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Hikma Pharmaceuticals Plc
03 August 2023

Hikma delivers strong H1 performance and raises Generics guidance
Growth in all three businesses and across all geographies

London, 3 August 2023 - Hikma Pharmaceuticals PLC and its subsidiaries ('Hikma' or 'Group'), the multinational pharmaceutical company, today reports its interim results for the six months ended 30 June 2023.

Said Darwazah, Executive Chairman and Chief Executive Officer of Hikma, said:

"Our strong first half performance reflects growth across all three of Hikma's businesses and geographies.

Across our global operations we have continued to strengthen our businesses and processes, including adding to, and enhancing our manufacturing capabilities. Our investments in R&D have yielded several new product launches and pipeline expansion, broadening our differentiated product portfolio. We continue to win important new contracts and expand in new markets, all of which are enabling Hikma to make more medicines accessible to the healthcare providers and patients who need them most.

I am especially delighted that Riad Mishlawi has been appointed as Hikma's new CEO, effective 1st September 2023. He has an excellent record of delivering business expansion and profitable growth and has been a close colleague for many years. I look forward to continuing working together and capturing the significant opportunities available to Hikma."

Group H1 highlights:

Reported results (statutory) **$ million**	**H1 2023**[1]	H1 2022[1]	Change	Constant currency[2] change
Revenue	**1,427**	1,213	18%	19%
Operating profit	**245**	239	3%	7%
Profit attributable to shareholders	**131**	173	(24)%	(18)%
Net cash inflow from operating activities	**222**	169	31%	-
Basic earnings per share (cents)	**59.3**	76.2	(22)%	(16)%
Interim dividend per share (cents)	**25**	19	32%	-

Core results[3] (underlying) **$ million**	**H1 2023**	H1 2022	Change	Constant currency[2] change
Revenue	**1,427**	1,213	18%	19%
Core operating profit	**401**	296	35%	39%
Core profit attributable to shareholders	**284**	209	36%	41%
Core basic earnings per share (cents)	**128.5**	92.1	40%	45%

Strong first half performance

- Group revenue up 18% with strong growth in all three business segments
- Reported gross margin of 50.1%, reflecting favourable product mix
- Core operating profit up 35% to $401 million, reflecting H1 weighting of Generics and Branded
- Good net cash inflow from operating activities, up 31% to $222 million
- Robust balance sheet with net debt[4] to core EBITDA[5] of 1.3x at 30 June 2023 (31 December 2022 1.5x)
- Interim dividend of 25 cents per share, up 32%

Growth in all three businesses

- Global Injectables revenue growth of 9%, reflecting a good top-line performance in all markets, including full period contribution from recent acquistion. Core operating profit margin of 36.6%
- Branded had a strong first half with 11% revenue growth and 41% core operating profit growth, reflecting a good performance across our markets and the early fulfilment of some tenders
- Generics revenue growth of 39% and core operating profit growth of 110%, reflecting a stronger than expected performance across the base portfolio and our six month exclusivity for the authorised generic of sodium oxybate

Strategic updates

- Riad Mishlawi, President of Injectables, appointed CEO from 1st September 2023
- Expanding Injectables capacity, adding new high speed lines to our New Jersey and Portugal facilities
- Launched 73 new products across all three businesses
- Strengthened our contract manufacturing pipeline in Generics with new contract wins
- Acquired a selection of assets from Akorn in July for $98 million, including manufacturing equipment and portfolio and pipeline products that will support our businesses in the US
- Reinforced our position as one of the leading providers of oncology medicines in MENA, launching nine oral oncology products across the region
- Halted operations in Sudan, which represented less than 3% of Group revenue in 2022, as a result of the ongoing conflict in the country. This resulted in $92 million of impairment and costs in H1 2023

Outlook for full year 2023

- Injectables - we continue to expect revenue growth of between 7% and 9% and for core operating margin to be between 36% and 37%
- Branded - we continue to expect Branded revenue growth to be in the mid to high-single digits in constant currency. On a reported basis, reflecting the continued devaluation of the Egyptian pound, we expect Branded revenue and core operating profit to be broadly in line with 2022
- Generics - we now expect revenue growth of close to 30%, up from our previous guidance of revenue growth close to 20%, and for core operating margin to be between 18% and 20%, up from 16% to 18%
- We now expect Group core net finance expense to be around $83 million, up from $78 million and the core effective tax rate to be in the range of 22% to 23%
- We expect Group capital expenditure to be in the range of $140 million to $160 million

Further information:

A pre-recorded presentation will be available at www.hikma.com at 07:00 BST. Hikma will also hold a live Q&A conference call at 09:30am BST, and a recording will be made available on the Company's website.

To join via conference call please dial:

United Kingdom (toll free): +44 800 358 1035

United Kingdom (local): +44 20 4587 0498

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About Hikma:

Hikma helps put better health within reach every day for millions of people around the world. For more than 45 years, we've been creating high-quality medicines and making them accessible to the people who need them. Headquartered in the UK, we are a global company with a local presence across North America, the Middle East and North Africa (MENA) and Europe, and we use our unique insight and expertise to transform cutting-edge science into innovative solutions that transform people's lives. We're committed to our customers, and the people they care for, and by thinking creatively and acting practically, we provide them with a broad range of branded and non-branded generic medicines. Together, our 8,700 colleagues are helping to shape a healthier world that enriches all our communities. We are a leading licensing partner, and through our venture capital arm, are helping bring innovative health technologies to people around the world. For more information, please visit: www.hikma.com

STRATEGIC REVIEW

During the first half of 2023, Hikma has continued to grow, with our purpose of putting better health within reach, every day at the forefront of our strategy. We are a top three provider of generic sterile injectables by volume in the US[6]; we are the third largest pharmaceutical company in the MENA region[7] and we are the twelfth largest supplier of non-injectable generic medicines in the US[8].

We are launching more products and investing in our manufacturing capabilities, our R&D pipeline and in our people to ensure that we can provide customers across our geographies with the medicines they need.

Injectables

Our global Injectables business has had a positive start to the year across our geographies. We have launched 52 products across our markets, enhanced our pipeline and are adding capacity to ensure we are well positioned to capture opportunities and ensure our customers' needs are met.

In North America[9], our US portfolio grew to over 150 products during the first half. Having announced our 100th product in 2019, this important milestone demonstrates both the pace with which we are bringing products to market and the increased scale of our portfolio, which we are delivering through R&D, partnerships and acquisitions. The breadth of our product offering is a core strength for Hikma and essential to offset the impact of competition in this market.

In MENA we have grown the business, managing to offset the currency headwinds experienced in Egypt, as well as the halted operations in Sudan, which has resulted in impairment and cost charges of $92 million, $15 million of which is related to the Injectables business. Our key markets are performing very well, with strong growth from our biosimilar products and recent launches.

In Europe our agile supply chain is supporting growth in Germany and Italy and enabling us to address shortage situations and we are making good progress building our presence in our newer markets, including France and Spain.

Branded

The momentum in our Branded business continues, with strong performances across our MENA markets as we continue to grow through the sale of medications used to treat chronic illnesses, with oral oncology products, as well as cardiovascular and central nervous system medications performing particularly well.

This strong performance and the early fulfilment of tenders more than offset foreign exchange headwinds, particularly in Egypt, and the loss of revenues resulting from the halting of operations in Sudan, which has resulted in impairment and cost charges of $92 million, $77 million of which is related to the Branded business. The timing of tenders, as well as the phasing of R&D spend and other operating costs, means that for the full year, revenue and operating profit will be weighted towards the first half.

Generics

Our Generics business had an excellent first half, as the competitive pressures experienced in 2022 began to ease. We have seen a reduction in price erosion and we have been able to increase volumes across the portfolio. With our state-of-the-art manufacturing facility in Columbus Ohio, strong customer relationships and reputation for quality, as well as our broad portfolio, we are addressing market disruptions and winning awards for new business across our product portfolio. We launched an authorised generic of Xyrem® (sodium oxybate) in January and are pleased with the strong performance to date. Despite an increase in competition, we expect to continue to benefit from this new launch in the second half, albeit at a reduced margin.

We remain focused on strengthening our Generics business and continued to gradually grow revenue from our specialty portfolio, gaining traction with our 8mg naloxone nasal spray, Kloxxado, which is used to reverse drug overdoses. We are also building our CMO offering and have won some key long-term contracts that leverage the quality and capabilities of our Columbus facility.

Investing in future growth

We have been investing for growth in the first half of 2023, enhancing our R&D pipeline and strengthening our manufacturing capabilities through targeted capex. Our new high speed injectable filling line in New Jersey has started production and will ramp up gradually through the remainder of the year, with a second new high speed line in Portugal following later this year. In July, through acquisitions relating to the Akorn bankruptcy process, we have enhanced our manufacturing capabilities and portfolio of products, including expanding our nasal spray capacity, and added new ANDAs for both Injectables and Generics.

and Generics.

Acting responsibly

We have continued to progress our responsibility agenda in the first half. We are advancing health and wellbeing through the provision of vital generic medicines and have been launching more products, including 73 across our markets in the first half. We are also spearheading disease awareness programmes, with events such as the Hikma Cancer Network, in collaboration with MD Anderson, which brought together key opinion leaders and doctors from across the MENA region to discuss current trends in oncology treatments.

Our environmental efforts ensure we are continuing to make progress towards our emissions reduction target. We are in the early stages of assessing how we can better manage water stress.

We are focused on empowering our most important asset, our people. This not only encompasses recruitment and retention of the best talent, but ensuring we foster a culture of progress and belonging for all our employees. We are committed to diversity, equity and inclusion and as part of this, have in place a target to increase the number of women in the leadership team (Executive Committee and senior direct reports) from 29% (at 31 December 2022) to 40% by the end of 2025.

Finally, we are building trust through quality in everything we do. We are committed to the highest ethical standards and are a signatory of the United Nations Global Compact. Our customers also rely on our products to be of the highest quality and this is built into our mindset and is a key reason behind our success.

Outlook for full year 2023

For Injectables, we continue to expect revenue growth of between 7% and 9% and for core operating margin to be between 36% and 37%. This reflects the breadth of our portfolio and ability to launch new products as well as our growing geographic reach.

