a non-independent Non-Executive Director to support the transitions to a new CEO and new Senior Independent Director and we thank him for his service and dedication to the Hikma Board following his decision to retire from the Board with effect from 29 February 2024. As Senior Independent Director and Chair of the Nomination and Governance Committee, Patrick greatly assisted with directing our governance and succession arrangements and leaves Hikma well positioned for the future. Patrick has been a great friend to Hikma and to me personally. We wish him well for the future.

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

Succession planning

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

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

Diversity, equity and inclusion

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

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

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

Workforce engagement

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

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

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

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

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

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

Stakeholder engagement

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

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

Said Darwazah
Executive Chairman

Corporate Governance at a glance

Key Board activities in 2023

Business and strategy

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

Stakeholder focus

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

Succession planning

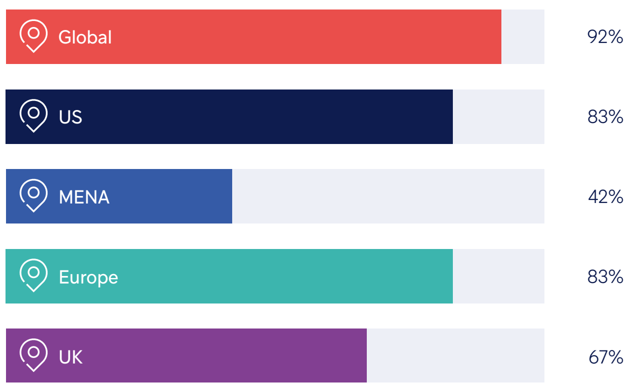
- Concluded the search for a new CEO, appointing Riad Mishlawi as CEO with effect from 1 September 2023
- Monitored the handover of CEO responsibilities from Said Darwazah to Riad Mishlawi, providing support and guidance during the transition and reviewing our governance structure accordingly. Our Board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

Board experience

Board priorities for 2024

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

Board geographical experience



Diversity (as at 31 December 2023)

Ethnicity

Board

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

Executive Committee

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

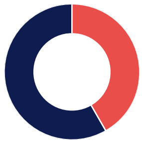
Senior Management[2]

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

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

Gender

Board

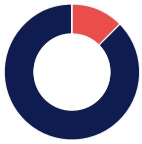


Women	5 (42%)
Men	7 (58%)

Senior Management[2]

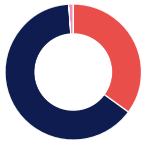
Women	23 (24%)
Men	74 (76%)

Executive Committee



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

Group



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

Hikma subsidiary company directors

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

Attendance

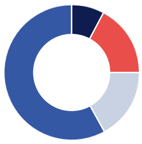
Directors	Meetings attended (8 scheduled and 2 unscheduled)	%
Said Darwazah	10/10	100%
Riad Mishlawi[1]	3/3	100%
Mazen Darwazah	10/10	100%
Victoria Hull	10/10	100%
Ali Al-Husry	10/10	100%
Patrick Butler	10/10	100%
John Castellani	10/10	100%
Nina Henderson	10/10	100%
Cynthia Flowers	10/10	100%
Douglas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

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

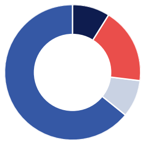
Board composition

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

2023



After 2024 AGM

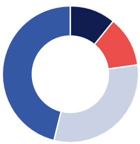


In compliance with Provision 11 of the Code, when excluding the Chairman, the Independent Non-Executive Directors represent 64% of the Board as at 31 December 2023 and 70% of the Board after the AGM in April 2024 following the retirement of Patrick Butler from the Board.

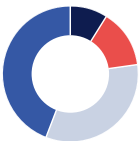
Board agenda allocation of time

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

2023

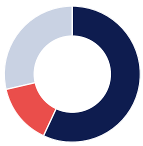


2022



Independent Director tenure (as at 31 December 2023)

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



Leadership – Board of Directors

1. Said Darwazah
Executive Chairman

Appointed: 1 July 2007 (joined Hikma in 1981)

Nationality: Jordanian

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

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

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

2. Riad Mishlawi
C

Chief Executive Officer

Appointed: 1 September 2023 (joined Hikma in 1990)

Nationality: Lebanese

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

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

Other appointments: None

3. Mazen Darwazah
C N

Executive Vice Chairman, President of MENA

Appointed: 8 September 2005 (joined Hikma in 1985)

Nationality: Jordanian

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

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

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

4. Victoria Hull
A N

Senior Independent Director

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

Nationality: British

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

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

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

5. Ali Al-Husry
Non-Executive Director

Appointed: 14 October 2005 (joined Hikma in 1981)

Nationality: Jordanian

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

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

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

6. John Castellani
A C R

Independent Non-Executive Director

Appointed: 1 March 2016

Nationality: American

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

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

Other appointments: Director of 5th Port.

A Audit Committee

C Compliance, Responsibility and Ethics Committee

N Nomination and Governance Committee

R Remuneration Committee

Chair

7. Nina Henderson

A C N R

Independent Non-Executive Director

Appointed: 1 October 2016 (Employee Engagement from 2019)

Nationality: American

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

Qualifications: Honours graduate and BSc from Drexel University.

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

8. Cynthia Flowers

A N R

Independent Non-Executive Director

Appointed: 1 June 2019

Nationality: American

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

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

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

9. Douglas Hurt

A C N R

Independent Non-Executive Director

Appointed: 1 May 2020

Nationality: British

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

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

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

10. Laura Balan

A R

Independent Non-Executive Director

Appointed: 1 October 2022

Nationality: Romanian and British

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

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

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

11. Dr Deneen Vojta

N C

Independent Non-Executive Director

Appointed: 1 November 2022

Nationality: American

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

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

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

Other Directors who served during 2023

12. Patrick Butler

Non-Executive Director

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

Company Secretary

Helen Middlemist

Appointed: 1 January 2024 (joined Hikma in 2022)

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

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

Leadership – Executive Committee

1. Riad Mishlawi
Chief Executive Officer

2. Mazen Darwazah
Executive Vice Chairman, President of MENA

For biographical details, see page 86.

3. Hussein Arkhagha
Chief People Officer

Joined: 2001 **Nationality:** Jordanian

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

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

4. Bassam Kanaan
Executive Vice President, Corporate Development and M&A

Joined: 2001 **Nationality:** Jordanian

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

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

5. Khalid Nabilsi
Chief Financial Officer

Joined: 2001 **Nationality:** Jordanian

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

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

6. Susan Ringdal
Executive Vice President, Strategic Planning and Global Affairs

Joined: 2005 **Nationality**: American

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

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

7. Brian Hoffmann
President of Generics

Joined: 2009 **Nationality:** American

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

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

8. Dr Bill Larkins
President of Injectables

Joined: 2022 **Nationality:** American

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

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

9. Julie Hill
Senior Vice President, Corporate Quality Compliance/Health and Safety

Joined: 2016 **Nationality:** American

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

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

Corporate Governance

UK Corporate Governance Code compliance

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

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

Executive Chairman

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

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

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

Background

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

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

Rationale

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

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

Governance framework

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

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

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

Culture

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

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

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

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

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

Our values

We are **Innovative**

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

We are **Caring**

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

We are **Collaborative**

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

Corporate Governance report – committee overview

Nomination and Governance Committee

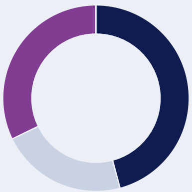
2023 activities

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

2024 priorities

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

Allocation of time



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

Members and attendance

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

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

The full Committee report is on pages 94 to 96

Audit Committee

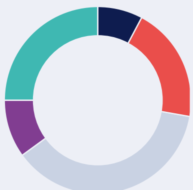
2023 activities

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

2024 priorities

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

Allocation of time



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

Members and attendance

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

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

The full Committee report is on pages 97 to 100

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

Compliance, Responsibility and Ethics Committee

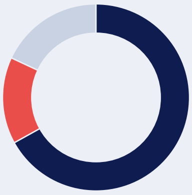
2023 activities

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

2024 priorities

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

Allocation of time



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

Members and attendance

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

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

The full Committee report is on pages 101 to 102

Remuneration Committee

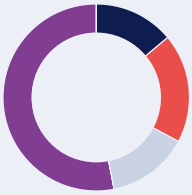
2023 activities

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

2024 priorities

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

Allocation of time



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

Members and attendance

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

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

The full Committee report is on pages 103 to 132

Nomination and Governance Committee

Letter from the Chair

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

Dear Shareholders

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

Succession

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

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

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

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

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

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

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

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

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

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

Balance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nomination and Governance Committee
continued

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

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

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

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

Governance review

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

Evaluation and performance

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

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

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

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

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

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

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

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

For and on behalf of the Nomination and Governance Committee.

