix). Based on the conditions existing at the balance sheet date, a ten-basis point increase/decrease in the rebates rate of 4.9% (2022: 5.7%) would increase/decrease this provision by approximately $1 million (2022: approximately $1 million).

22. Cash and cash equivalents

	As at 31 December	
	2023 $m	2022 $m
Cash at banks and on hand[1]	**118**	159
Time deposits	**86**	110
Money market deposits	**1**	1
	205	270

1. In 2023, cash at banks includes $56 million placed in interest bearing accounts (2022: $62 million)

Cash and cash equivalents include highly liquid investments with maturities of three months or less which are convertible to known amounts of cash and are subject to insignificant risk of changes in value.

23. Other current assets

	As at 31 December	
	2023 $m	2022 $m
Prepayments	**72**	74
Investment at FVTPL	**24**	22
Others	**24**	14
	120	110

Investment at FVTPL comprise a portfolio of debt instruments that are managed by an asset manager and which the Group has designated as measured at fair value through profit or loss. These assets are classified as level 1 as they are based on quoted prices in active markets (Note 29).

Others balances mainly represent compensation due from suppliers in relation to inventory price adjustment.

24. Short-term financial debts

	As at 31 December	
	2023 $m	2022 $m
Bank overdrafts	**2**	11
Import and export financing[1]	**44**	62
Short-term loans	**–**	2
Current portion of long-term loans (Note 28)	**104**	64
	150	139

	2023 %	2022 %
The weighted average interest rates incurred are as follows:		
Bank overdrafts	**13.34**	4.78
Import and export financing	**7.10**	5.87
Short-term loans	**4.75**	4.20

1. Import and export financing represents short-term financing for the ordinary trading activities of the Group

25. Trade and other payables

	As at 31 December	
	2023 $m	2022 $m
Trade payables	**309**	291
Accrued expenses	**243**	171
Other payables	**16**	14
	568	476

The fair value of payables is estimated to be not significantly different from the respective carrying amounts.

26. Provisions

	End of service indemnity $m	**Legal $m**	**Total $m**
Balance at 1 January 2022	31	–	31
Additions	8	–	8
Utilisations	(7)	–	(7)
Balance at 31 December 2022 and 1 January 2023	32	–	32
Additions	**3**	**129**	**132**
Utilisations	**(5)**	**–**	**(5)**
Balance at 31 December 2023	**30**	**129**	**159**

	2023 $m	2022 $m
Due within one year	**152**	32
Due after more than one year	**7**	–
	159	32

Provision for end of service indemnity relates to employees of certain Group subsidiaries and includes some immaterial amounts for defined benefit plans. This provision is calculated based on relevant laws in the countries where each Group company operates, in addition to their own policies. For defined benefit plans, the actuarial valuations performed in 2023 did not result in any change in the net liability (2022: $nil)

Legal provision is related to the expected settlement amount for legal matters, of which $7 million is expected to be settled after more than one year (Notes 6 and 41).

27. Other current liabilities

	As at 31 December 2023 $m	2022 $m
Contract and refund liabilities	**179**	193
Contingent consideration (Notes 29 and 30)	**25**	24
Co-development and earnout payment (Notes 29 and 30)	**1**	2
Acquired contingent liability (Note 30)	**13**	7
Indirect rebates and other allowances	**145**	101
Others	**21**	21
	384	348

Contract and refund liabilities: The Group allows customers to return products within a specified period prior to and subsequent to the expiration date. In addition, free goods are issued to customers as sale incentives, reimbursement of agreed upon expenses incurred by the customer or as compensation for expired or returned goods.

At 31 December 2023, the provision balance relating to returns was $158 million (2022: $168 million). The key assumptions included in calculating this provision are estimations of the product shelf life, estimations of revenue estimated to be subject to returns and the estimated returns rate of 1.47% (2022: 1.78%) as informed by both historical return rates and consideration of specific factors like product dating and expiration, new product launches, entrance of new competitors, and changes to contractual terms. Based on the conditions existing at the balance sheet date, a ten-basis point increase/decrease in the returns and allowances rate would increase/decrease this provision by approximately $11 million (2022: $9 million).

Indirect rebates and other allowances: mainly represent rebates granted to healthcare authorities and certain indirect customers under contractual arrangements.

At 31 December 2023, the provision balance relating to the indirect rebates was $96 million (2022: $55 million). The key inputs and assumptions included in calculating this provision are the historical relationship between contractual rebate payments to revenue, past payment experience, changes to pricing and sales levels, estimation of 'in channel' inventory at the wholesalers and retail pharmacies and estimated future sales trends (including customer mix). Based on the conditions existing at the balance sheet date, a ten-basis point increase/decrease in rebates rate of 4.7% (2022: 3.1%) would increase/decrease this provision by approximately $2 million (2022: $2 million).

The movements on the provisions for contract and refund liabilities and indirect rebates and other allowances for the years ended 31 December 2023 and 2022 were as follows:

	As at 31 December 2022 and January 2023 $m	Additions $m	Utilisation $m	Translation Adjustment $m	As at 31 December 2023 $m
Contract and refund liabilities	**193**	**64**	**(77)**	**(1)**	**179**
Indirect rebates and other allowances	**101**	**261**	**(218)**	**1**	**145**
	294	**325**	**(295)**	**–**	**324**

	As at 31 December 2021 and 1 January 2022 $m	Additions $m	Utilisation $m	Translation Adjustment $m	Acquisition of subsidiaries $m	As at 31 December 2022 $m
Contract and refund liabilities	213	50	(76)	(2)	8	193
Indirect rebates and other allowances	80	176	(155)	–	–	101
	293	226	(231)	(2)	8	294

At 31 December 2023, the provision balance relating to free goods was $19 million (2022: $23 million). During the year ended 31 December 2023, $23 million (2022: $15 million) revenue was recognised from transferring free goods to the customers.

28. Long-term financial debts

	As at 31 December	
	2023 $m	2022 $m
Long-term loans	**582**	644
Long-term borrowings (Eurobond)	**497**	494
Less: current portion of long-term loans (Note 24)	**(104)**	(64)
Long-term financial loans	**975**	1,074
Breakdown by maturity:		
Within one year	**104**	64
In the second year	**604**	65
In the third year	**100**	553
In the fourth year	**208**	52
In the fifth year	**59**	401
In the sixth year	**4**	1
Thereafter	**–**	2
	1,079	1,138
Breakdown by currency:		
US dollar	**1,002**	1,068
Euro	**21**	31
Jordanian dinar	**13**	16
Algerian dinar	**29**	16
Saudi riyal	**–**	–
Moroccan dirham	**11**	6
Tunisian dinar	**3**	1
	1,079	1,138

The loans are held at amortised cost.

None of the long-term loans were secured on certain property, plant and equipment (31 December 2022: $1 million).

Major loan arrangements include:

a) $1,150 million syndicated revolving credit facility that matures on 4 January 2029. At 31 December 2023, the facility had an outstanding balance of $nil (2022: $278 million) and an unutilised amount of $1,150 million (2022: $872 million). The facility can be used for general corporate purposes

b) A $500 million 3.25%, five-year Eurobond with a rating of BBB- (S&P & Fitch) that matures on 9 July 2025. At 31 December 2023, the facility had an outstanding balance of $497 million (2022: $494 million) and a fair value of $481 million (2022: $466 million). The proceeds were used for general corporate purposes

c) A $400 million five-year syndicated loan facility that matures on 13 October 2027. At 31 December 2023, the facility had an outstanding balance of $315 million (2022: $190 million) and a fair value of $315 million (2022: $190 million). The proceeds were used for general corporate purposes

d) A $200 million eight-year loan facility from the International Finance Corporation and Managed Co-lending Portfolio program that matures on 15 September 2028. At 31 December 2023, the facility had an outstanding balance of $100 million (2022: no utilisation) and a fair value of $100 million (2022: $nil), the remaining $100 million has an availability period until March 2024. The facility can be used for general corporate purposes

e) A $150 million ten-year loan facility from the International Finance Corporation that matures on 15 December 2027. At 31 December 2023, the facility had an outstanding balance of $86 million (2022: $108 million) and a fair value of $80 million (2022: $98 million). The proceeds were used for general corporate purposes

	2023 %	2022 %
The weighted average interest rates incurred are as follows:		
Bank loans (including the current bank loans)	**5.76**	2.96
Eurobond[1]	**3.68**	3.69

1. The Eurobond effective interest rate includes unwinding of discount amount and upfront fees

29. Financial policies for risk management and their objectives

Credit and concentration of risk

The Group's principal financial assets are cash and cash equivalents, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the consolidated balance sheet are net of allowances for expected credit loss, chargebacks, and other allowances. A provision for impairment is made based on expected credit loss which is estimated based on previous experience, current events and forecasts of future conditions. A loan or receivable is considered impaired when there is no reasonable expectation of recovery, or when a debtor fails to make a contractual payment for a specific period which varies based on the type of debtor and the market in which they operate.

During the year ended 31 December 2023, the Group's largest two customers in the MENA region represented 6.8% of Group revenue (2022: 6.9%), 5.1% from one customer in Saudi Arabia (2022: 5.3%), and 1.7% from one customer in Algeria (2022: 0.9%). At 31 December 2023, the amount of receivables due from all customers based in Saudi Arabia was $106 million (2022: $139 million) and the amount of receivables due from all customers based in Algeria was $57 million (2022: $48 million).

During the year ended 31 December 2023, three key US wholesalers represented 36% of Group revenue (2022: 37%). The amount of receivables due from all US customers at 31 December 2023 was $379 million (2022: $325 million).

The Group manages this risk through the implementation of stringent credit policies, procedures and certain credit insurance agreements.

Trade receivable exposures are monitored consistently as they arise. Credit limits are set as deemed appropriate for the customer, based on a number of qualitative and quantitative factors related to the creditworthiness of a particular customer. The Group is exposed to a variety of customers ranging from government-backed agencies and large private wholesalers to privately owned pharmacies, and the underlying local economic risks vary across the Group. In line with local market practice, customers in the MENA region are offered relatively long payment terms compared to customers in Europe and the US. Typical credit terms in the US range from 30 to 90 days, in Europe 30 to 120 days, and in MENA 180 to 360 days . Where appropriate, the Group endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance.