For Branded, we continue to expect Branded revenue growth to be in the mid to high-single digits in constant currency, reflecting strong growth across our markets, which should more than offset the halting of operations in Sudan. On a reported basis we expect revenue and core operating profit to be broadly in line with 2022. This assumes a headwind of approximately $50 million resulting from the devaluation of the Egyptian pound. Revenue and core operating profit will be weighted towards H1 due to the early fulfilment of government tenders and the phasing of R&D and other operating expenses.

For Generics - we now expect revenue growth of close to 30% and for core operating margin to be between 18% and 20%. This reflects continued strong performance from our base business as well as the expectation of a stronger second half contribution from the authorised generic Xyrem®. This also assumes an increase in R&D and sales and marketing expenses in the second half of the year.

We now expect Group core net finance expense to be around $83 million, up from $78 million and the core effective tax rate to be in the range of 22% to 23%. We expect Group capital expenditure to be in the range of $140 million to $160 million.

FINANCIAL REVIEW

The financial review set out below summarises the performance of the Group and our three main business segments: Injectables, Branded and Generics, for the six months ended 30 June 2023.

Group

$ million	**H1 2023**	H1 2022	Change	Constant currency change
Revenue	**1,427**	1,213	18%	19%
Gross profit	**715**	611	17%	19%
Core gross profit	**733**	623	18%	20%
Core gross margin	***51.4%***	*51.4%*	*0.0pp*	*0.1pp*
Operating profit	**245**	239	3%	7%
Core operating profit	**401**	296	35%	39%
Core operating margin	***28.1%***	*24.4%*	*3.7pp*	*4.1pp*
EBITDA	**387**	346	12%	15%
Core EBITDA	**451**	346	30%	33%

Group revenue grew 18%, with all three businesses performing well and particularly strong growth in Generics where the base business has seen an improvement following the challenging market conditions of 2022, as well as a good performance from recently launched authorised generic of Xyrem®. Core gross margin was flat, as good margin performance for Generics and Branded was offset by the effect of product and geographic mix in Injectables.

Group operating expenses were $470 million (H1 2022: $372 million). Excluding exceptional items and other adjustments of $138 million (H1 2022: $2 million charge), including amortisation of intangible assets (other than software) of $43 million (H1 2022: $43 million), Group core operating expenses were $332 million (H1 2022: $327 million).

Selling, general and administrative (SG&A) expenses were $304 million (H1 2022: $299 million). Excluding the amortisation of intangible assets (other than software) of $43 million (H1 2022: $43 million) and a $1 million exceptional charge related to Sudan costs, core SG&A expenses were $260 million (H1 2022: $256 million), with the slight increase reflecting continued investment in sales and marketing as we grow our Generics specialty business.

Core and reported research and development (R&D) expenses were $64 million (H1 2022: $69 million), representing 4.5% of revenue (H1 2022: 6%), with increased spend expected in the second half.

Other net operating expenditure was $56 million (H1 2022: $1 million). This comprised a $57 million other operating expense and $1 million of other operating income. Excluding exceptional items and other adjustments[10], core other net operating expense was $4 million (H1 2022: $1 million net income). This comprised a $5 million other operating expense and $1 million of other operating income.

The increases in core operating profit of 35% and core operating margin to 28.1% were primarily driven by the strong performance of both Generics and Branded in the first half.

Group revenue by business segment

$ million	**H1 2023**		H1 2022	
Injectables	**585**	41%	538	44%
Branded	**375**	26%	339	28%
Generics	**460**	32%	330	27%
Others	**7**	1%	6	1%
Total	**1,427**		1,213	

Group revenue by region

$ million	**H1 2023**		H1 2022	
North America[11]	**848**	59%	698	58%
MENA	**468**	33%	414	34%
Europe and ROW[11]	**111**	8%	101	8%
Total	**1,427**		1,213	

Injectables

$ million	**H1 2023**	H1 2022	Change	Constant currency change
Revenue	**585**	538	9%	9%
Gross profit	**319**	297	7%	8%
Core gross profit	**322**	309	4%	5%
Core gross margin	***55.0%***	*57.4%*	*(2.4)pp*	*(2.6)pp*
Operating profit	**168**	178	(6)%	(5)%
Core operating profit	**214**	209	2%	3%
Core operating margin	***36.6%***	*38.8%*	*(2.2)pp*	*(2.3)pp*

Injectables revenue grew 9% in the first half, with good growth in all three geographies.

North America[11] Injectables revenue grew 5% to $388 million (H1 2022: $368 million). Increasing competition was more than offset by a full contribution from the acquisitions of Custopharm and Teligent's Canadian assets as well as new launches.

Europe and Rest of World (ROW) Injectables revenue grew 10% to $103 million (H1 2022: $94 million). In constant currency, Europe and ROW Injectables revenue increased by 10%, reflecting good demand across our portfolio, including recent launches. Our short supply chain and lead times in Europe are enabling us to address shortage situations, particularly in Germany.

In MENA, Injectables revenue was $94 million, up 24% (H1 2022: $76 million), or 28% in constant currency. This was primarily due to the continued strong performance of our biosimilar portfolio. We also benefitted from the early fulfilment of tenders

benefitted from the early fulfilment of tenders.

Injectables core gross profit grew 4% while the margin contracted primarily due to higher costs due to inflation and increased competition in the US, which was partially offset by a good contribution from recent acquisitions.

Injectables core operating profit, which excludes the amortisation of intangible assets (other than software) and exceptional items[12], grew 2% and core operating margin was 36.6%, down from 38.8% in H1 2022, primarily reflecting the change in gross margin, as well as forex losses and an increase in R&D spend as we invest in future growth opportunities. On a reported basis, the halting of operations in Sudan has resulted in an impairment charge of $15 million related to the Injectables business.

During H1 2023, the Injectables business launched 11 products in North America, 18 in MENA and 26 in Europe and ROW. We submitted 20 filings to regulatory authorities across all markets. We further developed our portfolio through new licensing agreements.

Branded

$ million	**H1 2023**	H1 2022	Change	Constant currency change
Revenue	**375**	339	11%	15%
Gross profit	**184**	174	6%	11%
Core gross profit	**199**	174	14%	20%
Core gross margin	***53.1%***	*51.3%*	*1.8pp*	*2.2pp*
Operating profit	**24**	70	(66)%	(54)%
Core operating profit	**104**	74	41%	51%
Core operating margin	***27.7%***	*21.8%*	*5.9pp*	*6.8pp*

The Branded business performed very well in the first half, with revenue up 11%, driven by a good performance across our markets as well as the early fulfilment of some tenders in our larger markets. Our oncology products had a particularly good performance and the strategy of focusing on treatments for chronic illnesses continues to be a growth and margin driver.

Branded reported and core gross profit grew and core gross margin improved by 1.8 percentage points, reflecting an improved product mix, driven by our growing portfolio of oncology medicines, and the timing of tenders.

Branded core operating profit, which excludes the amortisation of intangibles (other than software) and exceptional items[13], grew 41%, reflecting the timing of tenders and the phasing of certain operating costs towards the second half. This strong performance more than offset the negative impact of foreign exchange related to currency devaluation in Egypt. Due to the ongoing conflict in Sudan, where we are unable to operate, we have taken an impairment on this business, resulting in the reduced reported operating profit of $24 million.

During H1 2023, the Branded business launched 18 products and submitted 16 filings to regulatory authorities. Revenue from in-licensed products represented 34% of Branded revenue (H1 2022: 36%).

Generics

$ million	**H1 2023**	**H1 2022**	**Change**
Revenue	**460**	330	39%
Gross profit	**209**	137	53%
Core gross profit	**209**	137	53%
Gross margin	***45.4%***	*41.5%*	*3.9pp*
Operating profit	**97**	36	169%
Core operating profit	**122**	58	110%
Core operating margin	***26.5%***	*17.6%*	*8.9pp*

Generics revenue has grown significantly in the first half of 2023 due to a strong performance from the base business, both in terms of volumes and a lower level of price erosion, as well as a good performance from the launch of the authorised generic of Xyrem® (sodium oxybate).

The increase in Generics core and reported gross profit and gross margin expansion to 45.4% was primarily due to the improvement in product mix and the strong profitability of sodium oxybate in the first six months. Royalties payable on sodium oxybate will increase in the second half.

Generics core operating profit, which excludes the amortisation of intangible assets (other than software) and impairment charge adjustments[14], increased primarily due to the good gross profit and lower R&D

spend due to phasing, which more than offset higher sales and marketing costs as we continued to develop our commercial capabilities as we build our speciality business.

During H1 2022, we launched three products from our R&D pipeline.

Other businesses

Other businesses primarily comprise Arab Medical Containers (AMC), a manufacturer of plastic specialised medicinal sterile containers and International Pharmaceuticals Research Centre (IPRC), which conducts bio-equivalency studies. These businesses contributed revenue of $7 million (H1 2022: $6 million) with an operating profit of $2 million (H1 2022: $2 million).

Research and development

Our investment in R&D and business development is core to our strategy and enables us to continue expanding the Group's product portfolio. During H1 2023, we had 73 new launches and received 64 approvals. To ensure the continuous development of our product pipeline, we submitted 38 regulatory filings.

	H1 2023 submissions[15]	H1 2023 approvals[15]	H1 2023 launches[15]
Injectables	20	44	52
North America	11	18	11
MENA	9	11	18
Europe	0	15	26
Generics	2	0	3
Branded	16	20	18
Total	**38**	**64**	**73**

Net finance expense

	H1 2023	H1 2022	Change	Constant currency change
Finance income	**3**	13	(77)%	(81)%
Finance expense	**46**	35	31%	31%
Net finance expense	**43**	22	95%	97%
Core finance income	**3**	1	200%	153%
Core finance expense	**44**	33	33%	33%
Core net finance expense	**41**	32	28%	29%

On a reported basis, net finance expense was $43 million (H1 2022: $22 million). This comprised $3 million finance income and $46 million finance expense. Excluding exceptional items and other adjustments[16], core net finance expense was $41 million (H1 2022: $32 million). This comprised $3 million finance income and $44 million finance expense. The increase compared with H1 2022 reflects higher average debt utilisation in H1 2023 compared to H1 2022 as well as higher interest rates during the period.