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

Audit Committee

Letter from the Chair

Douglas Hurt
Chair, Audit Committee

Dear Shareholders

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

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

Verification

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

Audit Committees and External Audit: Minimum Standard

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

Internal audit

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

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

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

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

External audit

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

Effectiveness

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

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

Audit Committee – Letter from the Chair
continued

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

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

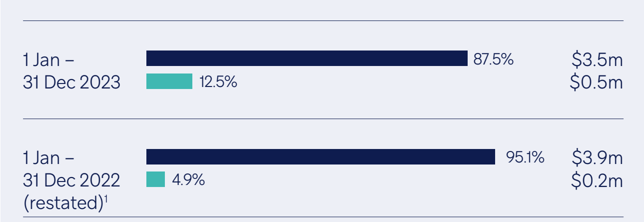
Audit tendering

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

Auditor's fee

$3.5m

PwC



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

Audit related fees   Other non-audit services

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

Position and prospects

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

Going concern and longer-term viability

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

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

Significant matters

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

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

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

Fair, balanced and understandable reporting

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

The Reporting Committee's activities include:

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

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

Reporting controls

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

Risk management and internal control

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

Risk management

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

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

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

Internal control

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

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

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

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics
Shareholding policy			
To provide alignment between the interests of Executive Directors and shareholders over the longer term.	*In-employment shareholding policy* Shareholding guidelines for all Executive Directors will be at least 300% of salary. Executive Directors are expected to build up their shareholding guideline within a 5-year period from their date of appointment to the Board. *Post-cessation shareholding policy* All Executive Directors will be required to hold the lower of (i) their shareholding at the date of termination of employment; or (ii) shares equivalent to the minimum share ownership guideline at that date, for a period of two years post-employment.	Not applicable.	Not applicable.

Differences between the policies for Executive Directors and employees, consideration of shareholder views and consideration of conditions elsewhere in the Group
Employees were not directly consulted on the executive remuneration policy. All employees receive a salary, pension, and medical insurance on a similar basis to the Executive Directors. Additionally, all employees participate in a cash bonus scheme, which is similar to the annual bonus. The Committee reviews detailed internal and summary benchmarking data and is satisfied that the level of remuneration is proportionate across the wider employee population. Further information is available on page 25 regarding how the Committee takes account of shareholder views when developing and implementing the remuneration policy,

Remuneration Policy table for the Chair and Non-Executive Directors
Non-Executive Directors' (NEDs) fees are set by the Board under the direction of the Executive Directors having considered the:

- pay practice in FTSE and sector peers
- extensive travel required to undertake the role
- significant guidance and support required from the NEDs

NEDs do not participate in the Group's pension or incentive arrangements. The annual fees payable to newly recruited NEDs will follow the policy for fees payable to existing NEDs, whose fees comprise:

Component	Approach	Application of Remuneration Committee discretion
Basic fee	An underlying fee for undertaking the duties of a Director of Hikma, chiefly relating to Board, strategy, and shareholder meetings. Provides a level of fees to support recruitment and retention of NEDs with the necessary experience.	Whilst there is no maximum, the practice is to remain within the parameters of FTSE peers.
Committee membership fee	A composite fee for taking additional responsibilities in relation to Committee membership. Usually, NEDs are members of at least three committees.	
Committee Chair/employee engagement fee	The Committee Chairs undertake additional responsibilities in leading a committee and are expected to act as a sounding board for the executive that reports to the relevant committee. The Director responsible for employee engagement receives a similar fee due to the additional requirements of that role. The chairmanship fee is paid in addition to the membership fee and a Senior Independent Director fee is paid to the individual in that position.	
Expenses	The Company pays expenses incurred wholly in relation to the position of NEDs and ensures that Directors do not incur a tax liability as a result. The Company retains discretion to provide for an allowance structure as an alternative to the latter payment.	

Performance measures

The Committee considered the operation of the remuneration policy in terms of the UK Corporate Governance Code 2018 as follows:

Clarity: the Committee regularly engages with shareholders, their representative bodies and management to explain the approach to executive pay.

Simplicity: the rationale, structure and strategic alignment of each element of pay has been explained in the remuneration policy.

Risk: there is an appropriate balance between fixed and variable pay together with objectives that ensure there is alignment with long-term shareholder interests.

Predictability: the pay opportunity under different performance scenarios is set out in the illustrations below.

Proportionality: executives are incentivised under the Remuneration Policy to achieve stretching annual targets. Additionally the Policy builds in stretching targets over three-year performance periods for the Long Term Incentive Plan awards. The Committee assess performance holistically and the end of each performance period against underlying business results together with internal and external context.

Alignment with culture: Hikma's purpose and values can be reinforced under the strategic objectives under the Remuneration Policy.

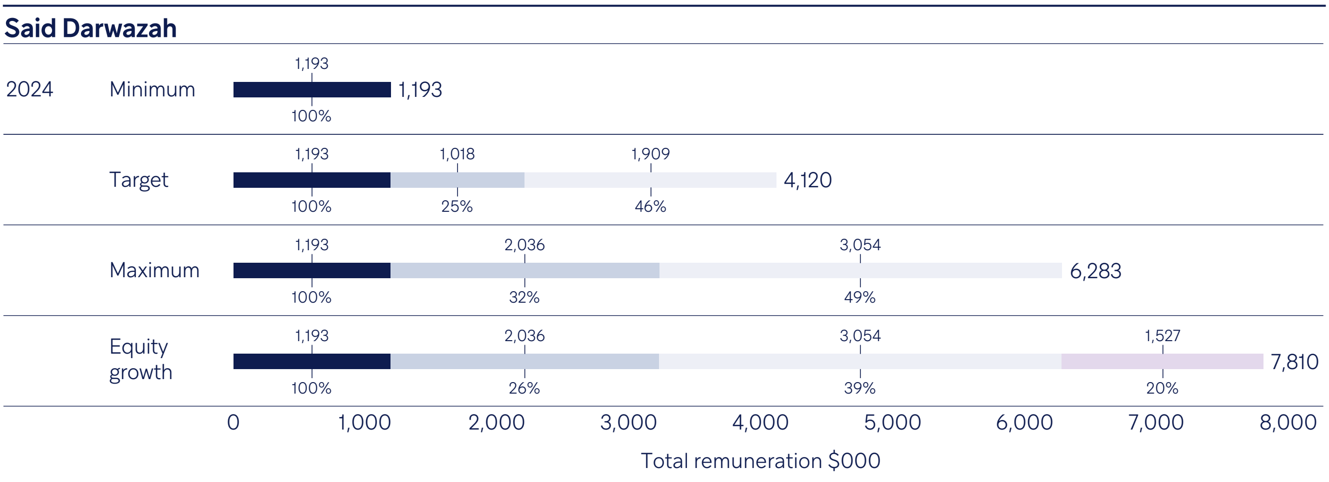
Details of the performance measures for the short-term incentive for the year ending 31 December 2023 and how they are aligned to company strategy and the creation of shareholder value are set out on pages 120 – 125. Annual short-term incentive targets for the 2024 financial year are shown on page 131. Targets that are commercially sensitive will be disclosed retrospectively in next years' Remuneration Report.

Performance measures for the March 2024 Long Term Incentive award are shown on page 132.

