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	Operating profit	Core[1] operating profit	Profit to shareholders
$2,875m	$367m	$707m	$190m
+14% 2022: $2,517m	+30% 2022: $282m	+19% 2022: $596m	+1% 2022: $188m

Core profit to shareholders	Basic earnings per share	Core basic earnings per share[2]	Dividend per share
$492m	86c	223c	72c
+21% 2022: $406m	+2% 2022: 84c	+23% 2022: 181c	+29% 2022: 56c

Non-financial highlights

Value of our donated medicines	Reduction in our Scope 1 and 2 GHG emissions since 2020[3]
$4.9m	15%
2022: $4.3m	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.

9,100 Employees

29 Manufacturing plants

8 R&D centres

760+ 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

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.

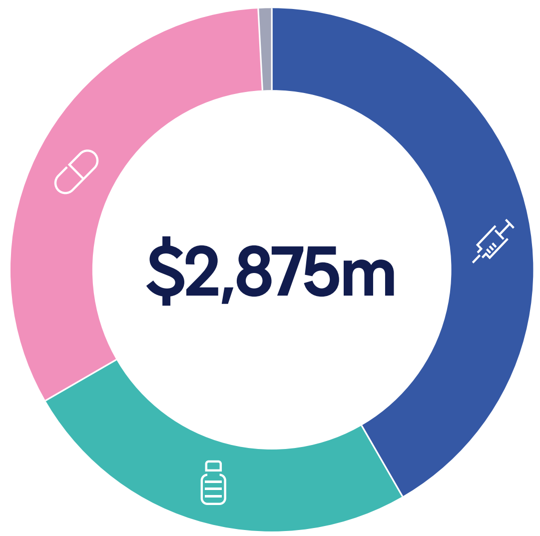
Read more on page 30

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 February 2024. On behalf of the Board I would like to thank Pat for his leadership and thoughtful counsel during his time at Hikma. You can find out more about the Board's activities, make-up and the work of the Committees in the corporate governance section of this report from page 82.

Looking ahead

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

Said Darwazah
Executive Chairman

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

CEO Statement

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

Riad Mishlawi
Chief Executive Officer

“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.

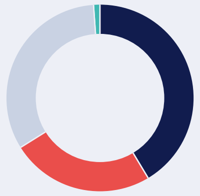
I have held several leadership roles during my time at Hikma, most recently leading our largest division, the Injectables business. Becoming CEO is a huge honour for me personally, and also a great opportunity to play a key role in continuing Hikma's growth trajectory.

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%.

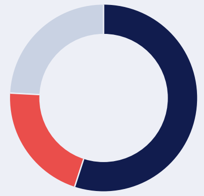
Injectables revenue grew 6% and core operating profit 2%. We are the third largest generic injectable company by volume in the US[2] and have a portfolio of over 150 products. Our operating margins are industry leading and our strategy to focus on our portfolio and pipeline makeup, high-quality manufacturing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

CEO Statement
continued

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

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

Long-term growth that will benefit our patients

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

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

Riad Mishlawi
Chief Executive Officer

> We are committed to making medicines more accessible."

Establishing a leadership council

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

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

Our leadership council



	Member	Responsibility
1	Basel Awad	Senior VP, Corporate Quality Compliance
2	Michael Balog	Senior VP Operations, Generics Business
3	Patricia Bousfield	Chief Information Officer
4	Tareq 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	Our approach		KPIs
Strive for excellence	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	
Diversify and differentiate	Develop	a more differentiated pipeline	– Percentage of revenue from new business over 3 years
	Expand	into adjacent businesses and geographies	
People and responsibility	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	

Find out more about our key performance indicators on page 16

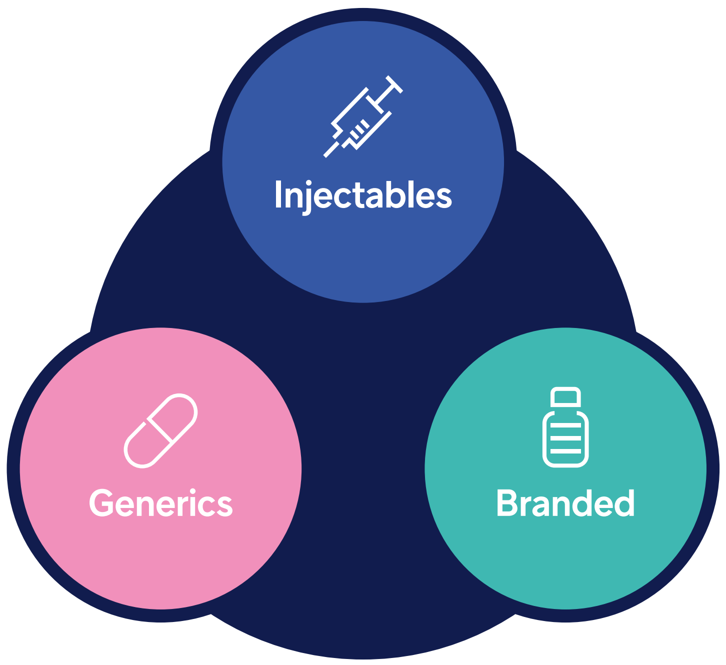
Find out more about our risks on page 68