We now expect core net finance expense to be around $83 million for the full year.

Profit before tax

Reported profit before tax was $202 million (H1 2022: $215 million). Core profit before tax was $360 million (H1 2022: $262 million), reflecting the overall group performance.

Tax

The Group incurred a reported tax expense of $71 million (H1 2022: $41 million). Excluding the tax impact of exceptional items and other adjustments, the Group core tax expense was $76 million in H1 2023 (H1 2022: $52 million)[17]. The core effective tax rate[18] for H1 2023 was 21.1% (H1 2022: 19.8%). This is due to the phasing of earnings. We continue to expect the Group´s core effective tax rate to be around 22% to 23% for the full year.

Profit attributable to shareholders

Profit attributable to shareholders was $131 million (H1 2022: $173 million). Excluding the amortisation of intangible assets (other than software) and other adjustments[19], core profit attributable to shareholders increased by 36% to $284 million (H1 2022: $209 million).

Earnings per share

	H1 2023	H1 2022	Change	Constant currency change

Basic earnings per share (cents)	**59.3**	76.2	(22)%	(16)%
Core basic earnings per share (cents)	**128.5**	92.1	40%	45%
Diluted earnings per share (cents)	**59.0**	75.9	(22)%	(16)%
Core diluted earnings per share (cents)	**127.9**	91.7	39%	45%
Weighted average number of Ordinary Shares for the purposes of basic earnings ('m)	**221**	227	(3)%	-
Weighted average number of Ordinary Shares for the purposes of diluted earnings ('m)	**222**	228	(3)%	-

The increase in core earnings per share reflects the performance of the Group and a reduction in shares in issue following the 2022 buy back of 12.5 million ordinary shares.

Dividend

In order to rebalance the distribution of dividends more evenly over the course of the year, our interim dividend, on an ongoing basis, will be calculated at approximately 45% of the prior year's full-year dividend, while maintaining our dividend policy of a pay-out ratio of 20% to 30% of core profit attributable to shareholders. The Board is, therefore, recommending an interim dividend of 25 cents per share (H1 2022: 19 cents per share). The interim dividend will be paid on 15 September 2023 to eligible shareholders on the register at the close of business on 11 August 2023.

Net cash flow, working capital and net debt

The Group generated operating cash flow of $222 million (H1 2022: $169 million). This reflects the increase in core operating profit, which was partially offset by higher investment in working capital related to strong growth in the MENA region.

Group working capital days were 255 at 30 June 2023. Compared to the position on 31 December 2022, Group working capital days increased by 4 days from 251 days.

Cash capital expenditure was $84 million (H1 2022: $63 million). In the US, $21 million was spent on upgrades, new technologies and capacity expansion across our Cherry Hill, Dayton, and Columbus sites. In MENA, $49 million was spent strengthening and expanding manufacturing capabilities, including our two ongoing greenfield Injectables production sites in Algeria and Morocco and a new land purchase in Saudi Arabia. In Europe, we spent $14 million enhancing our manufacturing capabilities, including the installation of new filling lines in Portugal and Italy. We continue to expect Group capital expenditure to be around $140 million to $160 million in 2023.

The Group's total debt was $1,312 million at 30 June 2023 (31 December 2022: $1,283 million).

The Group's cash balance was $272 million (31 December 2022: $270 million). The Group's net debt was $1,040 million at 30 June 2023 (31 December 2022: $1,013 million)[20]. We continue to have a very strong balance sheet with a net debt to core EBITDA ratio of 1.3x (31 December 2022 1.5x).

Net assets

Net assets at 30 June 2023 were $2,202 million (31 December 2022: $2,148 million). Net current assets increased to $961 million (31 December 2022: $922 million).

Responsibility statement

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Hikma Pharmaceuticals PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

By order of the Board

Said Darwazah	Mazen Darwazah
Executive Chairman and Chief Executive Officer 2 August 2023	Executive Vice Chairman and President of MENA 2 August 2023

The Board of Directors that served during all or part of the six-month period to 30 June 2023 and their respective responsibilities can be found on the Leadership team section of www.hikma.com.

Cautionary statement

This interim results announcement has been prepared solely to provide additional information to the shareholders of Hikma and should not be relied on by any other party or for any other purpose.

Definitions

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

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

Core results

Reported results represent the Group's overall performance. However, these results can include one-off or non-cash items which are excluded when assessing the underlying performance of the Group. To provide a more complete picture of the Group's performance to external audiences, we provide, alongside our reported results, core results, which are a non-IFRS measure. Our core results exclude the other adjustments and exceptional items set out in Note 5.

Group operating profit	**H1 2023 $million**	H1 2022 $million
Core operating profit	**401**	**296**
Impairment and cost related to halted operations in Sudan	(92)	-
Intangible assets amortisation other than software	(43)	(43)
Impairment charges	(21)	(2)
Unwinding of acquisition related inventory step-up	-	(12)
Reported operating profit	**245**	**239**

Profit attributable to shareholders	**H1 2023 $million**	H1 2022 $million
Core profit attributable to shareholders	**284**	**209**
Impairment and cost related to halted operations in Sudan	(92)	-
Intangible assets amortisation other than software	(43)	(43)
Impairment charges	(21)	(2)
Unwinding of acquisition related inventory step-up	-	(12)
Remeasurement of contingent consideration	-	12
Unwinding of contingent consideration and other financial liability	(2)	(2)
Tax effect	5	11
Reported profit attributable to shareholders	**131**	**173**

Constant currency

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

Constant currency numbers in H1 2023 represent reported H1 2023 numbers translated using H1 2022 exchange rates, excluding price increases in the business resulting from the devaluation of currencies

exchange rates, excluding price increases in the business resulting from the devaluation of currencies and excluding the impact from hyperinflation accounting. Sudan is considered a hyperinflationary economy, therefore the spot exchange rate as at 30 June 2023 was used to translate the results of this operation into US dollars.

EBITDA

EBITDA is earnings before interest, tax, depreciation, amortisation, and impairment of property, plant and equipment and intangible assets and other items.

EBITDA **$ million**	**H1 2023**	H1 2022
Reported operating profit	**245**	**239**
Depreciation	48	44
Amortisation	48	49
Unwinding of acquisition related inventory step-up	-	12
Impairment charges/(reversals)	46	2
EBITDA	**387**	**346**
Impairment on financial assets	42	-
Provision against inventories	18	-
Impairment charge on other current assets	2	-
Cost from halted operations in Sudan	2	-
Core EBITDA	**451**	**346**

Core EBITDA for the twelve months ending 30 June 2023, which is used in the calculation of net debt to EBITDA was $798 million.

Working capital days

We believe Group working capital days provides a useful measure of the Group's working capital management and liquidity. Group working capital days are calculated as Group receivable days plus Group inventory days, less Group payable days. Group receivable days are calculated as Group trade receivables x 365, divided by trailing 12 months Group revenue. Group inventory days are calculated as Group inventory x 365 divided by trailing 12 months Group reported cost of sales. Group payable days are calculated as Group trade payables x 365, divided by trailing 12 months Group reported cost of sales[21].

Group net debt

We believe Group net debt is a useful measure of the strength of the Group financial position. Group net debt includes long and short-term financial debts (Note 14), lease liabilities, net of cash and cash equivalents (Note 11).

Group net debt **$ million**	**Jun-23**	**Dec-22**
Short-term financial debts	(211)	(139)
Short-term lease liabilities	(10)	(9)
Long-term financial debts	(1,032)	(1,074)
Long-term lease liabilities	(59)	(61)
Total debt	**(1,312)**	**(1,283)**
Cash	272	270
Net debt	**(1,040)**	**(1,013)**

Forward looking statements

This announcement contains certain statements which are, or may be deemed to be, "forward looking statements" which are prospective in nature with respect to Hikma's expectations and plans, strategy, management objectives, future developments and performance, costs, revenues and other trend information. All statements other than statements of historical fact may be forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward looking words such as "intends", "believes", "anticipates", "expects", "estimates", "forecasts", "targets", "aims", "budget", "scheduled" or words or terms of similar substance or the negative thereof, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved.

By their nature, forward looking statements are based on current expectations and projections about future events and are therefore subject to assumptions, risks and uncertainties that are beyond Hikma's ability to control or estimate precisely and which could cause actual results or events to differ materially from those expressed or implied by the forward looking statements. Where included, such statements have been made by or on behalf of Hikma in good faith based upon the knowledge and information available to the Directors on the date of this announcement. Accordingly, no assurance can be given that

any particular expectation will be met and Hikma's shareholders are cautioned not to place undue reliance on the forward-looking statements. Forward looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future.

Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation ((EU) No. 596/2014) and the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), Hikma does not undertake to update the forward looking statements contained in this announcement to reflect any changes in events, conditions or circumstances on which any such statement is based or to correct any inaccuracies which may become apparent in such forward looking statements. Except as expressly provided in this announcement, no forward looking or other statements have been reviewed by the auditors of Hikma. All subsequent oral or written forward looking statements attributable to Hikma or any of its members, directors, officers or employees or any person acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Past share performance cannot be relied on as a guide to future performance. Nothing in this announcement should be construed as a profit forecast.

Neither the content of Hikma's website nor any other website accessible by hyperlinks from Hikma's website are incorporated in, or form part of, this announcement.

Principal risks and uncertainties

The Group faces risks from a range of sources that could have a material impact on our financial commitments and ability to trade in the future. The principal risks are determined via robust assessment considering our risk context by the Board of Directors with input from executive management. The principal risks facing the company have not materially changed in the last six months, although the conflict in Sudan and the economic challenges in Egypt have highlighted the risks and uncertainties of operating in the complex and diverse MENA region. The principal risks are set out in the 2022 annual report on pages 63 - 66. The Board recognises that certain risk factors that influence the principal risks are outside of the control of management. The Board is satisfied that the principal risks are being managed appropriately and consistently with the target risk appetite. The set of principal risks should not be considered as an exhaustive list of all the risks the Group faces.