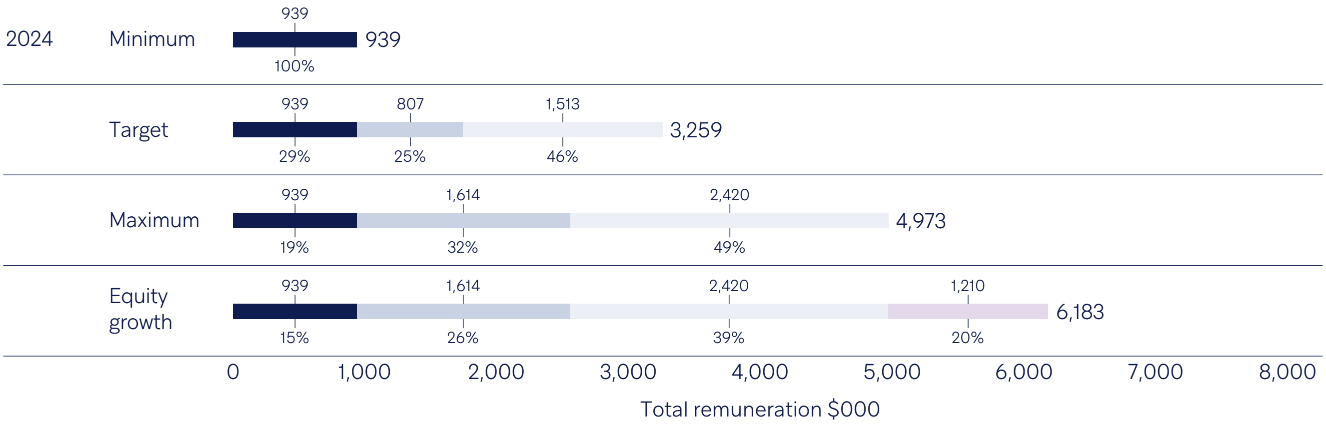
These performance targets are designed to be stretching but achievable and are set based on information from a number of areas, including broker forecasts for Hikma and its peers as well as our corporate strategy and plans.

Illustrations of application of Remuneration Policy

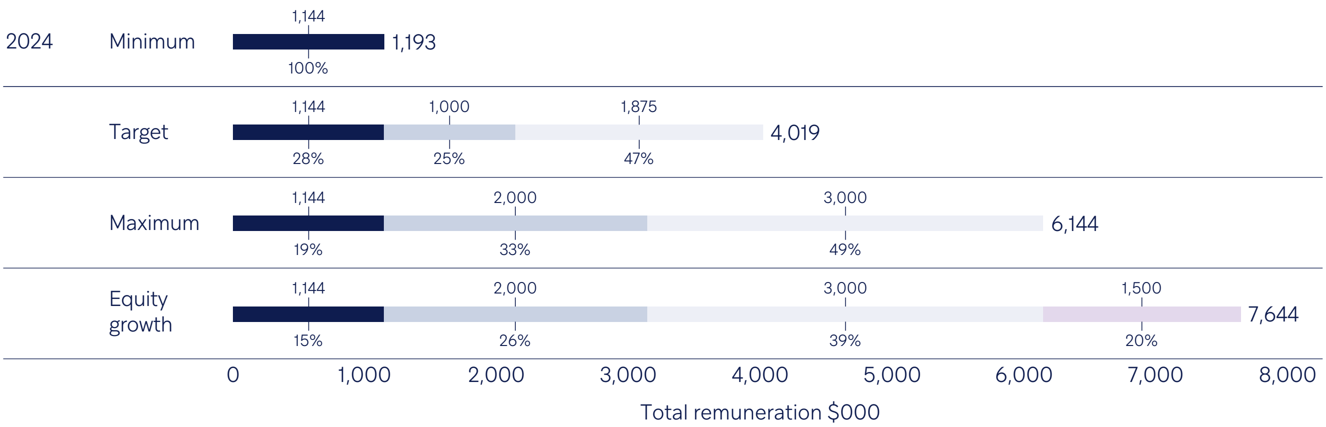
The following charts show the potential projected total remuneration available for 2024 at four levels of performance: minimum, target, maximum and maximum with assumed share price appreciation of 50% (in accordance with the Corporate Governance Code 2018). The impact of potential share price appreciation is omitted from the other three scenarios:



Mazen Darwazah



Riad Mishlawi



● Fixed pay ● Annual Bonus ● LTIP ● LTIP – share price appreciation Commuting

The scenarios in the graphs are as follows:

- fixed pay includes salary, benefits, and pension. The numbers are based on the base salary for 2023, the cost of transportation and medical benefits provided and a pension contribution of 10% of base salary.
- annual bonus is shown as a maximum percentage of base salary, with minimum, target and maximum performance shown as 0%, 50% and 100% respectively.
- LTIP is shown as a maximum of base salary, with minimum, target and maximum performance shown as 0%, 62.5% and 100% respectively.
- share price appreciation has been calculated as a 50% increase in the value of the LTIP between the date of grant and vesting
- no dividend accrual has been incorporated in the values relating to the LTIP

Annual report on remuneration

Annual report on remuneration

Director and average employee compensation change

The table below shows the percentage change in the Executive Directors and Non-Executive Directors , benefits and bonus for the four years between 2019 and 2023 compared with the percentage change in the average of each of those components of pay for employees (excluding the Executive Directors).

	Salary				Benefits				Bonus			
	Average percentage change				Average percentage change				Average percentage change			
Director and average employee compensation change – salary[1]	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023	2019-2020	2020-2021	2021-2022	2022-2023
Said Darwazah	0%	0%	0%	**0%**	-16%	-21%	-3%	**40%**	-1%	-17%	-40%	**73%**
Riad Mishlawi[2]	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**	N/A	N/A	N/A	**N/A**
Siggi Olafsson[3]	3%	3%	-48%	**N/A**	-72%	-77%	-48%	**N/A**	5%	-11%	-100%	**N/A**
Mazen Darwazah	0%	5%	4%	**3%**	1%	-30%	-52%	**113%**	-1%	-6%	-15%	**30%**
Patrick Butler[4,5]	2%	-3%	-8%	**2%**	0%	0%	0%	**22%**	N/A	N/A	N/A	**N/A**
Ali Al-Husry[4]	3%	5%	-8%	**3%**	-40%	-64%	-100%	**0%**	N/A	N/A	N/A	**N/A**
John Castellani[4]	3%	5%	-8%	**7%**	-24%	-30%	135%	**-11%**	N/A	N/A	N/A	**N/A**
Nina Henderson[4]	3%	5%	-3%	**13%**	-18%	-30%	-41%	**96%**	N/A	N/A	N/A	**N/A**
Cynthia Flowers[4]	77%	5%	-8%	**3%**	0%	-29%	-24%	**45%**	N/A	N/A	N/A	**N/A**
Douglas Hurt[4]	0%	86%	-8%	**3%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Laura Balan[4,6]	0%	0%	0%	**76%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Victoria Hull[4,6]	0%	0%	0%	**86%**	0%	0%	0%	**0%**	N/A	N/A	N/A	**N/A**
Deneen Vojta[4,6]	0%	0%	0%	**84%**	0%	0%	0%	**-16%**	N/A	N/A	N/A	**N/A**
Employees ($m)	2%	4%	3%	**1%**	1%	7%	3%	**1%**	0%	9%	-10%	**20%**
Groth in number of Employees	1%	0%	1%	**2%**	1%	0%	1%	**2%**	1%	0%	1%	**2%**
Average per Employee	1%	4%	2%	**-1%**	0%	0%	8%	**-1%**	-1%	0%	-3%	**18%**
Average per the listed parent Company Employee	1%	16%	11%	**-29%**	35%	-54%	-39%	**6%**	6%	18%	-16%	**-18%**

1. The current Remuneration Policy was introduced on 28 April 2023. NED fees are paid in GBP and reported in USD so an element of changes will be as a result of exchange rate differences
2. Riad Mishlawi was appointed as CEO with effect from 1 September 2023 and therefore comparative figures are not provided
3. Siggi Olafsson stepped down from the Board on 24 June 2022
4. Non Executive Directors do not participate in the in the bonus plan.
5. Patrick Butler stepped down as a member of the Remuneration Committee with effect from 28 April 2023
6. These NEDs were appointed during 2022 and therefore did not receive fees for the full year in 2022

Hikma's pay review, which took effect from 1 January 2024, awarded average percentage increases in wages and salaries of 4.7% (2023: 4%) for existing employees (with certain exceptions for jurisdictions experiencing very high inflation). The nature and level of benefits to employees in the year ended 31 December 2023 were broadly similar to those in the previous year (2022: unchanged).