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

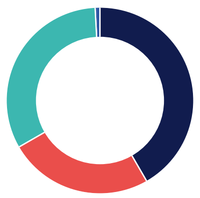
A strong business model with significant opportunities to further enhance our portfolio, to drive growth and deliver value for shareholders.

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

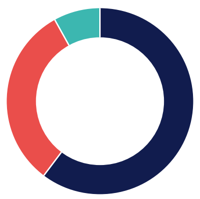
Revenue by segment

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

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%)

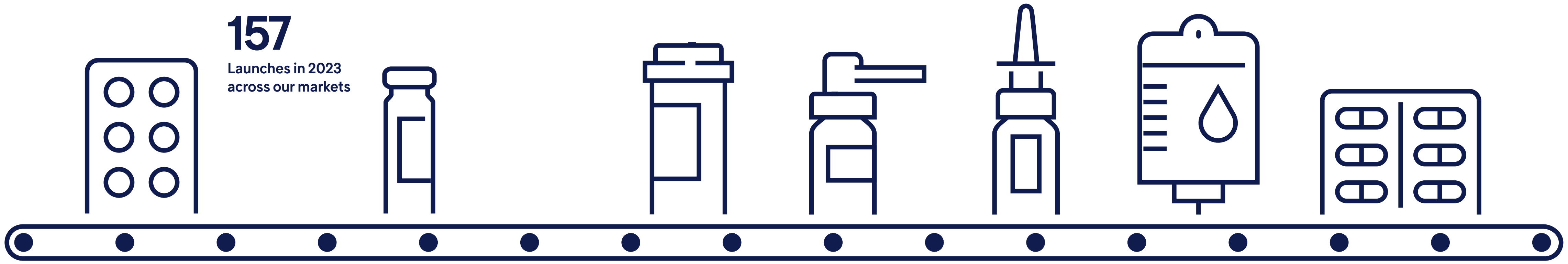
Proven track record of delivering value for shareholders and a clear vision for growth

- 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

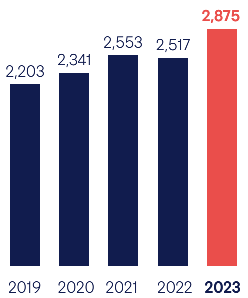
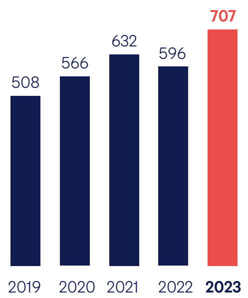
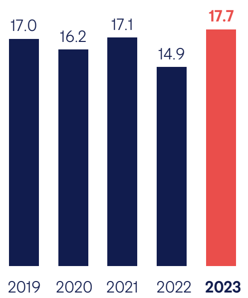
157
Launches in 2023 across our markets



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

Our progress

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

Strategic priority	Strive for excellence			Diversify and differentiate	People and sustainability	
KPI	**Core[1] revenue** ($m) **$2,875m**  	**Core[1] operating profit** ($m) **$707m**  	**Return on invested capital[2]** (%) **17.7%**  	**New business** (%) **16%** **Targeting core revenue of 16% from new business over three years**	**Employee engagement** (%) **73%** **(2020: 73%)** **Employee enablement** (%) **69%** **(2020: 64%)**	**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.
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])	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	Global employee engagement and enablement scores	Change in Scope 1 and 2 (market-based) greenhouse gas emissions using a 2020 baseline
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	This will measure our ability to extract value from our global product pipeline and new business opportunities	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 strive to minimise our environmental impacts and are committed to making our operations more energy efficient
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	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	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	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
Link to remuneration	R	R		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

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.