Principal risks	**What does the risk cover?**
Industry dynamics	The commercial viability of the industry and business model we operate may change significantly as a result of geopolitical events, macroeconomic factors, local political action, societal pressures, regulatory interventions or changes to participants in the value chain of the industry.
Product pipeline	Selecting, developing and registering new products that meet market needs and are aligned with Hikma's strategy to provide a continuous source of future growth.
Organisational development	Developing, maintaining and adapting organisational structures, management processes and controls, and talent pipeline to enable effective delivery by the business in the face of rapid and constant internal and external change.
Reputation	Building and maintaining trusted and successful partnerships with our stakeholders relies on developing and sustaining our reputation as one of our most valuable assets.
Ethics and compliance	Maintaining a culture underpinned by ethical decision making, with appropriate internal controls to ensure that employees, representatives, and our third parties comply with our Code of Conduct, associated policies and procedures, as well as applicable laws and regulations of the relevant jurisdictions.
Information and cyber security, technology and infrastructure	Ensuring the integrity, confidentiality, availability and resilience of data, securing information stored and/or processed internally or externally from cyber and non-cyber threats, maintaining and developing technology systems that enable business processes, and ensuring infrastructure supports the organisation effectively.
Legal, regulatory and intellectual property	Complying with laws and regulations, and their application. Managing litigation, governmental investigations, sanctions, contractual terms and conditions and adapting to their changes while preserving shareholder value, business integrity and reputation.
Inorganic growth	Identifying, accurately pricing and realising expected benefits from acquisitions or divestments, licensing, or other business development activities.
Active pharmaceutical ingredient (API) and third-party risk management	Maintaining availability of supply, quality and competitiveness of API purchases and ensuring proper understanding and control of third-party risks.
Crisis and continuity management	Developing, maintaining and adapting capabilities and processes to anticipate, prepare for, respond and adapt to sudden disruptions and gradual change, including natural catastrophe, economic turmoil, cyber events, operational issues, pandemic, political crisis, and regulatory intervention.
Product quality and safety	Maintaining compliance with current Good Practices for Manufacturing (cGMP), Laboratory (cGLP), Compounding (cGCP), Distribution (cGDP) and Pharmacovigilance (cGVP) by staff, and ensuring compliance is maintained by all relevant third parties involved in these processes.
Financial control and	Effectively managing income, expenditure, assets and liabilities, liquidity,

reporting	exchange rates, tax uncertainty, debtor and associated activities, and in reporting accurately, in a timely manner and in compliance with statutory requirements and accounting standards.

[1] Throughout this document, H1 2023 refers to the six months ended 30 June 2023 and H1 2022 refers to the six months ended 30 June 2022

2 Constant currency numbers in H1 2023 represent reported H1 2023 numbers translated using H1 2022 exchange rates, excluding price increases in the business resulting from the devaluation of currencies and excluding the impact from hyperinflation accounting. Sudan is considered a hyperinflationary economy, therefore the spot exchange rate as at 30 June 2023 was used to translate the results of this operation into US dollars

3 Core results throughout the document are presented to show the underlying performance of the Group, excluding exceptionals and other adjustments set out in Note 5. Core results are a non-IFRS measure and a reconciliation to reported IFRS measures is provided on page 15

4 Group net debt is calculated as Group total debt less Group total cash. Group net debt is a non-IFRS measure that includes long and short-term financial debts (Note 14), lease liabilities, net of cash and cash equivalents (Note 11). See page 16 for a reconciliation of Group net debt to reported IFRS figures

5 EBITDA is earnings before interest, tax, depreciation, amortisation, impairment of property, plant and equipment and intangible assets and other items. EBITDA is a non-IFRS measure. For the purposes of the leverage calculation, EBITDA is calculated for trailing twelve months ended 30 June 2023. See page 16 for a reconciliation to reported IFRS results and trailing twelve months EBITDA

6 IQVIA MAT May 2023, generic injectable volumes by eaches, excluding branded generics and Becton Dickinson

7 IQVIA MIDAS Pharma Index MAT May-2023. It does not include hospital or tender business

8 IQVIA MAT May 2023, non-injectable generic products only (Prasco and Gilead excluded from top 15)

9 Canada is now included in North America (previously in Europe and Rest of World). Canada's 2022 sales of $7 million have therefore been reclassified to North America

10 In H1 2023, exceptional items and other adjustments comprised a $21 million impairment charge related to product related intangibles and marketing rights and $30 million of impairment charges related to the halting of operations in Sudan. In H1 2022 comprised a $2 million impairment of product related intangible assets. Refer to Note 5 for further information

11 Canada is now included in North America (previously in Europe and Rest of World). Canada's 2022 sales of $7 million have therefore been reclassified to North America

[1]2 In H1 2023, exceptional items and other adjustments comprosed amortisation of intangible assets other than software of $23 million,$15 million impairment and cost charge related to halted operations in Sudan and an $8 million impairtment charge relating to product related intangibles. H1 2022 comprised amortisation of intangible assets other than software of $19 million and unwinding of acquisition related inventory step-up of $12 million. Refer to Note 5 for further information

[1]3 In H1 2023, excpetional items and other adjustments comprised amortisation of intangible assets other than software was $3 million,a $77 million impairment and cost charge related to halted operations in Sudan. In H1 2022, amortisation of intangible assets other than software was $4 million. Refer to Note 5 for further information

[1]4 In H1 2023, exceptional items and other adjustments comprised a $17 million impairment of product related intangibles and amortisation of intangible assets other than software, of $8 million. H1 2022 comprised a $2 million impairment of product related intangibles and amortisation of intangible assets other than software, of $20 million. Refer to Note 5 for further information

[1]5 New products submitted, approved and launched by country in H1 2023

[1]6 In H1 2023, exceptional items and other other adjustments comprised $2 million related to the unwinding of contingent consideration and other financial liability. H1 2022 comprised a $13 million income related to the remeasurement of contingent

consideration and other financial liability. H1 2022 comprised a $12 million income related to the remeasurement of contingent consideration and $2 million expense related to the unwinding of contingent consideration and other financial liability. Refer to Note 5 for further information

[1]7 Refer to Note 6 for futher information

[1]8 Core effective tax rate is calculated as core tax expense as a percentage of core profit before tax

[1]9 In H1 2023, exceptional items and other adjustments comprised $158 million of other adjustments included in operating profit and $5 million tax effect. In H1 2022, exceptional items and other adjustments comprised $47 million of other adjustments included in operating profit and $11 million tax effect. Refer to Note 5 for further information

20 See page 16 for a reconciliation of Group net debt to reported IFRS results

21 Trailing 12 months Group revenue is calculated as Group revenue for the 12 months ending 30 June 2023 which equates to $2,731 million. Trailing 12 months Group reproted cost of sales is calculated as Group reported cost of sales for the 12 months ending 30 June 2023 which equates to $1,389 million

Independent review report to Hikma Pharmaceuticals PLC
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hikma Pharmaceuticals PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results Press Release of Hikma Pharmaceuticals PLC for the 6 month period ended 30 June 2023 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting', International Accounting Standard 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed consolidated interim balance sheet as at 30 June 2023;
- the Condensed consolidated interim income statement and the Condensed consolidated interim statement of comprehensive income for the period then ended;
- the Condensed consolidated interim statement of changes in equity for the period then ended;
- the Condensed consolidated interim cash flow statement for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results Press Release of Hikma Pharmaceuticals PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and as issued by the International Accounting Standards Board (IASB) and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results Press Release and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as

described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results Press Release, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results Press Release in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results Press Release, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results Press Release based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
2 August 2023

Hikma Pharmaceuticals PLC
Condensed consolidated interim income statement

	Note	H1 2023 Core results $m (Unaudited)	H1 2023 Exceptional items and other adjustments (Note 5) $m (Unaudited)	H1 2023 Reported results $m (Unaudited)	H1 2022 Core results $m (Unaudited)	H1 2022 Exceptional items and other adjustments (Note 5) $m (Unaudited)	H1 2022 Reported results $m (Unaudited)
Revenue	3	1,427	-	1,427	1,213	-	1,213
Cost of sales		(694)	(18)	(712)	(590)	(12)	(602)
Gross profit/(loss)		**733**	**(18)**	**715**	**623**	**(12)**	**611**
Selling, general and administrative expenses		(260)	(44)	(304)	(256)	(43)	(299)
Net impairment loss on financial assets		(4)	(42)	(46)	(3)	-	(3)
Research and development expenses		(64)	-	(64)	(69)	-	(69)
Other operating expenses		(5)	(52)	(57)	(17)	(2)	(19)
Other operating income		1	-	1	18	-	18
Total operating (expenses)		**(332)**	**(138)**	**(470)**	**(327)**	**(45)**	**(372)**
Operating profit/(loss)	4	**401**	**(156)**	**245**	**296**	**(57)**	**239**
Finance income		3	-	3	1	12	13
Finance expense		(44)	(2)	(46)	(33)	(2)	(35)
(Loss) from investment at fair value through profit and loss (FVTPL)		-	-	-	(2)	-	(2)
Profit/(loss) before tax		**360**	**(158)**	**202**	**262**	**(47)**	**215**
Tax	6	(76)	5	(71)	(52)	11	(41)
Profit/(loss) for the half-year		**284**	**(153)**	**131**	**210**	**(36)**	**174**
Attributable to:							
Non-controlling interests		-	-	-	1	-	1
Equity holders of the parent		**284**	**(153)**	**131**	**209**	**(36)**	**173**
		284	**(153)**	**131**	**210**	**(36)**	**174**
Earnings per share (cents)							
Basic		128.5		59.3	92.1		76.2
Diluted		127.9		59.0	91.7		75.9

Hikma Pharmaceuticals PLC
Condensed consolidated interim statement of comprehensive income

	Note	H1 2023 Reported results $m (Unaudited)	H1 2022 Reported results $m (Unaudited)
Profit for the half-year		**131**	**174**
Other Comprehensive Income			
Items that may subsequently be reclassified to the consolidated income statement, net of tax:			
Currency translation and hyperinflation movement		-	(68)
Effect of change in fair value of hedging financial derivatives		-	(1)
Items that will not subsequently be reclassified to the consolidated income statement:			
Change in investments at fair value through other comprehensive income (FVTOCI)	8	(5)	(8)
Total other comprehensive income for the half-year		**(5)**	**(77)**
			97
Total comprehensive income for the half-year		**126**	
Attributable to:			
Non-controlling interests		-	(1)
			98
Equity holders of the parent		**126**	
			97
		126	