UK gender and CEO pay ratios

Hikma has 29 employees employed in the UK and, as a result, is exempt from gender pay and average employee: CEO pay disclosure requirements. The small number of employees and significant diversity of roles and seniority in the UK makes meaningful gender pay comparisons in the UK difficult. The ratio of total CEO pay to the average Group employee is 25:1 using a simple average methodology. Hikma is committed to paying fairly and not discriminating on gender or other grounds.

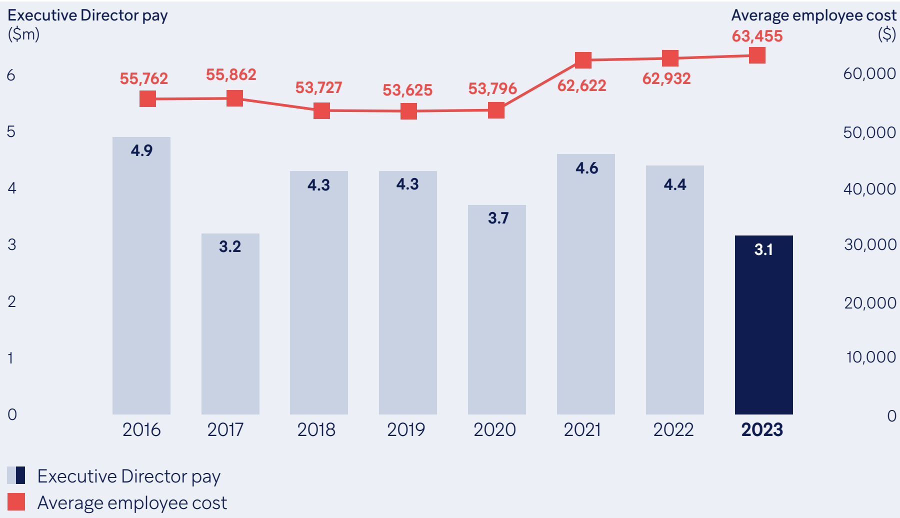
Relative importance of spend on pay

The following table sets out the total amount spent in 2022 and 2023 on remuneration of Hikma's employees and major distributions to shareholders.

Distribution expense	2022	2023	% change from 2022 to 2023
Employee	$593 million	$610 million	**2.9%**
Distributions to shareholders[1]	$125 million	$137 million	**9.7%**

1. The Company purchased 12,833,233 shares during 2022 at a cost of $292 million, which is excluded from the distributions to shareholders in accordance with the regulations. Those shares are held in treasury and do not receive dividends.

Employee cost and average executive pay ($m)



Committee membership and attendance

Members and attendance

Member	Meetings	Attendance
Nina Henderson (Chair)	8	8
Patrick Butler[1]	5	5
John Castellani	8	8
Cynthia Flowers	8	8
Douglas Hurt	8	8
Laura Balan	8	8

1. Patrick Butler stepped down from the Remuneration Committee on 28 April 2023

Advice and support

The Committee seeks the assistance of senior management (CEO, CPO, VP Total Reward and Company Secretary) on matters relating to policy, performance and remuneration but ensures that no Director takes part in discussions relating to their own remuneration or benefits.

Willis Towers Watson (WTW) continue to provide independent advice to the Committee in relation to market practice, UK corporate governance best practice, incentive plan review and target setting. The total fees for advice to the Committee during the year, including advice relating to the CEO compensation undertaken in 2023, were $121,244 (2022: $285,234). WTW was appointed by the Committee in 2016 following a competitive tender process. WTW adheres to the Remuneration Consultants Group Code of Conduct. They charge their fees on a time spent basis. They provide no other services to the company other than Remuneration Committee advice and compensation benchmarking.

The Committee is satisfied that the WTW team providing remuneration advice do not have connections with Hikma that may impair their independence.

During the year the Committee instructed Mercer to conduct a MENA region specific benchmarking exercise on a fixed fee basis of $6,000 (2022: $6,000). Mercer are a recognised expert in the region in question.

Except as disclosed on page 96 Hikma has complied with all the relevant principles and provisions of the UK Corporate Governance Code 2018 throughout the year.

EIP

The EIP was applicable for the period 2020-2023 and full details are provided on pages 79 to 84 of the 2019 Annual Report. The new Policy was approved at the AGM held on 30 April 2020 and applied from 28 April 2023.

Fixed elements

- Base salary
- Benefits
- Pension

\+

Variable elements – Executive Incentive Plan (EIP)

- Element A – cash bonus
- Element B – deferred shares
- Element C – restricted shares

=

Total remuneration

Performance awards incentivised Directors to deliver annual financial performance targets and certain key strategic deliverables, with the majority of awards made in shares to ensure that medium-term performance was delivered.

The Committee set annual performance targets for awards under the EIP, in accordance with the rules of the EIP. Annual performance metrics were based on:

- **Financial metrics:** At least 80% of the performance award, with specific targets based on the budget approved prior to the performance period. The precise targets were determined by the Committee on an annual basis
- **Strategic deliverables:** Up to 20% of the performance award was based on the delivery of specific, subjective targets that were set by the Committee in order to ensure that key milestones in the Company's strategy are delivered

At the end of each year the Committee determined the level of performance for the prior year. Based on the performance, the Committee made the following awards:

Element	Maximum award % of salary	Payout mechanism	Vesting period	Risks after award	Additional requirements	Treatment under the remuneration regulations
A	150%	Cash bonus	Immediate	– Clawback	None	Cash bonus
B	150%	Deferred Shares	2 years	– Forfeiture – Clawback – Share price – Employed	All shares vesting are subject to a holding period after vesting. These shares may not be sold until 5 years after grant.	Share award
C	100%	Restricted Shares	3 years	– Clawback – Share price – Employed		Bonus[1] deferred in shares

1. The Regulations required Element C to be included in the 'Bonus' component for reporting purposes, although it is an award of shares that will vest three years after grant

A holding requirement applies to Elements B and C ensuring that shares may not be sold until five years from the point of grant. Following cessation of employment of an Executive Director, the Company's policy is that the Director must hold for a period of two years the lower of the shares held on cessation of employment or shares equivalent to 300% of the final, annualised salary.

The 2023 performance targets, their level of satisfaction and the resulting performance remuneration are disclosed on pages 120 to 125

Malus and clawback provisions apply.

Salaries, benefits and pension

Please see Chair's letter (page 103) for commentary on salaries. The application of benefits remains unchanged and pensions are aligned with the wider workforce under the Directors Remuneration Policy.

		Salary		Change
Executive Director	Individual	**2024**	2023	%
Executive Chairman	Said Darwazah	**$1,018,000**	**$1,018,000**	0%
CEO[1]	Riad Mishlawi	**$1,000,000**	**$333,333**	0%
Executive Vice Chairman	Mazen Darwazah	**$806,787**	**$806,787**	0%

1. Riad Mishlawi became CEO on 1 September 2023 and the 2023 salary represents 4 months. The annnual base salary will remain unchanged at $1m in 2024

Single total figure (audited)

The following table shows a single figure of remuneration[1] in respect of qualifying services for the 2023 financial year, together with the comparable figures for 2022.