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

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

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

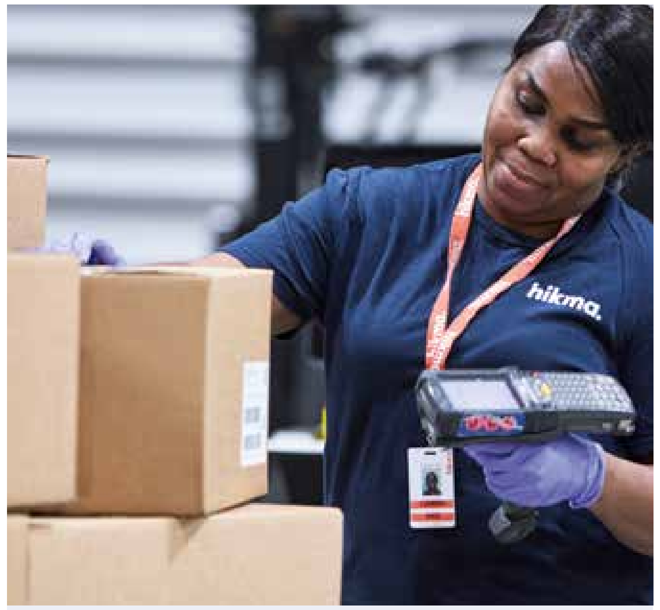
- Our commercial teams meet regularly with doctors and hospital clinicians to better understand their needs and keep them informed about our products
- In MENA, we run regular forums bringing together key opinion leaders, doctors and global research institutes to share knowledge and raise awareness of 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

Stakeholder engagement
continued

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.

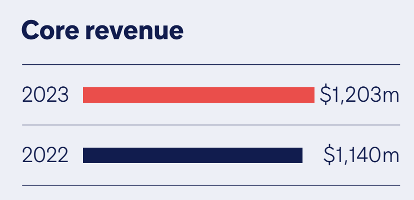
Injectables operating profit, which includes a $14 million impairment charge and costs related to halting our operations in Sudan, grew 1%. Injectables core operating profit grew 2% and core operating margin was 36.9%. This reflects the change in gross profit, offset by good control of costs.

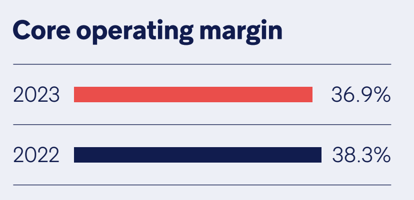
During the year, the Injectables business had 28 launches in North America, 25 in MENA and 67 in Europe and ROW. We submitted 55 filings to regulatory authorities across all markets. We further developed our portfolio through new licensing agreements.

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."





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.

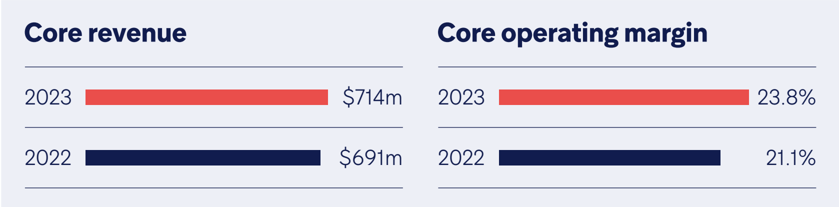
Reported operating profit, which includes a $69 million impairment charge and cost in relation to halting our operations in Sudan, declined 30%. Core operating profit grew 16% and core operating margin expanded to 23.8%. This reflects the improvement in core gross profit, which more than offset the negative 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."



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."

Business and financial review
continued

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].

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).

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.

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**

Business and financial review
continued

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.