Hikma Pharmaceuticals PLC
Condensed consolidated interim balance sheet

	Note	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Non-current assets			
Goodwill		390	389
Other intangible assets		694	735
Property, plant and equipment		1,032	1,024
Right-of-use assets		55	57
Investment in joint ventures		10	10
Deferred tax assets		200	192
Financial and other non-current assets	8	62	65
		2,443	**2,472**
Current assets			
Inventories	9	859	776
Income tax receivable		25	32
Trade and other receivables	10	880	809
Cash and cash equivalents	11	272	270
Other current assets	12	140	110
Assets classified as held for distribution		-	2
		2,176	**1,999**
Total assets		**4,619**	**4,471**
Current liabilities			
Short-term financial debts	14	211	139
Lease liabilities		10	9
Trade and other payables		505	476
Income tax payable		73	73
Other provisions		30	32
Other current liabilities	13	386	348
		1,215	**1,077**
Net current assets		**961**	**922**
Non-current liabilities			
Long-term financial debts	14	1,032	1,074
Lease liabilities		59	61
Deferred tax liabilities		26	19
Other non-current liabilities	15	85	92
		1,202	**1,246**
Total liabilities		**2,417**	**2,323**
Net assets		**2,202**	**2,148**
Equity			
Share capital		40	40
Share premium		282	282
Other reserves		(279)	(265)
Translation reserve related to assets held for distribution		-	(14)
Retained earnings		2,146	2,092
Equity attributable to equity holders of the parent		**2,189**	**2,135**

Equity attributable to equity holders of the parent	**2,189**	**2,135**
Non-controlling interests	13	13
Total equity	**2,202**	**2,148**

The condensed consolidated interim financial information of Hikma Pharmaceuticals PLC for the six-month period ended 30 June 2023 was approved by the Board of Directors of the Company on 2 August 2023.

Said Darwazah
Executive Chairman and CEO

Mazen Darwazah
Executive Vice Chairman

Hikma Pharmaceuticals PLC
Condensed consolidated interim statement of changes in equity

	Note	Share capital $m	Share premium $m	Other reserves: Merger and revaluation reserves $m	Other reserves: Translation reserve $m	Other reserves: Capital redemption reserve $m	Other reserves: Total other reserves $m	Translation reserve related to assets held for distribution $m	Retained earnings $m	Equity attributable to equity shareholders of the parent $m	Non-controlling interests $m	Total equity $m
Balance at 31 December 2021 (audited) and 1 January 2022		**42**	**282**	164	(224)	-	**(60)**	**-**	**2,189**	**2,453**	**14**	**2,467**
Profit for the half-year		-	-	-	-	-	**-**	-	173	**173**	1	**174**
Change in the fair value of investments at FVTOCI		-	-	-	-	-	**-**	-	(8)	**(8)**	-	**(8)**
Effect of change in fair value of hedging financial derivatives		-	-	-	-	-	**-**	-	(1)	**(1)**	-	**(1)**
Currency translation and hyperinflation movement		-	-	-	(66)	-	**(66)**	-	-	**(66)**	(2)	**(68)**
Total comprehensive income for the half-year		**-**	**-**	**-**	**(66)**	**-**	**(66)**	**-**	**164**	**98**	**(1)**	**97**
Total transactions with owners, recognised directly in equity												
Transfer of merger reserve		-	-	(129)	-	-	**(129)**	-	129	**-**	-	**-**
Issue of Ordinary Bonus Share		1,746	-	-	-	-	**-**	-	(1,746)	**-**	-	**-**
Cancellation of Ordinary Bonus Share		(1,746)	-	-	-	-	**-**	-	1,746	**-**	-	**-**
Cost of equity-settled employee share scheme		-	-	-	-	-	**-**	-	10	**10**	-	**10**
Deferred tax arising on share based payments		-	-	-	-	-	**-**	-	1	**1**	-	**1**
Dividends paid	7	-	-	-	-	-	**-**	-	(83)	**(83)**	-	**(83)**
Ordinary Shares purchased and cancelled		(1)	-	-	-	1	**1**	-	(300)	**(300)**	-	**(300)**
Shares buyback transaction cost		-	-	-	-	-	**-**	-	(3)	**(3)**	-	**(3)**
Other comprehensive income accumulated in equity related to assets held for distribution		-	-	-	14	-	**14**	(14)	-	**-**	-	**-**
Acquisition of subsidiaries		-	-	-	-	-	**-**	-	-	**-**	2	**2**
Balance at 30 June 2022 (unaudited)		**41**	**282**	**35**	**(276)**	**1**	**(240)**	**(14)**	**2,107**	**2,176**	**15**	**2,191**
Balance at 31 December 2022 (audited) and 1 January 2023		**40**	**282**	35	(302)	2	**(265)**	**(14)**	**2,092**	**2,135**	**13**	**2,148**
Profit for the half-year		-	-	-	-	-	**-**	-	131	**131**	-	**131**
Change in the fair value of investments at FVTOCI		-	-	-	-	-	**-**	-	(5)	**(5)**	-	**(5)**
Total comprehensive income for the half-year		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**126**	**126**	**-**	**126**
Total transactions with owners, recognised directly in equity												
Cost of equity-settled employee share scheme		-	-	-	-	-	**-**	-	10	**10**	-	**10**
Dividends paid	7	-	-	-	-	-	**-**	-	(82)	**(82)**	-	**(82)**
Other comprehensive income accumulated in equity related to assets no longer held for distribution[1]		-	-	-	(14)	-	**(14)**	14	-	**-**	-	**-**
Balance at 30 June 2023 (unaudited)		**40**	**282**	**35**	**(316)**	**2**	**(279)**	**-**	**2,146**	**2,189**	**13**	**2,202**

1. Translation reserve related to assets held for distribution was reclassified to other reserves as the liquidation of Pharma Ixir Co. Ltd, one of the subsidiaries in Sudan, is no longer expected to be completed within twelve months because of the ongoing conflict in the country.

Hikma Pharmaceuticals PLC
Condensed consolidated interim cash flow statement

	Note	H1 2023 $m (Unaudited)	H1 2022 $m (Unaudited)
Cash flows from operating activities			
Cash generated from operations	16	**288**	**213**
Income taxes paid		(67)	(44)
Income taxes received		1	-
Net cash inflow from operating activities		**222**	**169**
Cash flow from investing activities			
Purchases of property, plant and equipment		(84)	(63)
Purchase of intangible assets		(23)	(56)
Proceeds from disposal of intangible assets		-	6
Addition of investments at FVTOCI		(5)	(14)
Proceeds from disposal of investment at FVTOCI		1	-
Acquisition of subsidiary undertakings net of cash acquired		-	(373)
Advance payment related to acquisition		(10)	-
Acquisition related amounts held in escrow account		-	(4)
Payments of contingent consideration liability		(1)	(3)
Interest income received		3	1
Net cash outflow from investing activities		**(119)**	**(506)**

Cash flow from financing activities			
Proceeds from issue of long-term financial debts		537	950
Repayment of long-term financial debts		(546)	(254)
Proceeds from short-term borrowings		281	183
Repayment of short-term borrowings		(243)	(165)
Repayment of lease liabilities		(5)	(4)
Dividends paid	7	(82)	(83)
Interest and bank charges paid		(39)	(27)
Revolving credit facility upfront fees paid		-	(5)
Share buyback		-	(300)
Share buyback transaction cost		-	(3)
Payment to co-development and earnout payment agreement		(1)	(1)
Net cash (outflow)/inflow from financing activities		**(98)**	**291**
Net increase/(decrease) in cash and cash equivalents		**5**	**(46)**
Cash and cash equivalents at beginning of the half-year		**270**	**426**
Foreign exchange translation movements		(3)	(9)
Cash and cash equivalents at end of the half-year	11	**272**	**371**

Hikma Pharmaceuticals PLC
Notes to the condensed consolidated interim financial statements

1. General information

Hikma Pharmaceuticals PLC is a public limited liability company incorporated and domiciled in England and Wales under the Companies Act 2006. The registered office address is 1 New Burlington Place, London W1S 2HR, UK.

The Group's principal activities are the development, manufacturing, marketing and selling of a broad range of generic, branded and in-licensed pharmaceuticals products in solid, semi-solid, liquid and injectable final dosage forms.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial statements (financial statements) for the six months ended 30 June 2023 have been prepared on a going concern basis in accordance with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' (IAS 34), IAS 34 as issued by the International Accounting Standards Board (IASB), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2022, which has been prepared in accordance with:

i) UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards
ii) IFRS as issued by the International Accounting Standards Board (IASB)

The financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for 2022 has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006. These interim financial statements have been reviewed, not audited.

The currency used in the presentation of the accompanying financial statements is the US dollar ($) as most of the Group's business is conducted in US dollars.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022 and the adoption of the new and amended standards set out below, with the exception of changes in estimates that are required in determining the provision for income taxes in accordance with IAS 34 at 30 June 2023.

New standards, interpretations and amendments

The following revised Standards and Interpretations have been issued and are effective for annual periods beginning on 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Basis of preparation and accounting policies continued

New standards, interpretations and amendments continued

IFRS 17 (New Standard)	Insurance Contracts (including the June 2020 amendments to IFRS 17)
IAS 1 (Amendments)	Presentation of Financial Statements - Classification of liabilities as current

	or non-current
IAS 1 and IFRS Practice Statement 2 (Amendments)	Presentation of Financial Statements - Disclosure of Accounting Policies
IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
IAS 12 (Amendments)	Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

These standards and amendments had no significant impact on the interim financial statements of the Group but may impact the accounting for future transactions and arrangements.

Going concern

The Directors have considered the going concern position of the Group at 30 June 2023. The Directors believe that the Group is well diversified due to its geographic spread, product diversity and large customer and supplier base. The Group's business activity, together with the factors likely to affect its future development, performance and position are set out in this Interim Results Press Release. The Interim Results Press Release also includes a summary of the financial position, cash flow and borrowing facilities.