Director	Year	Salary	Benefits	Bonus and Deferred Shares)[2]	Shares vested (EIP element B)[3]	Pension	Total	Total fixed	Total variable
Said Darwazah	2023	1,018,389	75,328	1,641,665	772,442	65,315	3,573,139	1,159,032	2,414,107
	2022	1,018,000	53,798	948,544	1,313,964	67,772	3,402,078	1,139,570	2,262,508
Mazen Darwazah	2023	806,837	67,004	1,361,276	539,381	65,223	2,839,721	939,064	1,900,657
	2022	779,584	31,410	1,047,776	919,070	62,626	2,840,466	873,620	1,966,846
Riad Mishlawi[4]	2023	333,333	182,045	554,213	449,909	33,333	1,552,467	548,345	1,004,122
	2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1 All figures are in (USD)
2. The 2022 figures for bonus and deferred shares represented elements A and C under the EIP (the previous Remuneration Policy see page 116)
3 Share price at vesting date was $ 22.18 (£ 17.93) and foreign exchange rate of $ 1.237 to £1
4. Riad Mishlawi was appointed CEO with effect from 1 September 2023

Benefits (audited)

Said Darwazah received transportation benefits of $50,783 (2022: $34,922) and medical benefits of $ 24,546 (2021: $18,877). Mazen Darwazah received transportation benefits of $ 44,974 (2022: $12,534) and medical benefits of $ 22,030 (2022: $18,876). Social security payments made in Jordan, that are required to be paid by Jordanian law, are not considered to be a benefit.

Riad Mishlawi received a transportation allowance of $20,687 medical benefits of $52,983. In addition he was asked to relocate to the US for a period of 2 years and received relocation expenses of $108,375 and tax equalisation support.

Pension (audited)

Said Darwazah and Mazen Darwazah participate in the Hikma Pharmaceutical Defined Contribution Retirement Benefit Plan (the Jordan Benefit Plan) on the same basis as other employees located in Jordan. Under the Jordan Benefit Plan, Hikma matches employee contributions made, up to a maximum of 10% of applicable salary. Participants become entitled to all of Hikma's contributions once they have been employed for three years. Said Darwazah and Mazen Darwazah have served for in excess of three years and receive their benefits under the Jordan Benefit Plan because they are over 60 years of age.

Riad Mishlawi receives a cash allowance of 10% of base salary in lieu of pension.

Long-term incentive awards made during the year ended 31 December 2023 (audited)
On 30 May 2023, Said Darwazah and Mazen Darwazah received awards of performance shares under the Hikma Pharmaceuticals plc Long-Term Incentive Plan 2023 as a percentage of salary as outlined below. The three-year period over which performance will be measured is 1 January 2023 to 31 December 2025.

The performance measures for these awards are outlined below:

Measure	Rationale	Weighting	Threshold	Target	Maximum
Core compound EPS growth for 1 January 2023 to 31 December 2025	Alignment with shareholders return	30%	5%	8%	11%
Percentage of revenue from new business over 3 years	Developing revenue from new business is a key element of Hikma's business plan	30%	13%	16%	19%
Relative TSR performance compared to FTSE 50-150 (excluding investment trusts)	Alignment with shareholders return	20%	Median	–	Upper Quartile
Percentage of females on the Executive Committee and their direct reports[1]	Increase in diversity of management	10%	30%	35%	40%
Achieve good water management at all Hikma's sites in MENA	Hikma has significant operations in water stressed countries in MENA.	10%	The following task has been set: – establishing water management systems and process, collecting and analysing robust data on water usage – identifying gaps and opportunities for efficient water use and setting water use and setting water efficiency targets – By the end of H1 2024, targets should be set for sites in Jordan, Algeria, Egypt and KSA, and progress made against these targets by the end of 2025 – By the end of 2025, targets should be set for all other MENA sites.		

Details of the value of these awards[2] are shown in the table below:

Executive Director	Date of grant	Award made	Grant price	Face value $000	Face value as % salary
Said Darwazah	30 May 2023	132,783	$23.0	$3,054,009	300%
Mazen Darwazah	30 May 2023	105,233	$23.0	$2,420,359	300%
Riad Mishlawi[3]	30 May 2023	75,339	$23.0	$1,732,797	225%
Riad Mishlawi[3]	31 August 2023	12,263	$26.5	$324,969	32%

1. Subject to applicable laws these targets are not intended to act as quotas or preferences and selections will continue to be based on merit
2. No award vests for performance below threshold, 25% at threshold and 62.5% at target.
3. Riad Mishlawi received a pro-rated Performance share award on 31 August 2023 in recognition of his appointment as Chief Executive Officer with effect from 1 September 2023 (shown as a percentage of his annual salary of $1m). The award at 30 May 2023 related to his role as President of Injectables

The proportion of the awards outlined above that will vest will depend on the achievement against the performance objectives and their continued employment. The final value that vests may be zero if the threshold performance for each of the objectives is not achieved. The vesting outcome of the awards will be disclosed in the 2025 Annual Report.

Vested share awards (audited)
During 2023, the following share awards vested for Executive Directors. The total shares vested in 2023 are summarised in the following three tables.

Under the EIP, performance criteria must be met before an award is granted. There are three award types under the EIP which are treated in the following manner in respect of the table above:

- Element A – a cash bonus that is payable immediately and attributed to the earnings for the performance year
- Element B – an award of shares that vests two years after grant subject to there being no forfeiture events and is attributed to the earnings in respect of the year in which it vests (i.e. two years after being granted)
- Element C – an award of shares that vests three years after grant and, due to their being no further performance requirements, is attributed to the earnings for the performance year in the same manner as Element A

The tables below detail share awards (Elements B and C) vesting during the year ended 31 December 2023. Whilst these shares vested during 2023, they are attributed to earnings as detailed in the paragraph above.

Said Darwazah — EIP

Maximum number of shares capable of vesting – Element B[1]	34,827
Maximum number of shares capable of vesting – Element C	27,057
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	61,884
Total value of vested shares	$1,372,550

Siggi Olafsson — EIP

Maximum number of shares capable of vesting – Element B[1]	-
Maximum number of shares capable of vesting – Element C	-
Maximum number of shares capable of vesting – Element C	-
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	-
Total value of vested shares	-

Mazen Darwazah — EIP

Maximum number of shares capable of vesting – Element B[1]	24,319
Maximum number of shares capable of vesting – Element C	18,831
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	43,150
Total value of vested shares	$957,041

Riad Mishlawi – EIP[1]

Maximum number of shares capable of vesting – Element B[2]	20,285
Maximum number of shares capable of vesting – Element C	22,437
Forfeiture	Nil
Vesting price	Nil
Number of vested shares	42,722
Total value of vested shares	$947,549

1. The shares that vested for Riad Mishlawi were in respect of grants made before appointment as CEO
2. Share price at vesting date was $ 22.18 (£17.93 and foreign exchange rate of $ 1.237 to £1)

Policy deviation

During 2023, the Committee has not deviated from the remuneration policy approved by shareholders at the AGM on 28 April 2023.

2023 Annual Bonus Performance outcome: Executive Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104. The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
Strategic	CEO onboarding	An effective onboarding of the new CEO is important to ensure that they are fully effective in the role as quickly as possible and driving the strategy. In addition stability and continuity need to be established by working with the new CEO to ensure an appropriate Executive Committee is in place together with succession plans.
	Reduction in Scope 1 and 2 emissions	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 2030 the Committee has set interim targets to be achieved by 31 December 2023.
Total		

	Performance level				Achievement		Application
	Weighting	Minimum 50% of salary awarded	Target 100% of salary awar ded	Maximum 200% of salary awarded	Results	Achievement	% of salary
	30%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	Core revenue of $2,875m	Target to maximum	46.3%
	50%	Target -10% $573m	Target $637m	Target +10% $701 million	Core EBIT of $707m	Maximum	100.0%
	10%		Committees' assessment of onboarding and succession planning		Achievement against objectives reviewed	Target	10.0%
	10%	15%	17%	19%	Achievement against objectives reviewed	Minimum	5.0%
	100%	**Acceptable**	**Good**	**Excellent**			**161.3%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	Policy element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/shares	Receive	Notes
Executive Chairman	**Cash bonus**	$1,018,000	100%	80.6%	$820,832	Cash now (March 2024)	
	Deferred shares		100%	80.6%	$820,832	Shares deferred for a period of 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**161.3%**	$1,641,665		