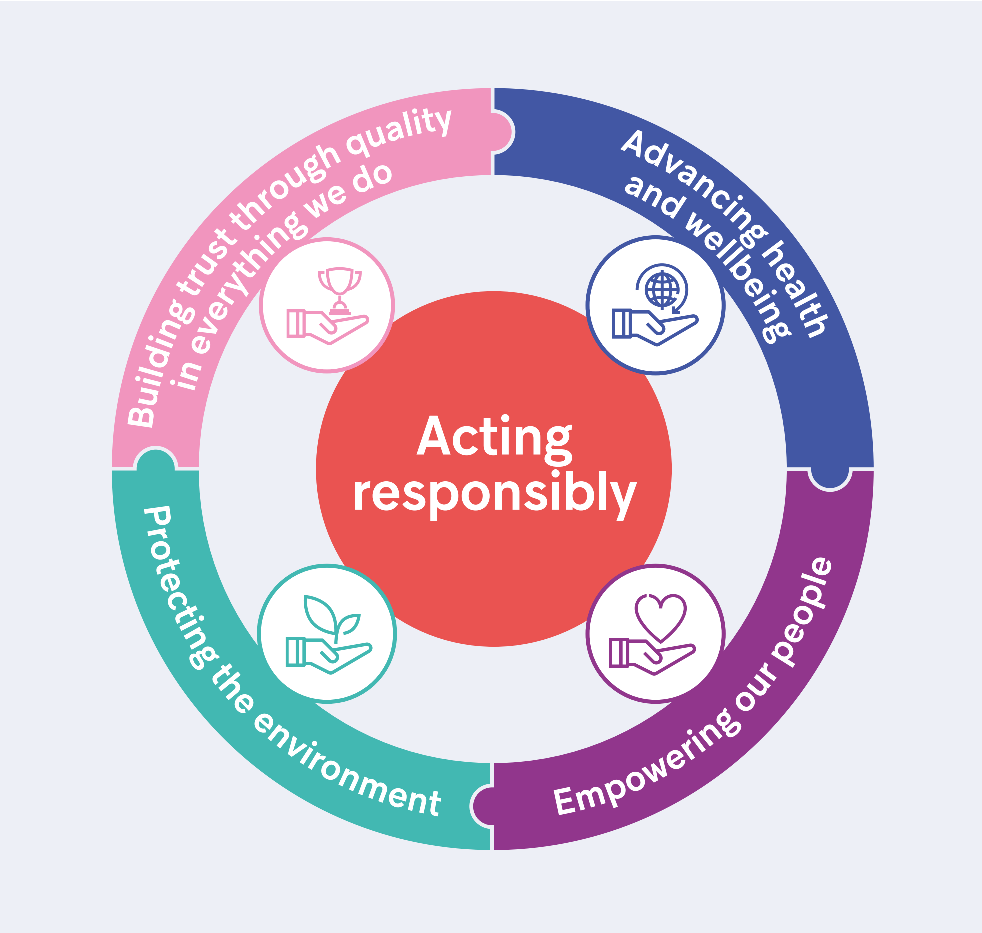
Pursuing strong environmental, social and governance (ESG) programmes creates long-term value for both Hikma and our stakeholders and helps us deliver on our purpose to provide better health within reach, every day.

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.

Acting responsibly at Hikma
continued

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

2023	$4.9m
2022	$4.3m
2021	$3.2m

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.

Acting responsibly at Hikma
continued

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.

Acting responsibly at Hikma
continued

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 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.

"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.

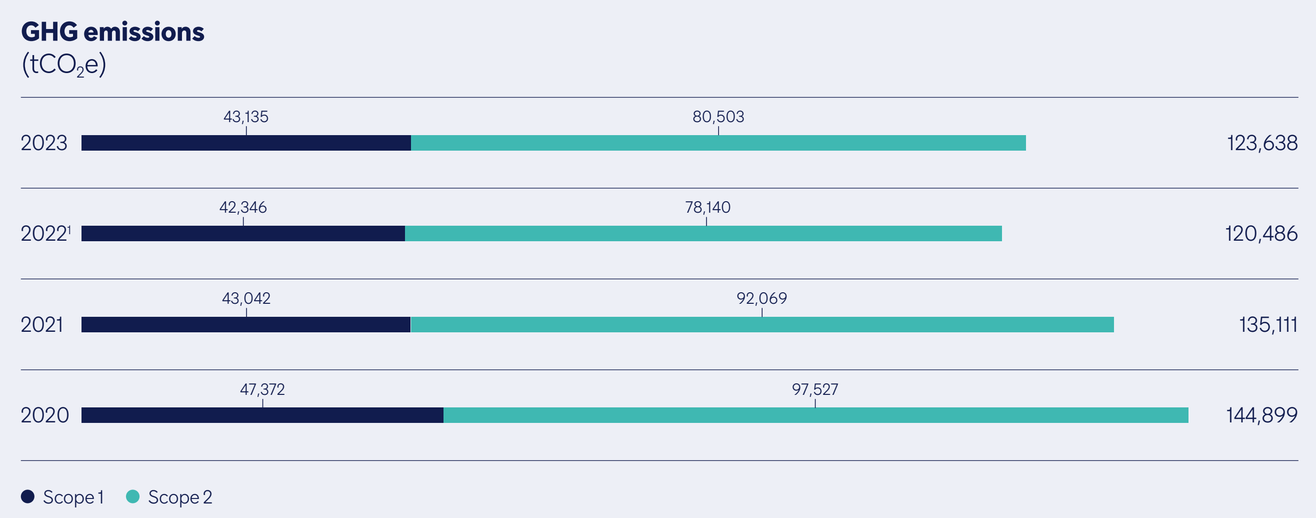
The Group does not provide transport within the UK other than via private hire vehicles for which consumption data is not available.