At 30 June 2023 the Group had undrawn long term committed banking facilities of $1,300 million. The Group's total debt at 30 June 2023 was $1,312 million while the Group's cash and cash equivalents at 30 June 2023 was $272 million making the net debt $1,040 million. The Group's net debt to trailing core EBITDA of $798 million ratio was 1.3x at 30 June 2023 (31 December 2022: 1.5x). Taking into account the Group's current position and its principal risks for a period of at least 12 months from the date of this results announcement , a going concern assessment has been prepared using realistic scenarios, and applying a severe but plausible downside considering the principal risks facing the business including delays to the pipeline, lower sales of newly launched products, increased price erosion impacting existing products, increased inflationary risks, and disruption in certain MENA markets. This assessment demonstrated sufficient liquidity headroom.. Therefore, the Directors believe that the Group is adequately placed to manage its business and financing risks successfully, despite the current uncertain economic and political outlook. Having reassessed the principal risks, the Directors have concluded it is appropriate to adopt the going concern basis of accounting in preparing the interim financial information and there is no material uncertainty requiring disclosure in this regard.

Financial covenants are suspended while the Group retains its investment grade status from two rating agencies[1]. Nevertheless, the covenants are monitored and the Group was in compliance on 30 June 2023 and expects to remain in compliance with those covenants in the period to 31 December 2024 even in the event of severe but plausible downside scenarios. As of 30 June 2023, the Group's investment grade rating was affirmed by S&P and Fitch.

1. Rating agencies: means each of Fitch, Moody's and S&P or any of their affiliates or successors

3. Revenue from contracts with customers

Business and geographical markets

The following table provides an analysis of the Group's sales by segment and geographical market, irrespective of the origin of the goods/services:

H1 2023 (unaudited)	Injectables $m	Generics $m	Branded $m	Others $m	Total $m
North America	388	460	-	-	848
Middle East and North Africa	94	-	370	4	468
Europe and Rest of the World	98	-	5	3	106
United Kingdom	5	-	-	-	5
	585	**460**	**375**	**7**	**1,427**

H1 2022 (unaudited)	Injectables $m	Generics $m	Branded $m	Others $m	Total $m
North America[1]	368	330	-	-	698
Middle East and North Africa	76	-	335	3	414
Europe and Rest of the World[1]	90	-	4	3	97
United Kingdom	4	-	-	-	4
	538	**330**	**339**	**6**	**1,213**

1. Canada is now included in North America (previously in Europe and Rest of World). Canada's 2022 sales of $7 million have therefore been reclassified to North America.

The top selling markets are shown below:

	H1 2023 $m (Unaudited)	H1 2022 $m (Unaudited)

United States	837	691
Saudi Arabia	146	115
Algeria	111	70
Egypt	43	65
	1,137	**941**

In H1 2023, revenue arising from the Generics and Injectables segments included sales the Group made to two wholesalers in the US, each accounting for equal to or greater than 10% of the Group's revenue: $187 million (13% of Group revenue) and $175 million (12% of Group revenue). In H1 2022, revenue included sales made to two wholesalers $167 million (14% of Group revenue) and $158 million (13% of Group revenue).

4. Business segments

For management reporting purposes, the Group is organised into three principal operating divisions - Injectables, Generics and Branded. These divisions are the basis on which the Group reports its segmental information.

Core operating profit/(loss), defined as 'segment result', is the principal measure used in the decision-making and resource allocation process of the chief operating decision maker, who is the Group's Chief Executive Officer.

4. Business segments continued

Information regarding the Group's operating segments is reported below:

Injectables	**H1 2023 Core results $m (Unaudited)**	**H1 2023 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2023 Reported results $m (Unaudited)**	**H1 2022 Core results $m (Unaudited)**	**H1 2022 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2022 Reported results $m (Unaudited)**
Revenue	585	-	585	538	-	538
Cost of sales	(263)	(3)	(266)	(229)	(12)	(241)
Gross profit/(loss)	**322**	**(3)**	**319**	**309**	**(12)**	**297**
Total operating expenses	(108)	(43)	(151)	(100)	(19)	(119)
Segment result	**214**	**(46)**	**168**	**209**	**(31)**	**178**

Generics	**H1 2023 Core results $m (Unaudited)**	**H1 2023 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2023 Reported results $m (Unaudited)**	**H1 2022 Core results $m (Unaudited)**	**H1 2022 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2022 Reported results $m (Unaudited)**
Revenue	460	-	460	330	-	330
Cost of sales	(251)	-	(251)	(193)	-	(193)
Gross profit	**209**	-	**209**	**137**	-	**137**
Total operating expenses	(87)	(25)	(112)	(79)	(22)	(101)
Segment result	**122**	**(25)**	**97**	**58**	**(22)**	**36**

Branded	**H1 2023 Core results $m (Unaudited)**	**H1 2023 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2023 Reported results $m (Unaudited)**	**H1 2022 Core results $m (Unaudited)**	**H1 2022 Exceptional items and other adjustments (note 5) $m (Unaudited)**	**H1 2022 Reported results $m (Unaudited)**
Revenue	375	-	375	339	-	339
Cost of sales	(176)	(15)	(191)	(165)	-	(165)
Gross profit/(loss)	**199**	**(15)**	**184**	**174**	-	**174**
Total operating expenses	(95)	(65)	(160)	(100)	(4)	(104)
Segment result	**104**	**(80)**	**24**	**74**	**(4)**	**70**

Others[1]	**H1 2023 Core**	**H1 2023 Exceptional items and other adjustments**	**H1 2023 Reported**	**H1 2022 Core**	**H1 2022 Exceptional items and other adjustments**	**H1 2022 Reported**

	Results $m (Unaudited)	(note 5) $m (Unaudited)	Results $m (Unaudited)	Results $m (Unaudited)	(note 5) $m (Unaudited)	Results $m (Unaudited)
Revenue	7	-	7	6	-	6
Cost of sales	(4)	-	(4)	(3)	-	(3)
Gross profit	**3**	-	**3**	**3**	-	**3**
Total operating expenses	(1)	-	(1)	(1)	-	(1)
Segment result	**2**	-	**2**	**2**	**-**	**2**

1. Others mainly comprises Arab Medical Containers LLC and International Pharmaceutical Research Center LLC.

4. Business segments continued

Group	H1 2023 Core results $m (Unaudited)	H1 2023 Exceptional items and other adjustments (note 5) $m (Unaudited)	H1 2023 Reported results $m (Unaudited)	H1 2022 Core results $m (Unaudited)	H1 2022 Exceptional items and other adjustments (note 5) $m (Unaudited)	H1 2022 Reported results $m (Unaudited)
Segment result	442	(151)	291	343	(57)	286
Unallocated expenses[1]	(41)	(5)	(46)	(47)	-	(47)
Operating profit/(loss)	**401**	**(156)**	**245**	**296**	**(57)**	**239**
Finance income	3	-	3	1	12	13
Finance expense	(44)	(2)	(46)	(33)	(2)	(35)
Loss from investment at FVTPL	-	-	-	(2)	-	(2)
Profit/(loss) before tax	**360**	**(158)**	**202**	**262**	**(47)**	**215**
Tax	(76)	5	(71)	(52)	11	(41)
Profit/(loss) for the half-year	**284**	**(153)**	**131**	**210**	**(36)**	**174**
Attributable to:						
Non-controlling interests	-	-	-	1	-	1
Equity holders of the parent	284	(153)	131	209	(36)	173
	284	**(153)**	**131**	**210**	**(36)**	**174**

1. Unallocated corporate expenses mainly comprise employee costs, third-party professional fees, IT, and travel expenses.

5. Exceptional items and other adjustments

Exceptional items and other adjustments are disclosed separately in the condensed consolidated income statement to assist in the understanding of the Group's core performance.

H1 2023		Injectables $m	Generics $m	Branded $m	Unallocated $m	Total $m
Exceptional items and other adjustments						
Impairment and cost in relation to halted operations in Sudan	-[2]	(15)	-	(77)	-	(92)
Intangible assets amortisation other than software	SG&A	(23)	(17)	(3)	-	(43)
Impairment charges	Other operating expenses	(8)	(8)	-	(5)	(21)
Unwinding of contingent consideration and other financial liability	Finance expense	-	-	-	(2)	(2)
Exceptional items and other adjustments included in profit before tax		**(46)**	**(25)**	**(80)**	**(7)**	**(158)**
Tax effect	Tax					5
Impact on profit for the half-year						**(153)**

2. The impact on the income statement line items is shown below.

- Impairment and costs in relation to halted operations in Sudan: In April 2023, violent conflict erupted in the Sudanese capital of Khartoum. The conflict has since been escalating in other areas of the country. The Group has evaluated the effect on the carrying values of the Group's assets, and as a consequence, a loss of $90m was recognised to reflect the fall in the recoverable amount of the assets listed below. A further $2 million of employee benefits and other expenses from the halted operations have been classified as exceptional items.

		Injectables $m	Generics $m	Branded $m	Unallocated $m	Total $m
Provision against inventory	Cost of sales	(3)	-	(15)	-	(18)
Impairment charge on financial assets	Net impairment loss on financial assets	(12)	-	(30)	-	(42)
Impairment charge on intangible assets	Other operating expenses	-	-	(3)	-	(3)
Impairment charge on property, plant and equipment	Other operating expenses	-	-	(25)	-	(25)
Impairment charge on other current assets	Other operating expenses	-	-	(2)	-	(2)
Cost from halted operations in Sudan	SG&A	-	-	(1)	-	(1)
Cost from halted operations in Sudan	Other operating expenses	-	-	(1)	-	(1)
		(15)	**-**	**(77)**	**-**	**(92)**

- Intangible assets amortisation other than software of $43 million.
- Impairment charges: mainly comprise $14 million in relation to product related intangible assets and marketing rights as a result of the decline in performance and forecasted profitability as well as the termination of a business development contract, in addition to $5 million related to software.
- Unwinding of contingent consideration and other financial liability finance expense represents the unwinding of contingent consideration recognised through business combinations and the financial liability in relation to the co-development earnout payment agreement.