The following table provides a summary of the age of trade receivables (Note 21):

		Past due				
At 31 December 2023	**Not past due on the reporting date $m**	**Less than 90 days $m**	**Between 91 and 180 days $m**	**Between 181 and 360 days $m**	**Over one year $m**	**Total $m**
Expected credit loss rate	**–**	**0.2%**	**57.5%**	**36.9%**	**70.1%**	**6.6%**
Gross trade receivables as at 31 December 2023	**1,024**	**71**	**22**	**16**	**89**	**1,222**
Expected credit loss allowance	**–**	**–**	**(13)**	**(6)**	**(62)**	**(81)**
Chargebacks and other allowances	**(352)**	**–**	**–**	**–**	**–**	**(352)**
Net trade receivables	**672**	**71**	**9**	**10**	**27**	**789**

		Past due				
At 31 December 2022	Not past due on the reporting date $m	Less than 90 days $m	Between 91 and 180 days $m	Between 181 and 360 days $m	Over one year $m	Total $m
Expected credit loss rate	–	0.1%	5.9%	6.0%	57.1%	4.7%
Gross trade receivables as at 31 December 2022	905	94	20	19	90	1,128
Expected credit loss allowance	–	–	(1)	(1)	(51)	(53)
Chargebacks and other allowances	(298)	–	–	–	–	(298)
Net trade receivables	607	94	19	18	39	777

The increase in the allowance for expected credit loss is mainly driven by the impairment of trade and other receivables related to Sudan exposure (Note 6).

Market risk

The Group is exposed to foreign exchange and interest rate risks. The Group's objective is to reduce, where it is appropriate to do so, fluctuations in earnings and cash flow associated with changes in interest rates and foreign currency rates. Management actively monitors these exposures to manage the volatility relating to these exposures by entering into a variety of derivative financial instruments, if needed.

29. Financial policies for risk management and their objectives continued

Capital risk management

The Group manages its capital and monitors its liquidity to have reasonable assurance that the Group will be able to continue as a going concern and deliver its growth strategy objectives, while reducing its cost of capital and maximising the return to shareholders through the optimisation of the debt and equity mix. The Group regularly reviews the capital structure by considering the level of available capital and the short to medium-term strategic plans concerning future capital spend, as well as the need to meet dividends, banking covenants, and borrowing ratios.

The Group defines capital as equity plus net debt which includes long and short-term financial debts (Notes 24 and 28), lease liabilities (Note 17), net of cash and cash equivalents (Note 22) and restricted cash (Note 19). Group net debt excludes co-development and earnout payments, acquired contingent liabilities and contingent consideration (Notes 27 and 30).

During the year, the Group continued its strategy of obtaining debt financing at both the Group level and at the operating entities level. This enables the Group to borrow at competitive rates and to build relationships with local, regional and international banks and is therefore deemed to be the most effective means of raising finance, while maintaining the balance between borrowing cost, asset and liability management, and consolidated balance sheet currency risk management.

In order to monitor the available net funds, management reviews financial capital reports on a monthly basis, in addition to the continuous review by the Group treasury function.

At 31 December 2023, the Group's gearing ratio (total debt/equity) was 54% (2022: 60%).

Cash management

The Group manages the deployment of cash balances to predefined limits approved by the Board of Directors under the cash/risk management policy. Per the policy, the Group's excess cash should be held with highly rated global and regional financial institutions. The aim of the policy is to mitigate the risk of holding cash in certain currencies, countries and financial institutions, through a specific threshold. The Group reviews the policy periodically to meet its risk appetite.

Foreign exchange risk and currency risk

The Group uses the US dollar as its reporting currency and is therefore exposed to foreign exchange movements primarily in the Euro, Algerian dinar, Sudanese pound, Japanese yen, Egyptian pound, Tunisian dinar and Moroccan dirham. Consequently, where possible, the Group enters into various contracts, which change in value as foreign exchange rates change, to hedge against the risk of movement in foreign denominated assets and liabilities. Due to the lack of open currency markets, the Algerian dinar, the Sudanese pound, the Tunisian dinar, the Moroccan dirham and the Egyptian pound cannot be hedged at reasonable cost. Where possible, the Group uses financing facilities denominated in local currencies to mitigate the risks. The Jordanian dinar and the Saudi riyal had no impact on the consolidated income statement as those currencies are pegged against the US dollar.

Sudan was considered to be a hyperinflationary economy in the year ended 31 December 2023. At 31 December 2023, the prevailing rate for the Sudanese pound was 1,000.35 per US dollar (2022: 583.34).

Currency risks, as defined by IFRS 7, arise on account of financial instruments being denominated in a currency that is other than the functional currency of an entity and being of a monetary nature.

The currencies that have a significant impact on the Group's consolidated financial statements and the exchange rates used are as follows:

	Year-end rates		Average rates	
	2023	2022	**2023**	2022
US dollar /Euro	**0.906**	0.934	**0.925**	0.950
US dollar /Sudanese pound[1]	**1,000.350**	583.342	**–[1]**	–[1]
US dollar /Algerian dinar	**134.378**	137.202	**135.844**	141.850
US dollar /Saudi riyal	**3.750**	3.750	**3.750**	3.750
US dollar /Pound sterling	**0.786**	0.827	**0.804**	0.809
US dollar /Jordanian dinar	**0.709**	0.709	**0.709**	0.709
US dollar /Egyptian pound	**30.828**	24.702	**30.624**	19.240
US dollar /Japanese yen	**141.060**	131.270	**140.553**	131.594
US dollar /Moroccan dirham	**9.893**	10.448	**10.136**	10.176
US dollar /Tunisian dinar	**3.066**	3.110	**3.106**	3.104

1. In both years, Sudan has been a hyperinflationary economy and Sudanese operations were translated using the year end rate

29. Financial policies for risk management and their objectives continued

The net foreign currency exposure for the years ended 31 December 2023 and 2022 were as follows:

2023	US dollar $m	Euro $m	Japanese yen $m	Others[1] $m
	Financial assets/(liabilities)			
Functional currency of entity:				
– Jordanian dinar	99	19	(5)	13
– Euro	29	–	–	–
– Algerian dinar	(3)	–	–	–
– Saudi riyal	10	(15)	–	–
– Sudanese pound[2]	(1)	–	–	–
– Egyptian pound	(47)	(1)	–	–
– Tunisian dinar	1	2	–	–
– Moroccan dirham	(16)	(8)	–	–
– Canadian Dollar	–	–	–	–
– US Dollar	–	(23)	–	4
	72	(26)	(5)	17

1. Others include Saudi riyal, Jordanian dinar, Pound sterling and UAE dirham
2. Entities with a Sudanese pound functional currency have no exposure to foreign currency risk at 31 December 2023 as a result of the impairment of their financial assets following Sudan's exposure (Note 6)

2022	US dollar $m	Euro $m	Japanese yen $m	Others[1] $m
	Financial assets/(liabilities)			
Functional currency of entity:				
– Jordanian dinar	166	12	(6)	12
– Euro	42	–	–	–
– Algerian dinar	(11)	–	–	–
– Saudi riyal	12	(11)	–	–
– Sudanese pound	(40)	1	–	1
– Egyptian pound	(17)	(4)	–	–
– Tunisian dinar	(1)	4	–	9
– Moroccan dirham	(7)	(5)	–	–
– Canadian Dollar	1	–	–	–
– US Dollar	–	(11)	–	6
	145	(14)	(6)	28

1. Others included Saudi riyal, Jordanian dinar and Pound sterling

A sensitivity analysis based on a 10% movement in foreign exchange rates would result in a $6 million (2022: $15 million) movement in foreign exchange loss/gain on the Group results.

The Group sets certain limits on liquid funds per currency (other than the US dollar) and per country.

Interest rate risk

	As at 31 December 2023			As at 31 December 2022		
	Fixed rate $m	Floating rate $m	Total $m	Fixed rate $m	Floating rate $m	Total $m
Financial liabilities						
Interest-bearing loans and borrowings (Note 24 and 28)	618	507	1,125	638	575	1,213
Lease liabilities (Note 17)	66	–	66	70	–	70
Financial assets						
Interest-bearing cash and cash equivalents (Note 22)	–	155	155	–	173	173
Restricted cash (Note 19)	–	10	10	–	–	–

An interest rate sensitivity analysis assumes an instantaneous one percentage point change in interest rates in all currencies from their levels at 31 December 2023, with all other variables held constant. Based on the composition of the Group's net debt portfolio as at 31 December 2023, a one percentage point increase/decrease in interest rates would result in $3 million increase/decrease in net finance cost per year (2022: $4 million increase/decrease).

29. Financial policies for risk management and their objectives continued

During 2023, the Group completed the transitioning of its remaining USD Libor loans to Term SOFR. As at 31 December 2023, none (2022: $0.06 million) of the Group's utilised debt portfolio, as well as none (2022: $93 million) of the Group's unutilised debt facilities have USD LIBOR as the benchmark interest rate.

Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying value of the following financial assets/liabilities are not significantly different from their fair values, as explained below:

- Cash at banks and on hand and time deposits – due to the short-term maturities of these financial instruments and given that generally they have negligible credit risk, management considers the carrying amounts not to be significantly different from their fair values
- Restricted cash (Note 19) – the fair value of restricted cash is not considered to be significantly different from the carrying value
- Other financial assets (Note 19) – mainly represent long-term receivables carried at amortised cost, of which the fair value is estimated not to be significantly different from the respective carrying amounts
- Receivables and payables – the fair values of receivables and payables are estimated not to be significantly different from the respective carrying amounts
- Short-term loans and overdrafts approximate to their fair value because of the short maturity of these instruments
- Long-term loans – loans with variable rates are re-priced in response to any changes in market rates and so management considers their carrying values not to be significantly different from their fair values

Loans with fixed rates relate mainly to:

- $500 million 3.25%, five-year Eurobond with a carrying value of $497 million at 31 December 2023 and fair value of $481 million, accounted for at amortised cost. The fair value is determined with reference to a quoted price in an active market as at the balance sheet date (a level 1 fair value) (Note 28)
- A ten-year $150 million loan from the International Finance Corporation with outstanding balance of $86 million at 31 December 2023 and a fair value of $80 million. Fair value is estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities of such loans (a level 2 fair value)

Management classifies items that are recognised at fair value based on the level of the inputs used in their fair value determination as described below:

- **Level 1:** Quoted prices in active markets for identical assets or liabilities
- **Level 2:** Inputs that are observable for the asset or liability
- **Level 3:** Inputs that are not based on observable market data

The following financial assets/liabilities are presented at their fair value:

Fair value measurements At 31 December 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Investments at FVTPL (Note 23)	24	–	–	24
Money market deposits (Note 22)	1	–	–	1
Investments in listed shares at FVTOCI (Note 19)	2	–	–	2
Investments in unlisted shares at FVTOCI (Note 19)	–	–	53	53
Total financial assets	**27**	**–**	**53**	**80**
Financial liabilities				
Co-development and earnout payment liabilities (Notes 27 and 30)	–	–	1	1
Contingent consideration liability (Notes 27 and 30)	–	–	41	41
Total financial liabilities	**–**	**–**	**42**	**42**

Fair value measurements At 31 December 2022	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets				
Investments at FVTPL (Note 23)	22	–	–	22
Money market deposit (Note 22)	1	–	–	1
Investments in listed shares at FVTOCI (Note 19)	4	–	–	4
Investments in unlisted shares at FVTOCI (Note 19)	–	–	38	38
Total financial assets	**27**	**–**	**38**	**65**
Financial liabilities		–		
Co-development and earnout payment liabilities (Notes 27 and 30)	–	–	3	3
Contingent consideration liability (Notes 27 and 30)	–	–	42	42
Total financial liabilities	**–**	**–**	**45**	**45**

29. Financial policies for risk management and their objectives continued

The following table presents the changes in Level 3 items for the year ended 31 December 2023 and the year ended 31 December 2022:

	Financial assets $m	Financial liabilities $m
At 1 January 2022	22	74
Settled	–	(7)
Remeasurement of contingent consideration and other financial liability recognised in finance income	–	(26)
Unwinding of contingent consideration and other financial liability recognised in finance expense	–	4
Change in fair value of investments at FVTOCI	1	–
Additions of investments at FVTOCI	15	–
Balance at 31 December 2022 and 1 January 2023	**38**	**45**
Settled	**–**	**(8)**
Remeasurement of contingent consideration and other financial liability recognised in finance expense	**–**	**2**
Unwinding of contingent consideration and other financial liability recognised in finance expense	**–**	**3**
Change in fair value of investments at FVTOCI	**(10)**	**–**
Additions of investments at FVTOCI	**27**	**–**
Sale of investment at FVTOCI	**(2)**	**–**
Balance at 31 December 2023	**53**	**42**

Investments in unlisted shares at FVTOCI represent venture capital investments and are measured at cost and adjusted as necessary for impairment and revaluations with reference to relevant available information and recent financing rounds.

Contingent consideration liability represents a contractual liability to make payments to third parties in the form of milestone payments that depend on the achievement of certain US FDA approval milestones; and payments based on future sales of certain products. These liabilities were recognised as part of the Columbus business acquisition in 2016.

The valuation for the payments that are based on future sales is based on a discounted cash flow model applied to projected future sales for a period of seven years (2022: eight years). The key assumption used for this valuation is the sales projections informed by pricing and volume assumptions which were determined using a probability weighted average of different possibilities on sales growth rates. The valuation for milestone payments is based on 100% probability of success and is discounted using a rate of 6% (2022: 4.9%).

Liquidity risk

Undiscounted cash flows for financial liabilities 2023	**Less than one year $m**	**One to five years $m**	**More than five years $m**	**Total $m**
Interest-bearing long-term loans and borrowings (Note 28)	**(157)**	**(1,060)**	**(5)**	**(1,222)**
Interest-bearing short-term loans and borrowings (Note 24)	**–**	**–**	**–**	**–**
Interest-bearing overdrafts (Note 24)	**(2)**	**–**	**–**	**(2)**
Interest-bearing import and export loans (Note 24)	**(46)**	**–**	**–**	**(46)**
Interest-bearing lease liabilities (Note 17)	**(14)**	**(29)**	**(48)**	**(91)**
Trade and other payables (Note 25)	**(568)**	**–**	**–**	**(568)**
Co-development and earnout payment (Notes 27 and 30)	**(2)**	**–**	**–**	**(2)**
Acquired contingent liability (Notes 27 and 30)	**(11)**	**(29)**	**(27)**	**(67)**
Contingent consideration (Notes 27 and 30)	**(28)**	**(24)**	**(4)**	**(56)**
Other liabilities (Notes 27 and 30)	**(21)**	**–**	**–**	**(21)**
	(849)	**(1,142)**	**(84)**	**(2,075)**

29. Financial policies for risk management and their objectives continued

Undiscounted cash flows for financial liabilities 2022	Less than one year $m	One to five years $m	More than five years $m	Total $m
Interest-bearing long-term loans and borrowings (Note 28)	(103)	(1,203)	(3)	(1,309)
Interest-bearing short-term loans and borrowings (Note 24)	(2)	–	–	(2)
Interest-bearing overdrafts (Note 24)	(12)	–	–	(12)
Interest-bearing import and export loans (Note 24)	(64)	–	–	(64)
Interest-bearing lease liabilities (Note 17)	(10)	(27)	(52)	(89)
Trade and other payables (Note 25)	(476)	–	–	(476)
Co-development and earnout payment (Notes 27 and 30)	(4)	(1)	–	(5)
Acquired contingent liability (Notes 27 and 30)	(7)	(26)	(43)	(76)
Contingent consideration (Notes 27 and 30)	(26)	(18)	(6)	(50)
Other liabilities (Notes 27 and 30)	(21)	–	(4)	(25)
	(725)	(1,275)	(108)	(2,108)

The Group regularly monitors all cash, cash equivalents and debt to maintain liquidity needs. This is done by analysing debt headroom and expected cash flows. The Group seeks to be proactive in its liquidity management to avoid any adverse liquidity effect.

At 31 December 2023, the Group had undrawn facilities of $1,613 million (2022: $1,592 million). Of these facilities, $1,284 million (2022: $1,311 million) were committed long-term facilities.

30. Other non-current liabilities

	As at 31 December	
	2023 $m	2022 $m
Contingent consideration (Notes 27 and 29)	**16**	18
Co-development and earnout payment (Notes 27 and 29)	**–**	1
Acquired contingent liability (Note 27)	**54**	69
Others	**–**	4
	70	92

Contingent consideration and acquired contingent liabilities represent contractual liabilities to make payments to third parties in the form of milestone payments that depend on the achievement of certain US FDA approval milestones; and payments based on future sales of certain products. These liabilities were recognised as part of the Columbus business acquisition in 2016. The current portion of these liabilities are recognised in other current liabilities (Note 27).

The contingent consideration liability is accounted for as a financial liability at fair value under IFRS 9 (note 29)

The acquired contingent liability was recognised as part of the Columbus business acquisition in 2016. On acquisition, the contingent liability was recognised at fair value under IFRS 3 'Business Combinations' and it is subsequently measured at the higher of the amount that would be recognised under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' and the amount initially recognised less any settlements made in respect of the liability.

31. Share capital

Issued and fully paid – included in shareholders' equity:

	Number	$m
At 31 December 2021 and 1 January 2022	**244,331,288**	**42**
Exercise of employees share scheme (Note 37)	1,237,467	–
Ordinary Shares purchased and cancelled	(12,499,670)	(2)
Issue of Ordinary Bonus Share	1	1,746
Cancellation of Ordinary Bonus Share	(1)	(1,746)
At 31 December 2022 and 1 January 2023	**233,069,085**	**40**
Exercise of employees share scheme (Note 37)	845,519	–
At 31 December 2023	**233,914,604**	**40**

At 31 December 2023, 12,833,233 of the issued share capital are held as Treasury shares (2022: 12,833,233) of which the voting rights attached to these shares are not capable of exercise, and 221,081,371 shares are in free issue (2022: 220,235,852).

In 2023, share capital increased by 845,519 shares as a result of the exercised shares granted under the share-based compensation schemes (2022: 1,237,467).

31. Share capital continued

In 2022, the Board approved the capitalisation of the merger reserve and the issuance of a Bonus Share with a $1,746 million nominal value, this share was subsequently cancelled through a capital reduction, which created $1,746 million of distributable reserves to the Group. Moreover, the Group executed a share buyback programme of $300 million in 2022, which resulted in the purchase and cancellation of 12,499,670 shares.