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**



Acting responsibly at Hikma
continued

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.

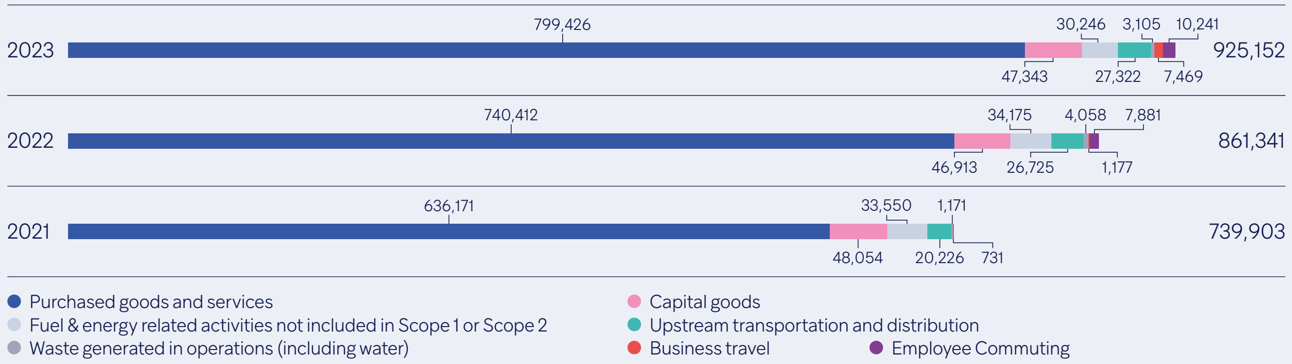
Following our assessment of water-related risks across all of our locations in 2021, we began a deep dive analysis of our facilities located in water-scarce areas. In order to address water scarcity in our locations of operation, we are improving water management systems and identified opportunities 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

Acting responsibly at Hikma
continued

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	Aligned	– 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	Aligned	– 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	Aligned	– 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	Aligned	– 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	Work in progress	– 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	Work in progress	– 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

TCFD Disclosure
continued

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

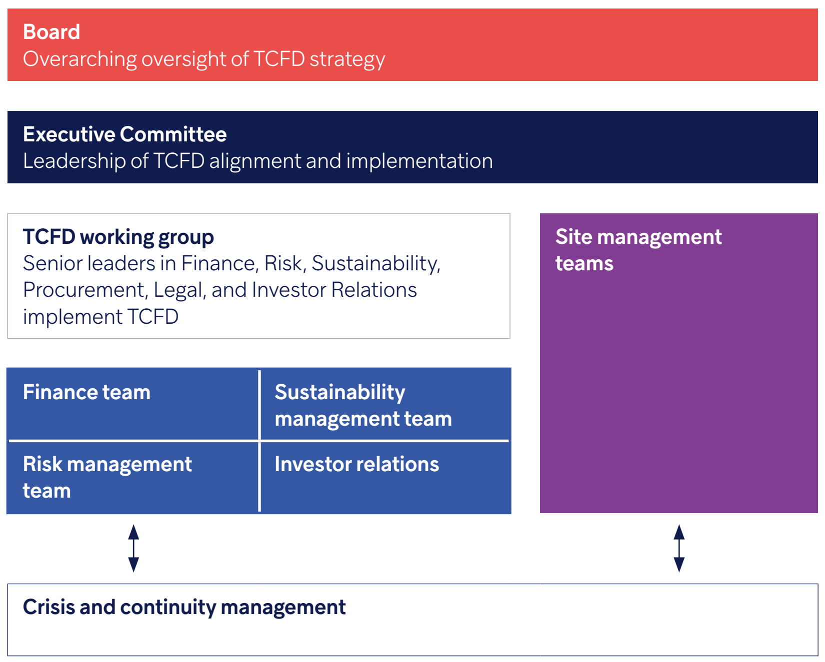
Governance

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



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

TCFD Disclosure
continued

Risks	Climate projections*	Associated climate scenario narrative			Timeline	Last assessed
		Low Carbon world Orderly	Low Carbon world Disorderly	High Carbon world		
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"

TCFD Disclosure
continued

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

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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
Management reviews	Quality Compliance	Global risk owners	External consultants	Audit Committee
	Group Risk Office	External advisers	External audit	Compliance, Responsibility and Ethics Committee
	Internal controls and assurance			
	Other compliance teams			

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).

Risk management
continued

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

Risk management
continued

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

Risk management
continued

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

Risk management
continued

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.”

Risk management
continued

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