The tax effect represents the tax effect on pre-tax exceptional items and other adjustments which is calculated based on the applicable tax rate in each jurisdiction.

H1 2022		Injectables $m	Generics $m	Branded $m	Unallocated $m	Total $m
Exceptional items and other adjustments						
Unwinding of acquisition related inventory step-up	Cost of sales	(12)	-	-	-	(12)
Impairment of product related intangible assets	Other operating expenses	-	(2)	-	-	(2)
Intangible assets amortisation other than software	SG&A	(19)	(20)	(4)	-	(43)
Remeasurement of contingent consideration	Finance income	-	-	-	12	12
Unwinding of contingent consideration and other financial liability	Finance expense	-	-	-	(2)	(2)
Exceptional items and other adjustments included in profit before tax		**(31)**	**(22)**	**(4)**	**10**	**(47)**
Tax effect	Tax					11
Impact on profit for the half-year						**(36)**

- Unwinding of acquisition related inventory step-up reflected the unwinding of the fair value uplift of the inventory acquired as part of Custopharm Topco Holdings, Inc. business combination and Teligent Inc. assets acquisition ($10 million and $2 million, respectively).
- Impairment of product related intangible assets of $2 million related to impairment charge of specific product related intangible assets due to discontinuation.
- Intangible assets amortisation other than software of $43 million.
- Remeasurement of contingent consideration finance income represented the income resulting from the valuation of the liabilities associated with the future contingent payments in respect of contingent consideration recognised through business combinations.
- Unwinding of contingent consideration and other financial liability finance expense represented the unwinding and the valuation of the liabilities associated with the future contingent payments in respect of contingent consideration recognised through business combinations and the financial liability related to the co-development earnout payment agreement.

The tax effect represented the tax effect on pre-tax exceptional items and other adjustments which is calculated based on the applicable tax rate in each jurisdiction.

6. Tax

The Group incurred a tax expense of $71 million (H1 2022: $41 million). The reported effective tax rate for H1 2023 is 35.1% (H1 2022: 19.1%), representing the best estimate of the average annual effective tax rate expected for the full year on a legal entity basis, applied to the pre-tax income for H1 2023 and adjusted for the tax effect of any discrete items recorded in the same period.

The reported effective tax rate for the Group is higher than the same period of last year primarily as a result of the impairment charge in relation to the situation in Sudan. This is in addition to the difference in earnings mix of H1 2023 compared to the prior period.

The application of tax law and practice is subject to some uncertainty and amounts are provided where the likelihood of a cash outflow is probable.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15% (Pillar Two). The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group is continuing to assess the potential impact, and has applied the exception under IAS 12 to the accounting for deferred taxes related to Pillar Two.

7. Dividends

	H1 2023 $m (Unaudited)	H1 2022 $m (Unaudited)
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2022 of 37 cents (2021: 36 cents) per share	82	83

	82	**83**

The proposed interim dividend for the H1 2023 is 25 cents (H1 2022: 19 cents) per share.

The proposed interim dividend will be paid on 15 September 2023 to eligible shareholders on the register at the close of business on 11 August 2023 and has not been included as a liability in these condensed consolidated interim financial statements.

Based on the number of shares in issue at 30 June 2023 of 220,988,500 the total proposed interim dividends amount is $55 million.

8. Financial and other non-current assets

	30 June 2023 $m (Unaudited)	**31 December 2022 $m (Audited)**
Investments at FVTOCI	41	42
Other non-current assets	21	23
	62	**65**

Investments at FVTOCI include investments through the Group's venture capital arm, Hikma International Ventures and Development LLC and Hikma Ventures Limited, which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category.

During the period, the venture arm sold one of its investments, invested in two new ventures and increased investment in two existing ones.

The total portfolio as at 30 June 2023 includes two investments in listed companies with a readily determinable fair value that falls under level 1 valuation (Note 17). Their values are measured based on quoted prices in active markets. The other investments are unlisted shares without readily determinable fair values that fall under level 3 valuation (Note 17), their fair value is measured based on observable price changes in orderly transactions for an identical or a similar investment of the same issuer.

During the period, total change in fair value was a net loss of $5 million (H1 2022: net loss of $8 million) recognised in other comprehensive income.

Other non-current assets balance at 30 June 2023 and 31 December 2022 mainly represent long term receivables, a sublease arrangement in US and upfront fees on a syndicated revolving credit facility

9. Inventories

	30 June 2023 $m (Unaudited)	**31 December 2022 $m (Audited)**
Finished goods	287	284
Work-in-progress	130	103
Raw and packing materials	479	412
Goods in transit	25	25
Spare parts	46	42
Provision against inventory[1]	(108)	(90)
	859	**776**

1. The cost of inventory related provision recognised as an expense in the cost of sales in the condensed consolidated income statement was $41 million (H1 2022: $28 million).

The increase in the provision against inventory is mainly driven by the provision related to Sudan (Note 5).

10. Trade and other receivables

	30 June 2023 $m (Unaudited)	**31 December 2022 $m (Audited)**

Gross trade receivables	1,264	1,128
Chargebacks and other allowances	(321)	(298)
Related allowance for expected credit loss	(97)	(53)
Net trade receivables	**846**	**777**
VAT and sales tax recoverable	34	32
Net trade and other receivables	**880**	**809**

The fair value of receivables is estimated to be not significantly different from the respective carrying amounts.

The increase in the related allowance for expected credit loss is mainly driven by the impairment of trade and other receivables related to Sudan (Note 5).

11. Cash and cash equivalents

	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Cash at banks and on hand	113	159
Time deposits	159	110
Money market deposits	-	1
	272	**270**

Cash and cash equivalents include highly liquid investments with maturities of three months or less which are convertible to known amounts of cash and are subject to insignificant risk of changes in value.

12. Other current assets

	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Prepayments	85	74
Investment at FVTPL	22	22
Others	33	14
	140	**110**

Investments at FVTPL comprise a portfolio of debt instruments that are managed by an asset manager and are measured at fair value; any changes in fair value are recognised in the condensed consolidated income statement. These assets are classified as level 1 as they are based on quoted prices in active markets (Note 17).

Others balance at 30 June 2023 mainly represents compensation due from suppliers in relation to inventory price adjustments of $15 million (31 December 2022: $8 million) and advance payment related to an acquisition (note 20) of $10 million (31 December 2022: nil).

13. Other current liabilities

	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Contract and refund liabilities	192	193
Co-development and earnout payment (Note 15 and 17)	2	2
Acquired contingent liability (Note 15)	8	7
Contingent consideration (Note 15 and 17)	26	24
Indirect rebate and other allowances	137	101
Others	21	21
	386	**348**

Contract and refund liabilities: the Group allows customers to return products within a specified period prior to and subsequent to the expiration date. In addition, free goods are issued to customers as sale incentives, reimbursement of agreed upon expenses incurred by the customer or as compensation for expired or returned goods.

Indirect rebates and other allowances: mainly represent rebates granted to healthcare authorities and other parties under contractual arrangements with certain indirect customers.

14. Financial debts

Short-term financial debts

	30 June 2023 $m	31 December 2022 $m

	$m (Unaudited)	$m (Audited)
Bank overdrafts	6	11
Import and export financing[1]	106	62
Short-term loans	1	2
Current portion of long-term loans	98	64
	211	**139**

1. Import and export financing represents short-term financing for the ordinary trading activities of the Group.

Long-term financial debts

	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Long-term loans	634	644
Long-term borrowings (Eurobond)	496	494
Less: current portion of long-term loans	(98)	(64)
Long-term financial loans	**1,032**	**1,074**
Breakdown by maturity:		
Within one year	98	64
In the second year	94	65
In the third year	581	553
In the fourth year	79	52
In the fifth year	276	401
In the sixth year	2	1
Thereafter	-	2
	1,130	**1,138**

The loans are held at amortised cost.

14. Financial debts continued

Major loan arrangements include:

a) $1,150 million syndicated revolving credit facility that matures on 04 January 2028 with an extension option of one year. At 30 June 2023, the facility had an outstanding balance of $85 million (31 December 2022: $278 million) and an unutilised amount of $1,065 million (31 December 2022: $872 million). The facility can be used for general corporate purposes.

b) $96 million outstanding balance at 30 June 2023 (31 December 2022: $108 million) with a fair value of $88 million (31 December 2022: $98 million) related to a ten-year $150 million loan from the International Finance Corporation that has been fully utilised since April 2020. Quarterly equal repayments of the loan commenced on 15 March 2021. The loan was used for general corporate purposes. The facility matures on 15 December 2027.

c) A $500 million (carrying value of $496 million at 30 June 2023 (31 December 2022: $494 million) and fair value of $474 million (31 December 2022: $466 million)) 3.25%, five-year Eurobond was issued on 9 July 2020 with a rating of BBB- (S&P & Fitch) which is due in July 2025. The proceeds of the issuance were used for general corporate purposes.

d) An eight-year $200 million loan facility from the International Finance Corporation and Managed Co-lending Portfolio program. There was no utilisation of the loan as of June 2023 (31 December 2022: no utilisation). The facility matures on 15 September 2028 and can be used for general corporate purposes.

e) A five-year $400 million syndicated loan facility entered into on 13 October 2022. The outstanding balance at 30 June 2023 is $392 million (31 December 2022: $190 million) with a fair value of $392 million (31 December 2022: $190 million). The facility matures on 13 October 2028 and was used for general corporate purposes.

15. Other non-current liabilities

	30 June 2023 $m (Unaudited)	31 December 2022 $m (Audited)
Contingent consideration (Note 13 and 17)	16	18
Acquired contingent liability (Note 13)	63	69
Co-development and earnout payment (Note 13 and 17)	1	1
Others	5	4
	85	**92**

Contingent consideration and acquired contingent liabilities represent contractual liabilities to make payments to third parties in the form of milestone payments that depend on the achievement of certain US FDA approval milestones; and payments based on future sales of certain products. These liabilities were recognised as part of the Columbus business acquisition in 2016. The current portion of these liabilities are recognised in other current liabilities (Note 13).