32. Non-controlling interests

	2023 $m	2022 $m
At 1 January	**13**	14
Share of profit	**2**	3
Dividends paid	**(4)**	(3)
Acquisition of subsidiaries	**–**	2
Currency translation and hyperinflation movement	**–**	(3)
At 31 December	**11**	13

33. Cash generated from operating activities

	2023 $m	2022 $m
Profit before tax	**281**	233
Adjustments for depreciation, amortisation and impairment charges of:		
Property, plant and equipment	**110**	157
Intangible assets	**131**	202
Right-of-use of assets	**18**	13
Unwinding of acquisition related inventory step-up	**–**	26
Reclassification of translation gains on disposal of subsidiary	**–**	(5)
(Gain)/loss from investment at fair value through profit or loss (FVTPL)	**(2)**	2
Gain on disposal of intangible assets	**–**	(6)
Cost of equity-settled employee share scheme	**25**	22
Finance income	**(7)**	(29)
Finance expense	**95**	81
Foreign exchange loss and net monetary hyperinflation impact	**6**	20
Changes in working capital:		
Change in trade and other receivables	**(24)**	4
Change in other current assets	**(9)**	(19)
Change in inventories	**(115)**	(102)
Change in trade and other payables	**88**	16
Change in other current liabilities	**13**	(16)
Change in provisions	**127**	1
Change in other non-current assets	**5**	(9)
Change in other non-current liabilities	**(5)**	(6)
Cash flow from operating activities	**737**	585

34. Reconciliation of movement in net debt

	2023 $m	2022 $m
Interest-bearing loans and borrowings (Notes 24 and 28)		
Balance at 1 January	**1,213**	763
Proceeds from issue of long-term financial debts	**778**	1,401
Proceeds from issue of short-term financial debts	**437**	380
Repayment of long-term financial debts	**(841)**	(962)
Repayment of short-term financial debts	**(467)**	(363)
Amortisation of upfront fees	**2**	2
Foreign exchange translation movements	**3**	(8)
Balance at 31 December	**1,125**	1,213
Lease liabilities (Note 17)		
Balance at 1 January		83
Additions	**6**	5
Adjustments[1]	**–**	(9)
Repayment of lease liabilities	**(10)**	(9)
Balance at 31 December	**66**	70
Total Debt	**1,191**	1,283
Cash and cash equivalents (Note 22)	**(205)**	(270)
Restricted cash (Note 19)	**(10)**	–
Net debt[2]	**976**	1,013

1. Adjustments arise from a change in the expected exercise of optional extension period
2. Net debt includes long and short-term financial debts and lease liabilities, net of cash and cash equivalents and restricted cash. Net debt excludes co-development and earnout payments, acquired contingent liabilities and contingent consideration

35. Business combination

Akorn Operating Company LLC (Akorn)

On 5 July 2023, the Group completed the acquisition of the assets of Akorn as part of a Chapter 7 Bankruptcy process, and paid cash consideration of $98 million. This acquisition has been accounted for as a business combination in accordance with the requirements of IFRS 3 'business combination'.

The net assets acquired in the transaction are provisional. The identifiable assets and liabilities recognised as a result of this acquisition are as follows:

	$m
Product related intangible assets (Note 15)	63
Property, plant and equipment (Note 16)	36
Inventories	2
Other current liabilities	(3)
Net assets acquired	98
Total consideration	**98**
Satisfied by:	
Cash consideration	98
Net cash outflow arising from acquisition	**98**

Product related intangible assets comprise product rights of $36 million and IPR&D of $27 million. $19 million of product rights are expected to be ready for use following the finalisation of the technology transfer process. Property, plant and equipment mainly included land and buildings of $25 million, and machinery and equipment of $11 million, of which the Group has disposed of $15 million of land and buildings, and $3 million of machinery and equipment, no gain/loss has been recognised as a result of these disposals. At 31 December 2023, $11 million of land and buildings has been classified as held for sale.

Other liabilities mainly comprise technology transfer costs. No goodwill arose as a result of this acquisition.

Akorn did not contribute to the revenue and profit before tax of the Group in 2023 as the contributions are expected to flow after the finalisation of the technology transfer process.

36. Contingent liabilities

Standby letters of credit and letters of guarantees

A contingent liability existed at the balance sheet date in respect of standby letters of credit and letters of guarantees totalling $55 million (2022: $55 million) arising in the normal course of business. No provision for these liabilities has been made in these consolidated financial statements.

A contingent liability existed at the balance sheet date for standby letters of credit totalling $14 million (2022: $14 million) for potential stamp duty obligations that may arise from the repayment of loans by intercompany guarantors. It's not probable that any repayment will be made by the intercompany guarantors.

Legal proceedings

The Group is involved in a number of legal proceedings in the ordinary course of its business, including actual or threatened litigation and actual or potential government investigations relating to employment matters, product liability, commercial disputes, pricing, sales and marketing practices, infringement of IP rights, the validity of certain patents and competition laws.

Most of the claims involve highly complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of a loss, if any, being sustained and/or an estimate of the amount of any loss is difficult to ascertain. It is the Group's policy to provide for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

The Group currently intends to vigorously defend against these proceedings. From time to time, however, the Group may settle or otherwise resolve these matters on terms and conditions that it believes to be in its best interest.

- Starting in 2016, several complaints have been filed in the United States on behalf of putative classes of direct and indirect purchasers of generic drug products, as well as several individual direct purchasers opt-out plaintiffs and third-party payors of generic drug products. These complaints, which now number thirty-two allege that more than forty generic pharmaceutical defendants including the Group entities engaged in conspiracies to fix, increase, maintain and/or stabilise the prices and market shares of the generic drug products named between approximately 2010 and 2016. The plaintiffs seek treble damages, which can be significantly higher than the profits Hikma made on the named drug products, and equitable injunctive relief under federal and state antitrust and consumer protection laws. The lawsuits have been consolidated in a multidistrict litigation (MDL) court in the United States District Court for the Eastern District of Pennsylvania (In re Generic Pharmaceuticals Pricing Antitrust Litigation, No. 2724, (E.D. Pa.)). At this point, the Group does not believe sufficient evidence exists to make any provision.
- Starting in June 2020, several complaints have been filed in the United States on behalf of both individual plaintiffs and putative classes of direct and indirect purchasers, as well as third party payors of Xyrem® against certain Group entities and other defendants. Currently, most of these cases have been consolidated in an MDL court in the United States District Court for the Northern District of California (In re Xyrem (Sodium Oxybate) Antitrust Litigation, No.2966, (N.D. Cal)). These complaints allege that Jazz Pharmaceuticals PLC and its subsidiaries entered into unlawful "pay-for-delay" reverse payment agreements with each of the defendants, including Hikma, in settling patent infringement litigation over Xyrem®. The plaintiffs in these lawsuits seek treble damages, which can be significantly higher than the profits Hikma makes from selling the generic version of Xyrem®, and equitable injunctive relief under federal and state antitrust and consumer protection laws. A trial has been scheduled to start on October 28, 2024 in the MDL matter. At this point, the Group does not believe sufficient evidence exists to make any provision.
- In November 2020, Amarin Pharmaceuticals filed a patent infringement lawsuit against certain Group entities in the United States District Court for the District of Delaware (No. 20-cv-1630) alleging that Hikma's sales and distribution of its generic icosapent ethyl product infringes three Amarin patents that describe certain methods of using icosapent ethyl. Amarin sought an injunction barring Hikma from selling its generic product as well as unspecified damages. Hikma's product is not approved for the patented methods but rather is approved only for a different indication not covered by any valid patents. In January 2022 the court dismissed the lawsuit, and Amarin has appealed the court's ruling to the United States Court of Appeals for the Federal Circuit. Briefing on the appeal has been completed but no oral argument has been scheduled. The Group does not believe sufficient evidence exists to make any provision.

37. Share-based payments

Executive incentive plan

The 2014 Executive Incentive Plan (EIP) was approved by shareholders at the 2014 Annual General Meeting. The EIP is a combined cash bonus (element A), deferred shares (element B) and restricted shares (element C) scheme. In 2023, element C was replaced by the new 2023 Incentive Plan.

Under the EIP, the Company makes grants of conditional awards under element B to the senior management level of the Group. Awards are dependent on the achievement of individual and Group KPIs over one year prior to grant and a two-year vesting period, and are then subject to a two-year holding period during which they are subject to forfeiture conditions.

The cost of the EIP of $11 million (2022: $13 million) has been recorded in the consolidated income statement as part of selling, general and administrative expenses and research and development expenses.

The fair value per share is the face value of share on the date of grant less the present value of dividends expected to be paid during the vesting period.

The weighted average exercise share price for 2023 is $22.67.

Details of the outstanding grants under this plan are shown below:

	2023 grants 30 May	2023 grants 30 May	2022 grants 25 Feb	2022 grants 25 Feb	2021 grants 25 Feb	2021 grants 25 Feb	2020 grants 27 Feb	2020 grants 27 Feb	2019 grants 12 March	2018 grants 16 May	2017 grants 13 Apr	2016 grants 11 May	2016 grants 17 March	2015 grants 10 April	Total Number
Year 2023															
Beginning balance (restated)[1]	–	–	126,139	421,948	109,104	334,084	134,038	–	–	14,257	27,508	–	51,350	12,012	1,230,440
Granted during the year	167,643	602,131	–	–	–	–	–	–	–	–	–	–	–	–	769,774
Exercised during the year	(13,796)	(18,836)	(10,778)	(20,547)	(8,662)	(323,926)	(134,038)	–	–	–	–	–	(13,000)	(12,012)	(555,595)
Forfeited during the year	–	–	–	(2,149)	–	(10,158)	–	–	–	–	–	–	–	–	(12,307)
Outstanding at 31 December	**153,847**	**583,295**	**115,361**	**399,252**	**100,442**	**–**	**–**	**–**	**–**	**14,257**	**27,508**	**–**	**38,350**	**–**	**1,432,312**
Exercisable at 31 December	–	–	–	–	–	–	–	–	–	14,257	27,508	–	38,350	–	80,115
Weighted average remaining contractual life (years)	2.41	1.41	1.16	0.15	0.15	–	–	–	–	4.38	3.36	–	2.21	–	1.15
Year 2022															
Beginning balance (restated)[1]			–	–	157,644	423,728	184,355	511,453	280,529	14,257	34,428	–	51,350	12,012	1,669,756
Granted during the year			176,937	524,858	–	–	–	–	–	–	–	–	–	–	701,795
Exercised during the year			(13,423)	(31,389)	(12,130)	(25,899)	(13,060)	(510,815)	(280,529)	–	(6,920)	–	–	–	(894,165)
Forfeited during the year			(37,375)	(71,521)	(36,410)	(63,745)	(37,257)	(638)	–	–	–	–	–	–	(246,946)
Outstanding at 31 December			**126,139**	**421,948**	**109,104**	**334,084**	**134,038**	**–**	**–**	**14,257**	**27,508**	**–**	**51,350**	**12,012**	**1,230,440**
Exercisable at 31 December			–	5,502	–	4,756	–	–	–	14,257	27,508	–	51,350	12,012	115,385
Weighted average remaining contractual life (years)			2.16	1.15	1.15	0.15	0.16	–	–	5.38	4.36	–	3.21	2.28	1.16
Fair value of each share $	21.30	21.30	25.00	25.38	31.71	32.17	23.70	24.10	20.63	18.45	23.52	31.69	26.21	32.78	
The share price at grant date $	22.32	22.32	26.14	26.14	33.09	33.09	24.91	24.91	21.75	19.09	23.98	32.15	26.98	33.24	
Expected dividends yield %	2.36%	2.36%	1.50%	1.50%	1.43%	1.43%	1.67%	1.67%	1.79%	1.71%	0.97%	0.73%	0.71%	0.81%	

1. 2022 beginning balances have been restated to adjust for expired and exercised shares that were not previously reported

37. Share-based payments continued

Management incentive plan

The 2009 Management Incentive Plan (MIP) was approved by shareholders at the 2010 Annual General Meeting and the 2018 MIP was approved by shareholders at the 2018 Annual General Meeting. Under the MIP, the Company makes grants of conditional awards to management across the Group below senior management level. Awards are dependent on the achievement of individual and Group KPIs one year prior to grant and a two-year vesting period.