2023 Annual Bonus Performance outcome: Executive Vice Chairman (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104
The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
	MENA revenue	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA revenue compared to audited MENA revenue for the year ended 31 December 2023 (see page 31)
	MENA COP	The Executive Director is responsible for this region. The Committee considered financial metrics to be the best method of ensuring delivery of the Board-approved strategy that could be measured in an objective manner that is readily understandable by investors. Measured by target MENA COP compared to audited MENA COP for the year ended 31 December 2023 (see page 31).
Strategic	Environmental, Social, and Governance Strategy	To ensure continued focus on Hikma's commitment to reduce scope 1 and 2 GHG emissions by 25% by 2030 see page 50. The Executive Vice Chairman was set a target for the completion of energy audits in two MENA countries together with action plans for achieving reductions by the end of 2023
	Gender Diversity	A diverse workforce is important for the development of the Hikma business. The MENA business, which currently has a lower participation of women in management positions than the rest of the Group. A target was set of increasing the number of women in management positions by 9% in 2023.
	MENA business development	To ensure that the MENA business has the production capability to meet its business plans the Executive Vice Chairman was set the target of ensuring that the feasibility and all government approvals for expansion of Hikma's facility in KSA are completed by the end of 2023.
Total		

	Performance level			Achievement		Application
Weighting	Minimum 50% of salary awarded	Target 100 % of salary awarded	Maximum 200% of salary award	Results	Achievement	% of salary
12%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	$2,875m	Target to maximum	18.5%
18%	Target -10% $573m	Target $637m	Target +10% $701m	$707m	Maximum	36.0%
20%	Target -10% $818m	Target $909m	Target +10% $1,000m	$908m	Minimum to target	19.9%
30%	Target -10% $178m	Target $198m	Target +10% $218m	$204m	Target to maximum	39.0%
5%	Target is completion of energy audits in 2 MENA countries			Achievement against objectives reviewed	Target to maximum	7.5%
7.5%	Threshold unchanged	Target 9% increase	Maximum 17% increase	Achievement against objective reviewed	Minimum	3.8%
7.5%	Committees assessment of progress			Achievement against objectives reviewed	Target	7.5%
100%	**Acceptable**	**Good**	**Excellent**			**132.1%**
				Committee final determination (see page 103)		**168.7%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	EIP Element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/ shares	Receive	Notes
Executive Vice Chairman	**Cash bonus**	806,787	100%	84.3%	$680,638	Cash now (March 2024)	
	Deferred shares		100%	84.3%	$680,638	Shares deferred for a period 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**168.7%**	**$1,361,276**		

2023 Annual Bonus Performance outcome: CEO[1] (audited)

Readers are directed to the commentary on business performance that is included in the Chair's letter on pages 103 to 104.
The following table sets out the performance conditions and targets for 2023 and their level of satisfaction:

Performance condition		
Section	Description	Rationale and measurement
Financial	Core revenue	Historically, the pricing of generic pharmaceutical products has decreased with time. The Committee is cognisant that this could lead to declining revenue over the longer term, which could ultimately result in a declining business overall. By ensuring that a significant proportion of performance remuneration is based on revenue, the Committee is able to ensure that the Executive Directors are focused on mitigating pricing declines by maximising the potential of the in-market portfolio, launching new products, and developing the pipeline. See page 3 of the Strategic report for further detail on the performance related to this target.
	Core operating profit (COP)	Ultimately, the COP is a key measure of value to Hikma's shareholders. Given the highly competitive business environment in which Hikma operates, the Executive Directors must focus continuously on optimising Hikma's cost base.
Strategic	Succession plan for Injectables business	It is critical that the Injectables business continues to deliver effectively against the business plan. The new CEO was therefore set the performance target of ensuring that there were effective succession plans in place and a smooth transition of responsibilities to the new President of the Injectables business.
Total		

1. Riad Mishlawi was appointed as CEO with effect from 1 September 2023. The incentive payments are therefore pro-rated for the period 1 September to 31 December 2023

	Performance level				Achievement		Application
	Weighting	Minimum 50% of salary awarded	Target 100% of salary awarded	Maximum 200% of salary awarded	Results	Achievement	% of salary
	30%	Target -10% $2,454m	Target $2,727m	Target +10% $3,000m	Core revenue of $2,875m	Target to maximum	46.3%
	50%	Target -10% $573m	Target $637m	Target +10% $701m	Core EBIT of $707m	Maximum	100%
	20%		Committees' assessment of progress		Achievement against objectives reviewed	Target	20.0%
	100%	**Acceptable**	**Good**	**Excellent**			**166.3%**

The above performance results in performance remuneration under the new Policy as follows (audited):

Participant		Calculation			Receive		
Executive	Policy element	Salary	Maximum potential (% of salary)	Application % of salary	Value of bonus/shares	Receive	Notes
CEO	**Cash bonus**	$333,333	100%	83.1%	$277,106	Cash now (March 2024)	
	Deferred shares		100%	83.1%	$277,106	Shares deferred for a period of 3 years	All shares vesting are subject to continued employment and a holding period after vesting. These shares may not be sold until 5 years after grant.
Total			**200%**	**166.3%**	**$554,213**		

Outstanding share awards (audited)

Hikma continued to operate the EIP with the final award being made in May 2023. The first award under the new LTIP was made on 30 May 2023. The outstanding share awards under the EIP in respect of each of the Executive Directors are:

Participant	Share scheme				Quantum		
Director	Scheme description[1]	Type of interest	Date of award	Date of vesting	Basis of award	Shares (max)	Face value[2]
Said Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	19,830	$673,028
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	101%	34,652	$1,023,967
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	53%	18,420	$544,311
	EIP Element B	Conditional award	30-May-23	30-May-25	69%	31,679	$707,075
	EIP Element C	Conditional award	30-May-23	30-May-26	43%	19,761	$441,066
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	291%	132,783	$2,963,717
Total						**257,125** 2022: 134,786	**$6,353,163** 2022: $4,108,412
Riad Mishlawi[4]	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	69%	17,120	$581,053
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	77%	22,099	$653,025
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	65%	18,691	$552,319
	EIP Element B	Conditional award	30-May-23	30-May-25	96%	36,371	$811,811
	EIP Element C	Conditional award	30-May-23	30-May-26	81%	30,749	$686,318
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	198%	75,339	$1,681,566
	LTIPs 2023[5]	Conditional award	31-Aug-23	31-Aug-26	40%	12,263	$340,176
Total						**212,632** 2022: N/A	**$5,306,268** 2022: N/A
Mazen Darwazah	EIP Element C	Conditional award	25-Feb-21	25-Feb-24	66%	13,903	$471,868
	EIP Element B	Conditional award	25-Feb-22	25-Feb-24	98%	26,812	$792,295
	EIP Element C	Conditional award	25-Feb-22	25-Feb-25	54%	14,844	$438,640
	EIP Element B	Conditional award	30-May-23	30-May-25	100%	36,171	$807,337
	EIP Element C	Conditional award	30-May-23	30-May-26	57%	20,650	$460,908
	LTIPs 2023[5]	Conditional award	30-May-23	30-May-26	291%	105,233	$2,348,801
Total						**217,613** 2022: 98,709	**$5,319,848** 2022: $3,004,989

1. The performance criteria for Elements B and C of the EIP are assessed before a grant is considered. Additionally, Element B is subject to forfeiture criteria for the first two years after grant
2. The face value is the value at the point of the EIP grant which is the 30-day average to the 31 December of the performance year. The face value (30-day average price) in respect of awards granted in 2020 $25.32 (£19.30p), and 2021 $33.94 (£25.25p), and 2022 $29.55(£22.20), and 2023 $18.44(£15.15). The actual value received by Executive Directors under the share incentive arrangements is dependent upon the share price of Hikma at the time of vesting, the satisfaction of performance criteria and the non-occurrence of forfeiture events (EIP Element B only). Forfeiture would apply to 50% of any unvested Element B shares if the financial performance in any year is less than 30% of the target.
3. The minimum value of the awards at vesting will be the share price on the day of vesting multiplied by the number of shares vesting. If the Executive Director leaves employment during the vesting period, the normal position is that zero shares vest. If all the forfeiture conditions occur in each year of the vesting period under Element B only, zero shares will vest. The weighting of each forfeiture condition has a proportional impact on the vesting percentage under Element B only
4. The outstanding awards shown for Riad Mishlawi relate to grants made prior to appointment as CEO and percentage is based on full year equivalent salary
5. The share price was determined by the average closing price in the five business days preceding the grant date. 25% of grant vests at threshold and 62.5% vests at target performance

Directors' confirmations

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards and IFRSs issued by IASB, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

Electronic communications

Hikma's preference is to communicate through Hikma's website, rather than in paper form. Shareholders are encouraged to visit the website to access Hikma's Annual Reports and half-year and final results presentations. Shareholders who wish to receive paper communications can elect to do so using our shareholder portal (**www.hikmashares.com**) or through Hikma's Registrar, Link Group.