16. Cash generated from operating activities

	H1 2023 $m (Unaudited)	H1 2022 $m (Unaudited)
Profit before tax	202	215
Adjustments for depreciation, amortisation, net impairment charges/reversals and write-down of:		
Property, plant and equipment	68	39
Intangible assets	69	51
Right-of-use of assets	5	5
Unwinding of acquisition related inventory step-up	-	12
Loss from investments at FVPTL	-	2
Gains on disposal of intangible assets	-	(6)
Cost of equity-settled employee share scheme	10	10
Finance income	(3)	(13)
Finance expense	46	35
Foreign exchange loss and net monetary hyperinflation impact	6	8
Changes in working capital:		
Change in trade and other receivables	(75)	(7)
Change in other current assets	(20)	(25)
Change in inventories	(86)	(78)
Change in trade and other payables	32	(19)
Change in other current liabilities	37	(16)
Change in other provision	(1)	-
Change in other non-current liabilities	(5)	-
Change in other non-current assets	3	-
Cash flow from operating activities	**288**	**213**

17. Fair value of financial assets and liabilities

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following financial assets/liabilities are presented at their carrying values which approximates to their fair value:

- Cash at bank and on hand and time deposit - due to the short-term maturities of these financial instruments and given that generally they have negligible credit risk, management considers the carrying amounts to be not significantly different from their fair values
- Receivables and payables - the fair values of receivables and payables are estimated to not be significantly different from the respective carrying amounts
- Short-term loans and overdrafts approximate to their fair value because of the short maturity of these instruments
- Long-term loans - loans with variable rates are re-priced in response to any changes in market rates and so management considers their carrying values to be not significantly different from their fair values

17. Fair value of financial assets and liabilities continued

Loans with fixed rates relate mainly to:

- $500 million (carrying value at 30 June 2023 of $496 million, and fair value at 30 June 2023 of $474 million) Eurobond accounted for at amortised cost. The fair value is determined with reference to a quoted price in an active market as at the balance sheet date (a level 1 fair value)
- A ten-year $150 million loan from the International Finance Corporation with outstanding balance of $96 million (fair value at 30 June 2023 of $88 million). Fair value is estimated by discounting future cash flows using the

(fair value at 30 June 2023 of $60 million). Fair value is estimated by discounting future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities of such loans (a level 2 fair value)

Management classifies items that are recognised at fair value based on the level of the inputs used in their fair value determination as described below:

- **Level 1**: Quoted prices in active markets for identical assets or liabilities
- **Level 2**: Inputs that are observable for the asset or liability
- **Level 3**: Inputs that are not based on observable market data

The following financial assets/liabilities are presented at their fair value:

Fair value measurements At 30 June 2023 (unaudited)	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments at FVTPL (Note 12)	22	-	-	**22**
Investments in listed companies at FVTOCI (Note 8)	4	-	-	**4**
Investments in unlisted shares at FVTOCI (Note 8)	-	-	37	**37**
Total financial assets	**26**	-	**37**	**63**
Financial Liabilities				
Co-development and earnout payment liabilities (Note 13 and 15)	-	-	3	**3**
Contingent consideration liability (Note 13 and 15)	-	-	42	**42**
Total financial liabilities	-	-	**45**	**45**

Fair value measurements At 31 December 2022 (audited)	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments at FVTPL (Note 12)	22	-	-	**22**
Money market deposit (Note 11)	1	-	-	**1**
Investments in listed companies at FVTOCI (Note 8)	4	-	-	**4**
Investments in unlisted shares at FVTOCI (Note 8)	-	-	38	**38**
Total financial assets	**27**	**-**	**38**	**65**
Financial Liabilities				
Co-development and earnout payment liabilities (Note 13 and 15)	-	-	3	**3**
Contingent consideration liability (Note 13 and 15)	-	-	42	**42**
Total financial liabilities	**-**	**-**	**45**	**45**

The following table presents the changes in Level 3 items for H1 2023, and the year ended 31 December 2022:

17. Fair value of financial assets and liabilities continued

	Financial asset $m	Financial liability $m
Balance at 1 January 2022 (audited)	22	74
Settled	-	(7)
Remeasurement of contingent consideration and other financial liability recognised in finance income	-	(26)
Unwinding of contingent consideration and other financial liability recognised in finance expense	-	4
Change in fair value of investments in unlisted shares at FVTOCI	1	-
Additions	15	-
Balance at 31 December 2022 and 1 January 2023 (audited)	**38**	**45**
Settled	-	(2)
Unwinding of contingent consideration and other financial liability recognised in finance expense	-	2
Change in fair value of investments in unlisted shares at FVTOCI	(4)	-
Additions	5	-
Sale of investment in unlisted share at FVTOCI	(2)	-
Balance at 30 June 2023 (unaudited)	**37**	**45**

Investments in unlisted shares at FVTOCI represent investments made through the Group's venture capital arm and are measured at cost minus any impairment and adjusted for observable price changes in orderly transactions for the identical or a similar investment of the same issuer under level 3 valuation.

Contingent consideration liability represents contractual liability to make payments to third parties in the form of milestone payments that depend on the achievement of certain US FDA approval milestones; and payments based on future sales of certain products. These liabilities were recognised as part of the Columbus business acquisition in 2016.

18. Related party balances and transactions

No significant transactions between the Group and its associates and other related parties were

undertaken during the half-year. Any transactions between the Company and its subsidiaries have been eliminated on consolidation.

19. Contingent liabilities

Guarantees and letters of credit

A contingent liability existed at the balance sheet date in respect of external guarantees and letters of credit totalling $63 million (31 December 2022: $55 million) arising in the normal course of business. No provision for these liabilities has been made in these financial statements.

A contingent liability existed at the balance sheet date for a potential stamp duty obligation of $14 million (31 December 2022: $14 million) that may arise for a repayment of a loan by intercompany guarantors. It is not probable that the repayment will be made by the intercompany guarantors.

19. Contingent liabilities continued

Legal proceedings

The Group is involved in a number of legal proceedings in the ordinary course of its business, including actual or threatened litigation and actual or potential government investigations relating to employment matters, product liability, commercial disputes, pricing, sales and marketing practices, infringement of IP rights, the validity of certain patents and competition laws.

Most of the claims involve highly complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of a loss, if any, being sustained and/or an estimate of the amount of any loss is difficult to ascertain. It is the Group's policy to provide for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

- Starting in 2016, several complaints have been filed in the United States on behalf of putative classes of direct and indirect purchasers of generic drug products, as well as several individual direct purchasers opt-out plaintiffs. These complaints, which allege that the defendants engaged in conspiracies to fix, increase, maintain and/or stabilise the prices of the generic drug products named, have been brought against certain Group entities and various other defendants. The plaintiffs generally seek damages and injunctive relief under federal antitrust law and damages under various state laws. The Group denies having engaged in conduct that would give rise to liability with respect to these civil

  suits and is vigorously pursuing defence of these cases. At this point, the Group does not believe sufficient evidence exists to make any provision.

- Starting in June 2020, several complaints have been filed in the United States on behalf of both individual plaintiffs and putative classes of direct and indirect purchasers of Xyrem® against certain Group entities and other defendants. Currently twelve such cases are assigned to multi-district litigation in the Northern District of California. These complaints allege that Jazz Pharmaceuticals PLC and its subsidiaries entered into unlawful reverse payment agreements with each of the defendants, including Hikma, in settling patent infringement litigation over Xyrem®. The plaintiffs in these lawsuits seek treble damages and a permanent injunction. The Group denies having engaged in conduct that would give rise to liability with respect to these lawsuits and is vigorously pursuing defence of these cases. At this point, the Group does not believe sufficient evidence exists to make any provision.

19. Contingent liabilities continued

- Numerous complaints have been filed against certain Group entities with respect to the manufacture of opioid products. Those complaints now total approximately 903 in number. These types of lawsuits have been filed against distributors, branded pharmaceuticals manufacturers, pharmacies, hospitals, generic pharmaceuticals manufacturers, individuals, and other defendants by a number of cities, counties, states, other governmental agencies and private plaintiffs in both state and federal courts. Seven cases have been filed in Canadian courts; two of these were settled or tentatively settled for a total of less than $0.2 million and five remain. Most of the federal cases have been consolidated into a multidistrict litigation (MDL) in the Northern District of Ohio. These cases assert in general that the defendants allegedly engaged in improper marketing and distribution of opioids and that defendants failed to develop and implement systems sufficient to identify suspicious orders of opioid products and prevent the abuse and diversion of such products. Plaintiffs seek a variety of remedies, including restitution, civil penalties, disgorgement of profits, treble damages, attorneys' fees and injunctive relief. From time to time, we also receive subpoenas or requests for information from government entities seeking information related to Hikma's sale, distribution, or manufacture of opioid products. The Group denies having engaged in conduct that would give rise to liability with respect to these civil suits and is vigorously pursuing defence of these cases. Hikma has also agreed to enter into mediation with representatives of the Plaintiffs' Executive Committee in the federal MDL. A group of state Attorneys General may join that mediation. At this point, other than the amounts described above the Group does not believe sufficient evidence exists to make any provision.

- In November 2020, Amarin Pharmaceuticals filed a patent infringement lawsuit against certain Group entities in the United States District Court for the District of Delaware (No. 20-cv-1630) alleging that Hikma's sales and distribution of its generic icosapent ethyl product infringes three Amarin patents that describe certain methods of using icosapent ethyl. Amarin sought an injunction barring Hikma from selling its generic product as well as unspecified damages. Hikma's product is not approved for the patented methods but rather is approved only for a different indication not covered by any valid patents. In January 2022 the court dismissed the lawsuit, and Amarin has appealed the court's ruling. The Group denies the allegations and will vigorously defend against them if necessary. The Group does not believe sufficient evidence exists to make any provision.

20. Subsequent event

On 5 July 2023, Hikma closed a transaction to acquire assets, as part of a Chapter 7 bankruptcy process, of Akorn Operating Company LLC and its affiliates (collectively, "Akorn") for a total cash consideration of $98 million. The acquisition includes a portfolio of pharmaceutical products, property, plant and equipment.

Due to the proximity of the completion of the transaction to the date of issuance of the consolidated condensed interim financial statements, the accounting and initial valuation considerations are still in progress.

END

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