The cost of the MIP of $10 million (2022: $9 million) has been recorded in the consolidated income statement as part of selling, general and administrative expenses, cost of sales and research and development expenses.

The fair value per share is the face value of shares on the date of grant less the present value of dividends expected to be paid during the vesting period.

The weighted average exercise share price for 2023 is $21.54.

Details of the outstanding grants under this plan are shown below:

	2023 grants 30 May	**2022 grants 25 Feb**	**2021 grants 25 Feb**	**2020 grants 27 Feb**	**2018 grants 16 May**	**2017 grants 19 May**	**2016 grants 11 May**	**2015 grants 14 May**	**2014 grants 11 June**	**2013 grants 17 May**	**Total Number**
Year 2023											
Beginning balance (restated)[1]	–	347,795	290,650	920	707	1,877	1,799	931	1,290	1,679	647,648
Granted during the year	559,930	–	–	–	–	–	–	–	–	–	559,930
Exercised during the year	(73)	(4,998)	(276,357)	(920)	–	(1,877)	(1,799)	(931)	(1,290)	(1,679)	(289,924)
Forfeited during the year	(14,174)	(15,363)	(14,293)	–		–	–	–	–	–	(41,578)
Outstanding at 31 December	**545,683**	**327,434**	**–**	**–**	**707**	**–**	**–**	**–**	**–**	**–**	**876,076**
Exercisable at 31 December	114	2,502	–	–	707	–	–	–	–	–	2,768
Weighted average remaining contractual life (years)	1.41	0.15	–	–	4.38	–	–	–	–	–	0.94
Year 2022											
Beginning balance (restated)[1]		–	337,487	359,169	1,007	1,877	1,799	931	1,290	1,679	705,239
Granted during the year		396,630	–	–	–	–	–	–	–	–	396,630
Exercised during the year		(5,647)	(14,815)	(322,540)	(300)	–	–	–	–	–	(343,302)
Forfeited during the year		(43,188)	(32,022)	(35,709)	–	–	–	–	–	–	(110,919)
Outstanding at 31 December		**347,795**	**290,650**	**920**	**707**	**1,877**	**1,799**	**931**	**1,290**	**1,679**	**647,648**
Exercisable at 31 December		3,725	12,698	920	707	1,877	1,799	931	1,290	1,679	25,626
Weighted average remaining contractual life (years)		1.15	0.15	–	5.38	4.38	3.36	2.37	1.45	0.38	1.03
Fair value of each share $	21.3	25.38	32.17	24.10	18.45	22.09	31.73	32.17	27.73	14.61	
The share price at grant date $	22.32	26.14	33.09	24.91	19.09	22.54	32.20	32.63	28.33	14.93	
Expected dividends yield %	2.36%	1.50%	1.43%	1.67%	1.71%	1.01%	0.73%	0.71%	0.71%	1.10%	

1. 2022 beginning balances have been restated to adjust for expired and exercised shares that were not previously reported

37. Share-based payments continued

2023 Incentive Plan

Long-term incentive plan

The 2023 Long-Term Incentive Plan (LTIP) was introduced under the 2023 Incentive Policy and was approved by shareholders at the 2023 Annual General Meeting. Under the LTIP, the Company makes grants of conditional awards to the Executive Directors and senior executives of the Group. Awards are dependent on certain non-market and market conditions with a vesting period of three years from the grant, and are then subject to a two-year holding period.

The cost of the LTIP of $4 million has been recorded in the consolidated income statement as part of selling, general and administrative expenses.

The fair value per share is the face value of shares on the date of grant for non-market conditions. Valuation is based on the Monte Carlo methodology for market condition. No discounting for dividend yield is applied as participants will receive the benefit of dividends paid during the vesting period in the form of additional shares.

Details of the outstanding grants under this plan are shown below:

	2023 grants 31 Aug	2023 grants 30 May	Total Number
Year 2023			
Beginning balance	–	–	–
Granted during the year	27,829	648,724	676,553
Dividends equivalent during the year			
Exercised during the year	–	–	–
Forfeited during the year	–	(46,109)	(46,109)
Outstanding at 31 December	**27,829**	**602,615**	**630,444**
Exercisable at 31 December	–	–	–
Weighted average remaining contractual life (years)	2.67	2.41	2.42
Fair value of each share $	27.06	21.13	
The share price at grant date $	27.74	22.32	
Expected dividends yield %	n/a	n/a	

Deferred bonus scheme

The 2023 deferred bonus awards scheme was introduced under the 2023 Incentive Policy and was approved by shareholders at the 2023 Annual General Meeting. Under the scheme, 50% of the annual bonus is deferred into an award over shares for a period of three years. Awards are dependent on the achievement of individual KPIs over one year, starting in 2024.

The cost of the deferred bonus awards of $0.5 million has been recorded in the consolidated income statement as part of selling, general and administrative expenses.

38. Related parties

Transactions between Hikma Pharmaceuticals PLC (Hikma) and its subsidiaries (together, the Group) have been eliminated on consolidation and are not disclosed in this Note. Transactions between the Group and its joint venture and other related parties are disclosed below.

Trading transactions:

During the year ended 31 December 2023, the Group entered into the following transactions with related parties:

Darhold Limited (Darhold): is a related party of Hikma because three Directors of Hikma jointly constitute the majority of Directors and shareholders (with immediate family members) in Darhold and because Darhold owns 25.65% (2022: 25.74%) of the share capital and 27.14% (2022: 27.24%) of the voting capital of Hikma. Other than dividends (as paid to all shareholders), there were no transactions between the Group and Darhold Limited during the year.

Hubei Haosun Pharmaceutical Co., Ltd.: is a related party of Hikma because the Group holds a non-controlling interest of 49% in the joint venture (JV) with Haosun (2022: 49%). During the year, total direct purchases from Haosun were $1.2 million (2022: $0.6). At 31 December 2023, the amount owed from the Group to Haosun amounted to $nil (2022: $0.2). In addition, in certain countries the Group purchases from Haosun indirectly. During the year total indirect purchases from Haosun were $0.7 million (2022: $1.1 million).

Labatec Pharma (Labatec): is a related party of the Group because Labatec is owned by the family of two Directors of Hikma. During the year, total Group sales to Labatec amounted to $2 million (2022: $2 million), and total Group purchases amounted to $1 million (2022: $1 million). At 31 December 2023, the amount owed by Labatec to the Group was $0.6 million (2022: $0.4 million).

Remuneration of key management personnel

The remuneration of the key management personnel (comprising the Executive Directors, Non-Executive Directors and the senior management as set out in the Governance report) of the Group is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of the individual Directors is provided in the audited part of the Remuneration Committee report on pages 103 to 132.

	2023 $m	2022 $m
Short-term employee benefits	**15.6**	13.3
Share-based payments	**9.5**	7.2
Other benefits	**0.6**	0.5
	25.7	21.0

39. Subsidiaries and joint venture

The subsidiaries and joint venture of Hikma Pharmaceuticals PLC are as follows:

			Owned by the Group	
Company's name	**Incorporated in**	**Address of the registered office**	**Ownership % Ordinary Shares At 31 December 2023**	Ownership% Ordinary Shares At 31 December 2022
Al Jazeera Pharmaceutical Industry S.A.R.L	Algeria	Zone d'Activité, Propriété N° 379 Section N° 04 Staoueli, Algeria	99%	99%
Algerie Industrie Mediterraneene Du Medicament S.A.R.L.	Algeria	Zone d'Activité 16/15 Staoueli, Algeria	97%	97%
Hikma Pharma Algeria S.A.R.L.	Algeria	Zone d'Activité 16/15 Staoueli, Algeria	100%	100%
SPA Al Dar Al Arabia pour la Fabrication de Médicaments	Algeria	Zone d'Activité El Boustane N° 78, Sidi Abdellah, Al Rahmania, Algeria	100%	100%
Hubei Haosun Pharmaceutical Co., Ltd.[1]	China	No 20 Juxian Road, Gedian Economic and Technology Development Area, Hubei, China	49%	49%
Hikma Canada Limited	Canada	5995 Avebury Rd, Suite 804, Mississauga, ON L5R 3P9, Canada	100%	100%
Hikma Pharma S.A.E	Egypt	6th of October City, 2nd Industrial Zone, Plot No.(1), Giza – Egypt	100%	100%
Hikma Pharmaceuticals Industries S.A.E	Egypt	6th of October City, 2nd Industrial Zone, Plot No.(1), Giza – Egypt	100%	100%
Hikma Specialised Pharmaceuticals (S.A.E)	Egypt	6th of October City, 2nd Industrial Zone, Plot No.(1), Giza – Egypt	98%	98%
Hikma for Importation Co. LLC	Egypt	6th of October City, 2nd Industrial Zone, Plot No.(1), Giza – Egypt	99%	99%
Hikma France	France	105 Rue Marcel Dassault, 92100 – Boulogne Billancourt – France	100%	100%
Hikma Pharma GmbH	Germany	Lochhamer Strasse 13, 82152, Martinsried, Germany	100%	100%
Thymoorgan Pharmazie GmbH	Germany	Schiffgraben 23, DE-38690, Goslar, OT Vienenburg, Germany	100%	100%
Hikma Services India Private Limited	India	503, Matharu Arcade, Subhash Road Vile Parle East, Mumbai-400057, India	100%	100%
Hikma Italia S.p.A	Italy	Viale Certosa 10, 27100, Pavia, Italy	100%	100%
Hikma Pharma Limited*[2]	Jersey	47 Esplanade, St Helier, JE1 0BD, Jersey	100%	100%
Arab Medical Containers LLC	Jordan	P.O. Box 80, Sahab Industrial Estate, 11512, Jordan	100%	100%
Arab Pharmaceutical Manufacturing PSC	Jordan	Al Buhaira – Salt, P.O. Box 42, Jordan	100%	100%
Hikma International Pharmaceuticals LLC (Exempt)	Jordan	122 Queen Zain AlSharaf Street, Bayader Wadi Al-Seer, Amman, Jordan	100%	100%
Hikma International Ventures and Development LLC (Exempt)	Jordan	Bayader Wadi Al-Seer, Industrial Area, Saleem Bin Al-Hareth Street, Building 21, P.O. Box 182400, Amman, 11118, Jordan	100%	100%
Hikma Investment LLC*	Jordan	Bayader Wadi Al-Seer, Industrial Area, Saleem Bin Al-Hareth Street, Building 21, P.O. Box 182400, Amman, 11118, Jordan	100%	100%
Hikma Pharmaceuticals LLC	Jordan	Bayader Wadi Al-Seer, Industrial Area, Saleem Bin Al-Hareth Street, Building 21, P.O. Box 182400, Amman, 11118, Jordan	100%	100%
Hikma Pharmaceuticals LLC (Jordan) (FREE ZONE)	Jordan	Al-Mushatta – Al Qastal Free Zone P.O. Box 182400 11118 Amman JORDAN	100%	100%
International Pharmaceutical Research Centre LLC	Jordan	P.O. Box 963166, Amman, 11196, Jordan	51%	51%
Sofia Travel and Tourism	Jordan	Bayader Wadi Al-Seer, Industrial Area, Saleem Bin Al-Hareth Street, Building 21, P.O. Box 182400, Amman, 11118, Jordan	100%	100%
Specialised for Pharmaceutical Industries LLC	Jordan	Bayader Wadi Al-Seer, Industrial Area, Saleem Bin Al-Hareth Street, Building 21, P.O. Box 182400, Amman, 11118, Jordan	100%	100%
Al Jazeera Pharmaceutical Industries Ltd	KSA	P.O. Box 106229 11666 Riyadh, Saudi Arabia	100%	100%
Hikma Pharmaceuticals for Foreign Companies Headquarters Co.	KSA	3005, Imam Saud bin Abdulaziz bin Mohammed Road, 7815 Riyadh 12262, Saudi Arabia	100%	–
Société de Promotion Pharmaceutique du Maghreb (Promopharm S.A.)	Morocco	Zone Industrielle du Sahel, Rue N. 7, Had Soualem, Province de Settat, Morocco	94%	94%

Notes to the consolidated financial statements
continued

39. Subsidiaries and joint venture continued

Company's name	Incorporated in	Address of the registered office	*Owned by the Group* **Ownership % Ordinary Shares At 31 December 2023**	Ownership % Ordinary Shares At 31 December 2022
Hikma Pharma Benelux B.V	Netherlands	Atoomweg 12, 1627 LE Hoorn, Netherlands	100%	100%
Hikma Farmaceutica, (Portugal) S.A	Portugal	Estrada Rio Da Mo no.8, 8ª, 8B-Fervenca, 2705-906, Terrugem SNT, Portugal	100%	100%
Lifotec Farmaceutica S.G.P.S S.A*	Portugal	Estrada Nacional 9, Fervença, São João das Lampas e Terrugem, Sintra, Portugal	100%	100%
Hikma Care for Medicines and Medical Supplies Company	Palestine	Mahatma Ghandi Street, Betunia Ramallah, Palestine	51%	51%
Hikma Pharmaceuticals	Palestine	West Bank Al Birah, Ramallah	100%	100%
Hikma Slovakia s.r.o	Slovakia	Seberíniho 1 821 03 Bratislava, Slovakia	–	100%
Hikma Espana S.L	Spain	CALLE MALDONADO, 4 – BJ D 28006, MADRID Spain	100%	100%
Pharma Ixir Co. Ltd	Sudan	Khartoum State, Buri Al Lamab Area, Block (9), Building No. (98), Sudan	51%	51%
Savannah Pharmaceutical Industries Co. Ltd	Sudan	Khartoum State, Buri Al Lamab Area, Block (9), Building No. (98), Sudan	100%	100%
Eurohealth International S.A.R.L.[2]	Switzerland	Rue des Battoirs 7, 1205 Genève, Switzerland	100%	100%
APM Tunisie S.A.R.L.	Tunisia	Impasse N°4-Energie Solaire, Zone Industrielle La Charguia 1, Tunis-Carthage, 2035, Tunisia	99%	99%
STE D'Industrie Pharmaceutique Ibn Al Baytar*	Tunisia	11 Rue 8610 Charguia 1-2035 Tunis-Carthage, Tunisia	100%	100%
STE Medicef	Tunisia	Avenue Habib Bourguiba, Sidi Thabet, 2020 Ariana, Tunisia	100%	100%
Hikma Emerging Markets and Asia Pacific FZ-LLC	United Arab Emirates	Premises 202-204, Floor 2, Building 26, Dubai Health Care City, United Arab Emirates	100%	100%
Hikma International Trading Limited[2]	United Arab Emirates	The Oberoi Centre, Level 15, Business Bay, P.O. Box 36282, Dubai, United Arab Emirates	100%	100%
Hikma MENA FZE*[2]	United Arab Emirates	Office No. FZJOB1020 Jebel Ali Free Zone, Dubai United Arab Emirates	100%	100%
Hikma UK Limited*	United Kingdom	1 New Burlington Place, London, W1S 2HR, United Kingdom	100%	100%
Hikma Ventures Limited[2]	United Kingdom	1 New Burlington Place, London, W1S 2HR, United Kingdom	100%	100%
West-Ward Holdings Limited*	United Kingdom	1 New Burlington Place, London, W1S 2HR, United Kingdom	100%	100%
Hikma Pharmaceuticals International Limited*	United Kingdom	1 New Burlington Place, London, W1S 2HR, United Kingdom	100%	100%
Hikma Intelligence Limited	United Kingdom	1 New Burlington Place, London, W1S 2HR, United Kingdom	100%	100%
Eurohealth (U.S.A.) Inc	United States	200 Connell Drive, 4th Floor Berkeley Heights, NJ 07922	100%	100%
Hikma Speciality USA, Inc.	United States	1900 Arlingate Lane, Columbus, Ohio 43228	100%	100%
Hikma Labs Inc.	United States	1809 Wilson Road, Columbus, Ohio 43228	100%	100%
West-Ward Columbus Inc.	United States	1809 Wilson Road, Columbus, Ohio 43228	100%	100%
Hikma Injectables USA, Inc.	United States	36 Stults Road, Dayton, New Jersey 08810	100%	100%
Hikma Pharmaceuticals USA Inc.	United States	200 Connell Drive, 4th Floor Berkeley Heights, NJ 07922	100%	100%
Hikma Finance USA LLC	United States	200 Connell Drive, 4th Floor Berkeley Heights, NJ 07922	100%	100%
TACCA, LLC	United States	2325 Camino Vida Roble Carlsbad, CA 92011, US	90%	90%
Pytrione LLC	United States	2325 Camino Vida Roble Carlsbad, CA 92011, US	84%	84%

1. The investments in joint venture are accounted for using the equity method (Note 18)
2. Owned by Hikma Pharmaceuticals PLC 'the Company'

The investments in subsidiaries are all stated at cost in Hikma Pharmaceuticals PLC and are consolidated in line with IFRS 10.

The Group's subsidiaries principally operate in trading pharmaceuticals products and associated goods and services, except for Sofia Travel and Tourism subsidiary which coordinates employees travel arrangements.

Companies marked (*) were incorporated as holding companies.

40. Defined contribution retirement benefit plan

The Group has defined contribution retirement plans in four of its subsidiaries: Hikma Pharmaceuticals PLC – United Kingdom, Hikma Pharmaceuticals LLC, Arab Pharmaceutical Manufacturing PSC and Hikma Pharmaceuticals USA Inc. The details of each contribution plan are as follows:

Hikma Pharmaceuticals PLC

Hikma Pharmaceuticals PLC currently has a defined contribution pension plan available for staff working in the United Kingdom whereby Hikma Pharmaceuticals PLC contributes 10% of basic salary. Employees are immediately entitled to 100% of the contributions. Hikma Pharmaceuticals PLC contributions for the year ended 31 December 2023 were $0.2 million (2022: $0.3 million).

Hikma Pharmaceuticals LLC

Hikma Pharmaceuticals LLC currently has an employee savings plan whereby Hikma Pharmaceuticals LLC fully matches employees' contributions, which are fixed at 10% of basic salary. Employees are entitled to 100% of Hikma Pharmaceuticals LLC contributions after three years of employment with the Company. Hikma Pharmaceuticals LLC contributions for the year ended 31 December 2023 were $3.6 million (2022: $3.4 million).

Arab Pharmaceutical Manufacturing PSC

Arab Pharmaceuticals Manufacturing PSC currently has an employee savings plan whereby Arab Pharmaceuticals Manufacturing PSC fully matches employees' contributions, which are fixed at 10% of basic salary. Employees are entitled to 100% of Arab Pharmaceuticals Manufacturing PSC contributions after three years of employment with the Company. Arab Pharmaceuticals Manufacturing PSC contributions for the year ended 31 December 2023 were $0.5 million (2022: $0.5 million).