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

Said Darwazah
Executive Chairman
21 February 2024

Riad Mishlawi
Chief Executive Officer
21 February 2024

Financial statements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Independent auditors' report to the members of Hikma Pharmaceuticals PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- Hikma Pharmaceuticals PLC's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Company balance sheets as at 31 December 2023; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated cash flow statement and the Consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRS Accounting Standards as issued by the IASB

As explained in note 2 to the financial statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

In our opinion, the Group financial statements have been properly prepared in accordance with IFRS Accounting Standards as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 7, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- Our audit included full scope audits of four components, an audit of specific financial statement line items of one additional component and audit procedures performed centrally over certain specific material balances at locations around the Group and over central consolidation and adjustment entities. Full scope components account for 81% of consolidated revenue and 68% of core profit before tax.

Key audit matters

- Adequacy and appropriateness of management's impairment and impairment reversal indicators assessment in respect of the Generic Advair Diskus® and Generics cash generating units (Group)
- Valuation and accuracy of gross to net rebate and returns adjustments in the US (Group)
- Recoverability of the carrying amounts in respect of investments in subsidiaries (Company)

Materiality

- Overall Group materiality: $31 million (2022: $25 million) based on approximately 5% of core profit before tax (2022: based on approximately 5% of core profit before tax).
- Overall Company materiality: $37.6 million (2022: $39 million) based on approximately 1% of total assets (2022: based on approximately 1% of total assets).
- Performance materiality: $23.2 million (2022: $18.75 million) (Group) and $28.2 million (2022: $29.2 million) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Adequacy and appropriateness of management's impairment and impairment reversal indicators assessment in respect of the Generic Advair Diskus® and Generics cash generating units (Group)</td></tr>
<tr><td>The group has property, plant and equipment ("PPE") of $1,096 million (2022: $1,024 million) and intangible assets of $1,100 million (2022: $1,124 million). Management has assessed whether indicators of impairment or impairment reversal existed in relation to PPE and intangible assets as at 31 December 2023, performed at the cash generating units ("CGUs") level, being the lowest level at which largely independent cash inflows are generated.

The goodwill and certain intangible assets allocated to the Generic Advair Diskus® and Generics CGUs were impaired in previous years. This, together with recent CGU performance, has resulted in these CGUs being the focus of our key audit matter.

CGUs with finite life assets must be assessed for indicators of impairment at each reporting date. Where an impairment indicator has been identified, the recoverable amount of the CGU needs to be calculated to assess whether an impairment exists. Conversely, where there has been a sustained improvement in the conditions that gave rise to a prior impairment an impairment reversal should be recorded, other than where the impairment related to goodwill which cannot be reversed. Management's assessment did not identify any indicators of impairment or impairment reversal.

The assessment of whether an impairment trigger has occurred requires exercise of judgement. The determination of whether there has been a sustained improvement in the conditions that gave rise to a previous impairment, to support an impairment reversal, also involves a significant degree of judgement and careful consideration. This includes, but is not limited to, consideration of actual performance in the year and management's view of future cash flow forecasts. These forecasts are based on management's expectations of external factors such as market competition, likelihood of regulatory product approvals and changes to regulations in addition to its own intentions. These impact key assumptions like market share, pricing, revenue growth and profit margins.

Accordingly, the adequacy and appropriateness of management's impairment and impairment reversals indicators assessment for these two CGUs was determined to be a key audit matter.

Refer to the Audit Committee review of areas of significant judgement, accounting policies (note 2), critical accounting judgements and key sources of estimation uncertainty (note 3), and goodwill and other intangible assets (note 15) and property, plant and equipment (note 16) in the Group financial statements.</td><td>We performed the following audit procedures in order to evaluate the reasonableness of management's indicators assessment and their conclusions:
– We reconciled the carrying values of the CGUs to underlying financial records and understood the constituents of the CGU;
– We obtained management's five-year business plan ("5YBP") and verified that the 5YBP was approved by the Board;
– We evaluated the current year performance of the CGUs against prior year forecasts, compared the previous 5YBP to the current year 5YBP and challenged management to understand the reasons for improvement in the performance of both CGUs;
– We considered the changes to the 5YBP since the last formal recoverable value determination in 2022, focusing on changes in the forecasts with respect to key contributor products.
– We analysed the changes to forecasts for key contributor products since the last formal recoverable amount determination for the CGUs in 2022 to assess whether these changes have a material impact on the recoverable amounts of the CGUs in order to determine if they represent an indicator of impairment or impairment reversal;
– We made enquiries of management including the commercial, regulatory and legal teams to further understand the key inputs and assumptions underpinning the forecasts for the overall CGU and in respect of key contributor products. We corroborated and challenged these key inputs and assumptions from these discussions using available third party data (e.g. IQVIA market intelligence, analyst reports), by inspecting correspondence with the regulator, and agreeing information to contracts; and,
– Our internal valuation experts determined discount rate ranges for these CGUs. We considered the movement in these ranges since the prior year to identify any potential triggering events which may indicate a full impairment assessment is required as per IAS 36.

Based on our procedures we consider management's conclusion that there are no indicators of impairment or impairment reversal to be reasonable.

We also evaluated the disclosures in note 2, note 3, note 15 and note 16 and consider these to be appropriate.</td></tr>
<tr><td colspan="2">Valuation and accuracy of gross to net rebate and returns adjustments in the US (Group)</td></tr>
<tr><td>Management is required to make estimates in respect of revenue recognition, specifically the level of returns and rebates to be realised against the Group's revenue. The Group recorded significant revenue deductions for the year ended 31 December 2023 and determined provisions for customer rebates of $27 million, indirect rebates of $67 million and returns of $133 million.

In aggregate, these estimates are complex, material to the financial statements and require significant estimation by Directors to establish an appropriate provision and accordingly this was determined to be a key audit matter.

Refer to the Audit Committee review of areas of significant judgement, accounting policies (note 2), critical accounting judgements and key sources of estimation uncertainty (note 3), trade and other receivables (note 21) and other current liabilities (note 27) in the Group financial statements.</td><td>We considered the Group's processes for making judgements in this area and performed the following procedures:
– We assessed the revenue recognition policy and applicable controls in place around this process;
– We tested controls over the validation and approval of payment claims;
– We tested returns, rebates payments and credit memos throughout the year by agreeing selected transactions back to the underlying source documentation including customer claims and payment information;
– We confirmed channel inventory with major wholesalers or performed alternative procedures where confirmations were not received;
– We developed an independent expectation or tested management's process for the largest elements of the reserves at 31 December 2023 using assumptions and inputs based on contracted prices and rebate terms, historical rebates, discounts, validated channel inventory levels, and invoices received or payments made, as applicable, subsequent to year-end to validate provisions. We compared this expectation to the actual accrual recognised by the Group; and,
– We considered the historical accuracy of the Group's estimates in previous years and the effect of any adjustments to prior years' accruals in the current year's results.