Hikma Pharmaceuticals USA Inc.: (401 (k) Retirement Plan)

Hikma Pharmaceuticals USA Inc. has a 401(k)-defined contribution plan, which allows all eligible employees to defer a portion of their income through contributions to the plan. Eligible employees can begin contributing to the plan after being employed for 90 days. Employees can defer up to 95% of their eligible income into the plan, not to exceed $22,500 (2022: $20,500), not including catch-up contributions available to eligible employees as outlined by the Internal Revenue Service. The company matches the employees' eligible contribution dollar-for-dollar on the first 6% of eligible pay contributed to the plan. Employer contributions vest 50% after two years of service and 100% after three years of service. Employees are considered to have completed one year of service for the purposes of vesting upon the completion of 1,000 hours of service at any time during a plan year. Employer contributions to the plan for the year ended 31 December 2023 were $8 million (2022: $9 million). The assets of this plan are held separately from those of the Group. The only obligation of the Group with respect to this plan is to make specified contributions.

41. Subsequent event

On 1 February 2024, the Group reached an agreement in principle to resolve the vast majority of the opioid related cases brought against Hikma Pharmaceuticals USA Inc. by US states, their subdivisions, and tribal nations. These cases relate 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. The provision is considered an adjusting post balance sheet event and is recognised as an exceptional item in the consolidated financial statements for the year ended 31 December 2023 (Notes 6 and 26).

Company balance sheet

At 31 December 2023

	Note	2023 $m	2022 $m
Non-current assets			
Property, plant and equipment		**1**	1
Right-of-use assets		**3**	5
Intangible assets	3	**7**	14
Investments in subsidiaries	4	**3,303**	3,296
Due from subsidiaries	5	**32**	82
Financial and other non-current assets		**3**	4
		3,349	3,402
Current assets			
Trade and other receivables	6	**304**	358
Due from subsidiaries	5	**39**	82
Cash and cash equivalents	7	**46**	64
Other current assets	8	**31**	29
		420	533
Total assets		**3,769**	3,935
Current liabilities			
Other payables		**4**	2
Due to subsidiaries	9	**10**	21
Short-term financial debts	10	**61**	39
Lease liabilities		**2**	2
Other current liabilities		**19**	15
		96	79
Net current assets		**324**	454
Non-current liabilities			
Long-term financial debts	10	**325**	465
Lease liabilities		**3**	5
		328	470
Total liabilities		**424**	549
Net assets		**3,345**	3,386
Equity			
Share capital	12	**40**	40
Share premium		**282**	282
Other reserves		**2**	2
Profit for the year	13	**71**	266
Retained earnings		**2,950**	2,796
Total equity		**3,345**	3,386

The financial statements of Hikma Pharmaceuticals PLC, registered number 5557934, on pages 194 to 200 were approved by the Board of Directors on 21 February 2024 and signed on its behalf by:

Said Darwazah
Executive Chairman
21 February 2024

Riad Mishlawi
Chief Executive Officer

Company statement of changes in equity

For the year ended 31 December 2023

	Share capital $m	Share premium $m	Capital redemption reserve $m	Merger reserve $m	Total other reserves $m	Retained earnings $m	Total $m
Balance at 1 January 2022	42	282	–	1,746	**1,746**	1,456	**3,526**
Profit for the year	–	–	–	–	**–**	266	**266**
Total comprehensive income for the year	–	–	–	–	**–**	266	**266**
Cost of equity settled employee share scheme	–	–	–	–	**–**	22	**22**
Dividends paid	–	–	–	–	**–**	(125)	**(125)**
Ordinary Shares purchased and cancelled	(2)	–	2	–	**2**	(300)	**(300)**
Share buyback transaction costs	–	–	–	–	**–**	(3)	**(3)**
Issue of Ordinary Bonus Share	1,746	–	–	(1,746)	**(1,746)**	–	**–**
Cancellation of Ordinary Bonus Share	(1,746)	–	–	–	**–**	1,746	**–**
Balance at 31 December 2022 and 1 January 2023	40	282	2	–	**2**	3,062	**3,386**
Profit for the year	–	–	–	–	**–**	71	**71**
Total comprehensive income for the year	–	–	–	–	**–**	71	**71**
Cost of equity settled employee share scheme	–	–	–	–	**–**	25	**25**
Dividends paid	–	–	–	–	**–**	(137)	**(137)**
Balance at 31 December 2023	**40**	**282**	**2**	**–**	**2**	**3,021**	**3,345**

At 31 December 2023 and 2022, the Company had retained earnings available for distribution in excess of $2 billion, which is determined with reference to the Companies Act 2006 and to the guidance issued by the Institute of Chartered Accountants in England and Wales in 2017.

For the proposed final dividend for the year ended 31 December 2023, see Note 13 to the Group consolidated financial statements.

Notes to the Company financial statements
For the year ended 31 December 2023

1. Adoption of new and revised standards

The nature of the impact on the Company of new and revised standards is the same as for the Group. Details are given in Note 1 to the Group consolidated financial statements.

2. Accounting policies

Basis of accounting
These financial statements, for the year ended 31 December 2023 have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of the following exemptions from the requirements of IFRS Accounting Standards as below:

- Paragraph 10(d) of IAS 1 'Presentation of Financial Statements' (statement of cash flows)
- Paragraph 16 of IAS 1 'Presentation of Financial Statements' (statement of compliance with all IFRS Accounting Standards)
- Paragraph 38A of IAS 1 'Presentation of Financial Statements' (requirements for minimal of two primary statements, including cash flow statements)
- Paragraph 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'
- Paragraph 111 of IAS 1 'Presentation of Financial Statements' (cash flow statement information)
- Paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements' (capital disclosures)
- IFRS 7 'Financial Instruments: Disclosure'
- Paragraph 17 of IAS 24 'Related Parties Disclosures'
- Paragraph 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- IAS 7 'Statement of Cash Flow'
- Paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement'

No individual profit and loss account is prepared as provided by section 408 of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis, except for the revaluation to fair value of certain financial assets and liabilities. The principal accounting policies adopted are the same as those set out in Note 2 to the Group consolidated financial statements with the addition of the policies noted below.

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment. The carrying value of investments is reviewed for impairment when there is an indication that the investment might be impaired. Any provision resulting from an impairment review is charged to the Company profit and loss. Testing for impairment requires making estimates for the valuation of the investments.

Trade receivables acquired from subsidiaries through an intercompany factoring arrangement and intercompany receivables are classified as financial assets at amortised cost and are measured at amortised cost using the effective interest method less any expected credit loss. The Company applies a general approach in calculating expected credit loss for the intercompany receivables. At the reporting date, all outstanding balances were considered to have low credit risk, therefore, the general approach using a 12-month probability of default was applied when assessing expected credit loss on a 12-month period basis. The Company applies a simplified approach for the intercompany factoring arrangement.

Equity-settled employee share schemes are accounted for in accordance with IFRS 2 'Share based payment'. The current charge relating to the subsidiaries' employees is recharged to the respective subsidiary.

There are no critical judgements and estimates involved in applying the above accounting policies, that may have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The presentational and functional currency of Hikma Pharmaceuticals PLC is the US dollar as the majority of the Company's business is conducted in US dollars.

3. Intangible assets

	Software $m
Cost	
Balance at 1 January 2022	31
Balance at 1 January 2023	**31**
Disposals[1]	**(5)**
Balance at 31 December 2023	**26**
Accumulated amortisation and impairment	
Balance at 1 January 2022	(16)
Charge for the year	(1)
Balance at 1 January 2023	**(17)**
Charge for the year	(2)
Balance at 31 December 2023	**(19)**
Carrying amount	
At 31 December 2023	**7**
At 31 December 2022	14

1. Disposals represent software sold to subsidiaries

Details of useful lives are included in Note 15 to the Group consolidated financial statements.

4. Investments in subsidiaries

The details of Investment in subsidiaries are stated in Note 39 to the Group consolidated financial statements.

The following table provides the movement of the investments in subsidiaries:

	2023 $m	2022 $m
Beginning balance	**3,296**	3,288
Additions to subsidiaries	**7**	8
Ending balance	**3,303**	3,296

The movement for the year represents an increase in the investment in Hikma Ventures Limited.

5. Due from subsidiaries

Non-current

	As at 31 December 2023 $m	2022 $m
Hikma UK Limited	**12**	47
Hikma MENA FZE	**–**	22
Hikma Pharmaceuticals LLC	**–**	13
Al Jazeera Pharmaceuticals Industries Ltd	**20**	–
Hikma Emerging Markets and Asia Pacific FZ-LLC	**4**	4
Less: provision for expected credit loss	**(4)**	(4)
	32	82

Current

	As at 31 December 2023 $m	2022 $m
Hikma Pharmaceuticals USA Inc.	**13**	55
Al Jazeera Pharmaceuticals Industries Ltd	**5**	13
Hikma Emerging Markets and Asia Pacific FZ-LLC	**7**	7
Hikma MENA FZE	**7**	3
Arab Pharmaceutical Manufacturing PSC	**1**	3
Hikma Pharma S.A.E	**3**	1
Others	**10**	7
Less: provision for expected credit loss	**(7)**	(7)
	39	82

6. Trade and other receivables

	As at 31 December 2023 $m	2022 $m
Trade and other receivables	**304**	358

The credit risk associated with these acquired receivables is similar to that of the Group's US receivables since it relates to the same credit portfolio and customers.

7. Cash and cash equivalents

	As at 31 December 2023 $m	2022 $m
Cash at banks and on hand	**12**	9
Time deposits	**34**	55
	46	64

Cash and cash equivalents include highly liquid investments with maturities of three month or less which are convertible to known amounts of cash and are subject to insignificant risk of changes in value.

8. Other current assets

	As at 31 December	
	2023 **$m**	2022 $m
Investments at FVTPL	**24**	22
Prepayments	**6**	6
Revolving credit facility upfront fees	**1**	1
	31	29

Investment at FVTPL comprises a portfolio of debt instruments that are managed by an asset manager and which the Company has designated as measured at fair value through profit or loss. These assets are classified as level 1 as they are based on quoted prices in active markets (See Note 29 to the Group consolidated financial statements).

9. Due to subsidiaries

Current

	As at 31 December	
	2023 **$m**	2022 $m
Hikma Pharmaceuticals LLC	**8**	14
Hikma Farmaceutica, (Portugal) S.A	**1**	4
Other	**1**	3
	10	21

10. Financial debts

	As at 31 December	
	2023 **$m**	2022 $m
Long-term loans	**391**	508
Less: current portion of long-term loans	**(61)**	(39)
Less: upfront fees	**(5)**	(4)
Long-term financial loans	**325**	465

Financial debts include:

a) $1,150 million syndicated revolving credit facility that matures on 4 January 2029. At 31 December 2023, the facility had an outstanding balance of $nil (2022: $278 million) and an unutilised amount of $1,150 million (2022: $872 million). This facility is available in two tranches: one tranche of $760 million for Hikma Pharmaceuticals PLC, of which $nil was utilised (2022: $210 million), and a second tranche of $390 million for Hikma Finance USA LLC, of which $nil was utilised (2022: $68 million). This facility can be used for general corporate purposes

b) A $400 million five-year syndicated loan facility that matures on 13 October 2027. At 31 December 2023, the facility had an outstanding balance at of $315 million (2022: $190 million) and a fair value of $315 million (2022: $190 million). This facility was granted in two tranches: one tranche of $250 million for Hikma Pharmaceuticals PLC, of which the outstanding balance at 31 December 2023 was $205 million (2022: $190 million), and a second tranche of $150 million for Hikma Finance USA LLC with an outstanding balance of $110 million (2022: no utilisation). The proceeds were used for general corporate purposes

c) A $200 million eight-year loan facility from the International Finance Corporation and Managed Co-lending Portfolio program that matures on 15 September 2028. At 31 December 2023, the facility had an outstanding balance of $100 million (2022: no utilisation) and a fair value of $100 million (2022: $nil), the remaining $100 million has an availability period until March 2024. The facility can be used for general corporate purposes

d) A $150 million ten-year loan facility from the International Finance Corporation that matures on 15 December 2027. At 31 December 2023, the facility had an outstanding balance of $86 million (2022: $108 million) and a fair value of $80 million (2022: $98 million). The proceeds were used for general corporate purposes

The weighted average interest rates incurred by the Group are disclosed in Notes 24 and 28 to the of the Group consolidated financial statements.

During 2023, the Company completed the transitioning of all of its USD Libor loans to Term SOFR. As at 31 December 2023, none (2022: $nil) of the Company's utilised debt portfolio as well as none (2022: $5 million) of the Company's unutilised debt facilities have USD LIBOR as the benchmark interest rate.

11. Staff costs

Hikma Pharmaceuticals PLC has an average of 29 employees (2022: 30 employees) (excluding Executive Directors); total compensation paid to them amounted to $7 million (2022: $7 million), of which salaries and bonuses were $5 million (2022: $5 million), the remaining $2 million (2022: $2 million) mainly represents national insurance contributions and other employee benefits. Further information about the remuneration of the individual Directors is provided in the audited part of the Remuneration Committee report on pages 103 to 132.

12. Share capital

Issued and fully paid – included in shareholders' equity:

	Number	$m
As at 1 January 2022	**244,331,288**	**42**
Exercise of employees share scheme	1,237,467	–
Ordinary Shares purchased and cancelled	(12,499,670)	(2)
Issue of Ordinary Bonus Share	1	1,746
Cancellation of Ordinary Bonus Share	(1)	(1,746)
At 31 December 2022 and 1 January 2023	**233,069,085**	**40**
Exercise of employees share scheme	845,519	–
As at 31 December 2023	**233,914,604**	**40**

At 31 December 2023, 12,833,233 of the issued share capital are held as Treasury shares (2022: 12,833,233) of which the voting rights attached to these shares are not capable of exercise, and 221,081,371 shares are in free issue (2022: 220,235,852).

In 2023, share capital increased by 845,519 shares as a result of the exercised shares granted under the share-based compensation schemes (2022: 1,237,467).

In 2022, the Board approved the capitalisation of the merger reserve and the issuance of a Bonus Share with a $1,746 million nominal value, this share was subsequently cancelled through a capital reduction, which created $1,746 million of distributable reserves to the Company. Moreover, the Company executed a share buyback programme of $300 million in 2022, which resulted in the purchase and cancellation of 12,499,670 shares.

13. Profit for the year

The net profit in the Company for the year is $71 million. Included in the net profit for the year is dividend income of $70 million. The remaining income statement components mainly comprise factoring income from subsidiary, general and administrative expenses and net financing expenses. Audit fees for the Company are included within fees to the company's auditor and its associates for the audit of the parent company and consolidated financial statements as disclosed in Note 7 to the Group consolidated financial statements.

The net profit in the Company for the prior year was $266 million. Included in the net profit for the prior year was dividend income of $276 million. The remaining income statement components largely represented factoring income from subsidiary, general and administrative expenses and net financing expenses.

14. Contingent liabilities and financial guarantees

A contingent liability existed at the balance sheet date for standby letters of credit totalling $14 million (2022: $14 million) for potential stamp duty obligations that may arise from the repayment of loans by intercompany guarantors. It is not probable that any repayment will be made by the intercompany guarantors.

In addition, the Company guaranteed Hikma Finance USA LLC $500 million, 3.25%, five-year Eurobond issued in July 2020 (Note 28 to the Group consolidated financial statements). The Company has also guaranteed Hikma Pharmaceuticals USA Inc. contingent consideration related to the Columbus business acquisition (Note 27 and 30 to the Group consolidated financial statements). Financial guarantees issued by the Company on behalf of subsidiaries are accounted for at fair value in accordance with IFRS 9. The fair value of these liabilities is immaterial given the low probability of default for any of the related subsidiaries.

Shareholder information

2024 financial calendar

21 March	2023 final dividend ex-dividend date
22 March	2023 final dividend record date
25 April	Annual General Meeting
3 May	2023 final dividend paid to shareholders
8 August*	2024 interim results and interim dividend announced
15 August*	2024 interim dividend ex-dividend date
16 August*	2024 interim dividend record date
20 September*	2024 interim dividend paid to shareholders

* Provisional dates

Shareholding enquiries

Enquiries or information concerning existing shareholdings should be directed to Hikma's Registrar, Link Group, either:

- in writing to Shareholder Services, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL
- by telephone on 0371 664 0300. Lines are open 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Calls to 0371 are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate
- by email to shareholderenquiries@linkgroup.co.uk
- online at **www.hikmashares.com/welcome**

Dividend payments – currency

Hikma declares dividends in US dollars. Unless you have elected otherwise, you will receive your dividend in US dollars. Shareholders can opt to receive the dividend in pound sterling or Jordanian dinar. The Registrar retains records of the dividend currency for each shareholder and only changes them at the shareholder's request. If you wish to change the currency in which you receive your dividend please contact the Registrar.

Dividend payments – bank transfer

Shareholders who currently receive their dividend by cheque can request a dividend mandate form from the Registrar and have their dividend paid direct into their bank account on the same day as the dividend is paid. The tax voucher is sent direct to the shareholder's registered address.

Dividend payments – international payment system

If you are an overseas shareholder, the Registrar is now able to pay dividends in several foreign currencies for an administrative charge of £5.00, which is deducted from the payment. Contact the Registrar for further information.

Website

Press releases, the share price and other information on the Group are available on Hikma's website **www.hikma.com**.

Share listings

London Stock Exchange

Hikma's Ordinary Shares of 10 pence each (Shares) are admitted to the Official List of the London Stock Exchange. They are listed under EPIC: HIK, SEDOL: B0LCW08 GB and ISIN: GB00B0LCW083.

Further information on this market, its trading systems and current trading in Hikma's shares can be found on the London Stock Exchange website **www.londonstockexchange.com**.

Global Depository Receipts (GDRs)

Hikma also has listed GDRs on Nasdaq Dubai for which Citibank acts as Depositary. They are listed under EPIC – HIK and ISIN – US4312882081. Further information on Nasdaq Dubai, its trading systems and current trading in Hikma's GDRs can be found on the website **www.nasdaqdubai.com**.

American Depository Receipts (ADRs)

Hikma has an ADR programme for which Bank of New York Mellon acts as Depository. One ADR equates to two Hikma ordinary shares. ADRs are traded as a Level 1 (OTC) programme under the symbol HKMPY. Enquiries should be made to:

The Bank of New York Mellon
Shareholder Correspondence
PO Box 43078
Providence RI 02940-3078

By Overnight Courier or Registered Insured Mail:
The Bank of New York Mellon
Shareholder Correspondence
150 Royall St., Suite 101
Canton, MA 02021

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Website: **www.mybnymdr.com**

Shareholder fraud

The Financial Conduct Authority has issued a number of warnings to shareholders regarding boiler room scams. Shareholders may have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders, offering to sell them what often turn out to be worthless or high-risk shares in US or UK investments. These operations are commonly known as boiler rooms. These brokers can be very persistent and extremely persuasive. Shareholders are advised to be very cautious of unsolicited advice, offers to buy shares at a discount or offers of free company reports. If you receive any unsolicited investment advice:

- obtain the correct name of the person and organisations
- check they are authorised by the FCA by looking the firm up on **www.fca.org.uk/register**
- report the matter to the FCA either by calling 0800 111 6768 or visit **www.fca.org.uk/consumers**
- if the caller persists, hang up

Details of the share dealing facilities sponsored by Hikma are included in Hikma's mailings and are on Hikma's website.

Hikma's website is **www.hikma.com** and the registered office is 1 New Burlington Place, London W1S 2HR.
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Shareholder information
continued

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FSC® C022913

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