Based on the procedures performed, we did not identify any material differences between our independent expectations and the reserves recorded. We also evaluated the disclosures in note 2, note 3, note 21 and note 27 which we consider to be appropriate.</td></tr>
</table>

Independent auditors' report to the members of Hikma Pharmaceuticals PLC
continued

Key audit matter	How our audit addressed the key audit matter
Recoverability of the carrying amounts in respect of investments in subsidiaries (Company)	
The investments in subsidiaries of $3,303m (2022: $3,296m) are accounted for at cost less impairment in the Company balance sheet at 31 December 2023. Investments in subsidiaries are accounted for at cost less provision for impairment in the Company balance sheet. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement. The impairment assessment was identified as a key audit matter due to the size of the underlying investment carrying values at 31 December 2023. Impairment indicators were identified in connection with certain investments in subsidiaries due to the carrying value of investments exceeding the net assets of the underlying subsidiaries. As a result, the recoverable amount of the investments are determined by reference to the value in use, in order to determine the headroom, if any. The determination of the recoverable amount requires the application of management judgement and estimates, particularly in determining the key assumptions to be applied in preparing cash flow projections. Refer to accounting policies (note 2) and investment in subsidiaries (note 4) in the Company financial statements.	We performed the following audit procedures in relation to the carrying amount of investments in subsidiaries: – We evaluated management's assessment of whether any indicators of impairment existed by comparing the carrying values of investments in subsidiaries with the net assets of the underlying subsidiaries at 31 December 2023; – For investments where the net assets were lower than the carrying values, we assessed their recoverable value by reference to the value in use of the investments compared to their carrying values at 31 December 2023. Where applicable, we verified that the recoverable values of investments were consistent with the recoverable values of the related CGUs tested for goodwill impairment purposes, leveraging the audit work undertaken as part of the Group audit; and, – We separately evaluated the difference between the carrying value of the Company's investments in subsidiaries and the Group's market capitalisation. Based on the procedures performed, we noted no material issues arising from our work.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Procedures, including oversight discussions and site visits by senior team members, were performed prior to year-end to refine the audit approach and evaluate component auditor procedures and controls testing. As at 31 December 2023, Hikma Pharmaceuticals PLC had 57 subsidiaries and one joint venture as part of the Group. These entities may operate solely in one segment but more commonly operate across two. Each component submits a Group reporting package to Hikma's central accounting team including its income statement and balance sheet prepared under Group accounting policies which are in accordance with the accounting standards. We instructed component teams in the US, Jordan, Saudi Arabia and Algeria to audit reporting packages of certain entities in these territories and report to us the results of their full scope audit work. We also engaged our component team in Portugal to perform an audit over specific balances.
In addition to instructing and reviewing the reporting from our component audit teams, we conducted file reviews and participated in key meetings with local management both remotely and in person. We had regular dialogue with component teams throughout the year and performed site visits to the US, Jordan, Algeria and Portugal. In addition to the work performed by our component teams, central audit procedures were performed by the Group engagement team in relation to specific material balances not covered by component auditors. The Group consolidation and related central consolidation and other adjustments, financial statement disclosures and corporate functions were also audited by the Group engagement team. This included our work over central taxation adjustments, valuation of goodwill and intangible assets and major transactions. Taken together, audit work over the full scope components and central procedures performed covered approximately 81% of the Group's revenue and 68% of the Group's core profit before tax. In addition to the audit procedures noted above, we also performed disaggregated analytical review procedures over certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope. This provided the evidence we needed for our opinion on the consolidated financial statements taken as a whole. We also performed a full scope audit of the Company to a separate Company standalone materiality.

The impact of climate risk on our audit
As explained in the Sustainability Report, the Group is mindful of its impact on the environment and is focussed on ways to reduce climate related impacts. In planning and executing our audit we have considered the Group's risk assessment process to identify and model the potential impact of climate change on the financial statements and further engaged with our own sustainability experts. Based on this, we understand that the key impact to the Group could be a potential increase in input costs for energy intensive supplies such as active pharmaceutical ingredients and packaging materials due to carbon pricing. This would impact the financial statement line items and estimates associated with future cash flows since the impact of climate change is expected to become more notable in the medium to long term. The key areas impacted include recoverability of goodwill, intangible assets and deferred tax assets. We note that management's assessment is that the impact on Hikma is currently immaterial, nevertheless, while auditing the estimates associated with the forecasts, we have challenged management on reflecting the impact of climate change and any climate change related commitments in the cash flows particularly in the context of the Group's target to reduce Scope 1 and 2 GHG emissions by 25% by 2030. We have not identified any matters as part of this work which contradict the disclosures in the Annual Report or lead to any material adjustments to the financial statements.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	$31 million (2022: $25 million).	$37.6 million (2022: $39 million).
How we determined it	Based on approximately 5% of core profit before tax (2022: Based on approximately 5% of core profit before tax)	Based on approximately 1% of total assets (2022: Based on approximately 1% of total assets)
Rationale for benchmark applied	The Group's principal measure of earnings is core results. Management believes that it reflects the underlying performance of the Group and is a meaningful measure of the Group's performance to stakeholders.	Total assets is used as the benchmark as the Company's principal activity is to hold the Group's investments and perform treasury functions on behalf of the Group.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $12 million and $27.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to $23.2 million (2022: $18.75 million) for the Group financial statements and $28.2 million (2022: $29.2 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $1.5 million (Group audit) (2022: $1.2 million) and $1.8 million (Company audit) (2022: $1.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- agreeing the underlying cash flow projections to board approved forecasts, assessing how these forecasts are compiled, and assessing the accuracy of management's forecasts;
- evaluating the key assumptions within management's forecasts;
- considering liquidity and available financial resources;
- considering compliance with covenants in the current year and ability to comply with these at each future covenant reporting date in the going concern period;
- assessing whether the plausible downside scenario prepared by management appropriately considered the principal risks facing the business; and
- evaluating the feasibility of management's mitigating actions in the plausible downside scenario.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Corporate Governance Report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to patent protection, product safety (including but not limited to the United States Food and Drug Administration regulations), competition and antitrust laws, pricing practices and legislation, and anti-bribery and corruption legislation (including but not limited to the Foreign Corrupt Practices Act), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as applicable tax legislation, the Companies Act 2006 and Listing Rules of the Financial Conduct Authority (FCA). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- discussions with management and the Group's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessment of matters reported on the Group's whistleblowing hotline and results of management's investigation of such matters;
- challenging assumptions made by management in its significant accounting estimates particularly in relation to estimation of rebate and returns provisions, and recoverability of intangible assets (see related key audit matters above); and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and consolidation journals.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 11 May 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is eight years, covering the years ended 31 December 2016 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Nigel Comello
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

London
21 February 2024

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 Core results $m	2023 Exceptional items and other adjustments (Note 6) $m	2023 Reported results $m	2022 Core results $m	2022 Exceptional items and other adjustments (Note 6) $m	2022 Reported results $m
Revenue	4	**2,875**	**–**	**2,875**	2,517	–	2,517
Cost of sales		**(1,468)**	**(17)**	**(1,485)**	(1,252)	(27)	(1,279)
Gross profit/(loss)		**1,407**	**(17)**	**1,390**	1,265	(27)	1,238
Selling, general and administrative expenses		**(544)**	**(223)**	**(767)**	(509)	(106)	(615)
Impairment loss on financial assets, net		**(3)**	**(29)**	**(32)**	(5)	–	(5)
Research and development expenses		**(149)**	**–**	**(149)**	(144)	–	(144)
Other operating expenses	9	**(9)**	**(71)**	**(80)**	(25)	(181)	(206)
Other operating income	9	**5**	**–**	**5**	14	–	14
Total operating expenses		**(700)**	**(323)**	**(1,023)**	(669)	(287)	(956)
Operating profit/(loss)	5	**707**	**(340)**	**367**	596	(314)	282
Finance income	10	**7**	**–**	**7**	3	26	29
Finance expense	11	**(90)**	**(5)**	**(95)**	(77)	(4)	(81)
Gain/(loss) from investment at fair value through profit or loss (FVTPL)		**2**	**–**	**2**	(2)	–	(2)
Gain from investment divestiture, net		**–**	**–**	**–**	–	5	5
Profit/(loss) before tax		**626**	**(345)**	**281**	520	(287)	233
Tax	12	**(131)**	**42**	**(89)**	(111)	69	(42)
Profit/(loss) for the year		**495**	**(303)**	**192**	409	(218)	191
Attributable to:							
Non-controlling interests	32	**3**	**(1)**	**2**	3	–	3
Equity holders of the parent		**492**	**(302)**	**190**	406	(218)	188

Earnings per share (cents)							
Basic	14	**223**		**86**	181		84
Diluted	14	**221**		**85**	180		84