

## Discussion report and analysis of the board of directors of the listed public shareholding company

<b>Date</b>	26 March 2026																				
<b>Name of the Listed Company</b>	Gulf Pharmaceutical Industries PSC Julphar																				
<b>The period of the financial statements covered by the report</b>	Audited Financials 2025																				
<b>Overview of the main results during the financial period</b>	<p>1. <b>Revenue Performance:</b> Revenue from continuing operations for the fiscal year reached 1075.5 mAED, representing a 8.4% growth compared to the same period last year (9.0% at constant currency), underscoring the company's sustained growth.</p> <p>2. <b>Market Performance &amp; Regional Challenges:</b></p> <ul style="list-style-type: none"> <li>The company's resilience and commitment to growth in core and future core markets delivered a growth by 8.4%.</li> </ul> <p><b>* Net revenue from continuing operations by region:</b></p> <table border="1"> <thead> <tr> <th><i>Geographic information</i></th> <th>YE'25</th> <th>YE'24</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>UAE</td> <td>480.7</td> <td>434.4</td> <td>10.7%</td> </tr> <tr> <td>Other GCC countries</td> <td>289.9</td> <td>275.3</td> <td>5.3%</td> </tr> <tr> <td>Other countries</td> <td>304.9</td> <td>282.5</td> <td>7.9%</td> </tr> <tr> <td><b>Total</b></td> <td><b>1075.5</b></td> <td><b>992.2</b></td> <td><b>8.4%</b></td> </tr> </tbody> </table> <p>3. <b>Gross Margin Improvement:</b> Gross profit from continuing operations grew by 7.1%, reflecting Julphar's sustained focus on operational excellence initiatives, driving margin expansion.</p> <p>4. <b>EBITDA Growth:</b> EBITDA from continuing operations grew by 22.2% to 109.4 mAED up from 89.5 mAED in the year ended 2024, underscoring the resilience of its business model, strong financial performance.</p>	<i>Geographic information</i>	YE'25	YE'24	YoY Change	UAE	480.7	434.4	10.7%	Other GCC countries	289.9	275.3	5.3%	Other countries	304.9	282.5	7.9%	<b>Total</b>	<b>1075.5</b>	<b>992.2</b>	<b>8.4%</b>
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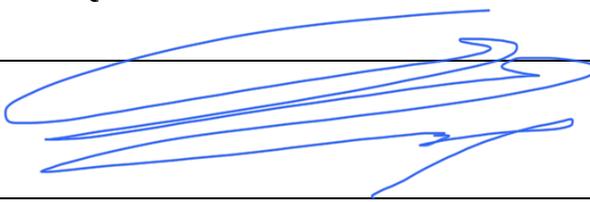
	<p>5. <b>Net income</b> from continued operations reached mAED 43.9, representing a 572.0 % growth compared to the same period last year.</p> <p>6. <b>Strengthening Financial Position:</b> The company made substantial progress in strengthening its balance sheet, reducing bank loans through repayment of both long-term and short-term facilities. Total loans and other interest-bearing debt declined by 649.4 mAED during the fiscal year, resulting in a closing balance of 263.8 mAED enhancing the fire power of the company for future strategic initiatives.</p> <p>7. <b>Julphar continues to make significant strides in the following areas:</b></p> <p>a. <b>Expanding Market Share:</b> Sustaining growth across core markets in both private and tender sectors, with strong momentum across GCC.</p> <p>b. <b>Enhancing Operational Efficiencies:</b> Driving cost optimization initiatives and streamlining operations to improve financial and operational performance.</p> <p>c. <b>Advancing New Launches:</b> Executing new product launches while strengthening and expanding the product pipeline to enhance market competitiveness.</p>
<p><b>Securities issued during the financial period</b></p>	<p>AED nil</p>
<p><b>Summary of the most important non-financial events and developments during the financial period</b></p>	<ul style="list-style-type: none"> <li>● Fourteen (14) new products were launched in the UAE, and twenty-five (25) regulatory approvals were obtained to support our global expansion initiatives.</li> <li>● Continued progress was achieved in KSA with the new manufacturing facility investment project and overall pipeline execution, including advancement of licensing and in-house R&amp;D activities, and expansion of the product pipeline with the addition of new biotechnology and specialty products.</li> </ul>
<p><b>Summary of operational performance during the financial period</b></p>	<p>Julphar continues to advance in key strategic areas:</p> <ul style="list-style-type: none"> <li>● <b>Market Share Expansion:</b> The company will continue to enhance its footprint in core therapeutic segments, delivering robust performance in private and tender markets across the UAE, KSA, Iraq, and Morocco.</li> <li>● <b>Operational Efficiencies &amp; Cost Optimization:</b> A sustained focus on enhancing operational efficiencies and managing costs</li> </ul>

	<p>effectively resulted in increasing production to meet demand while sustaining our cost base</p> <ul style="list-style-type: none"> <li>● <b>Product Portfolio Expansion:</b> Accelerating new product launches and pipeline development to fortify market leadership and revenue diversification.</li> </ul>																																
<p><b>Summary of profit and loss during the financial period</b></p>	<table border="1" data-bbox="687 539 1385 846"> <thead> <tr> <th><i>in mAED (Cont. operations)</i></th> <th>YE'25</th> <th>YE'24</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>1075.5</td> <td>992.2</td> <td>8.4%</td> </tr> <tr> <td>Gross profit</td> <td>435.9</td> <td>407.1</td> <td>7.1%</td> </tr> <tr> <td>Net Income</td> <td>43.9</td> <td>-9.3</td> <td>572.0%</td> </tr> <tr> <td>EBITDA</td> <td>109.4</td> <td>89.5</td> <td>22.2%</td> </tr> </tbody> </table> <table border="1" data-bbox="687 943 1401 1155"> <thead> <tr> <th><i>in mAED (Total operations)</i></th> <th>YE'25</th> <th>YE'24</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Net Income</td> <td>173.3</td> <td>44.9</td> <td>286.0%</td> </tr> <tr> <td>EBITDA</td> <td>287.0</td> <td>254.3</td> <td>12.9%</td> </tr> </tbody> </table> <p>*** During the year ended 31 December 2025 the company divested the wholly owned subsidiary Zahrat Al Rawdah Pharmacies Limited Liability Company, partially contributing to the growth of EBITDA from total operations, where a one-time net capital gain recorded of 111.2 mAED.</p> <p>*** During the year ended 31 December 2025, the company, received and accepted a binding offer from Al Batha Healthcare Group L.L.C. to acquire certain retail and distribution operations of the Group. The proposed transaction covers the following operations owned by the Group's wholly owned subsidiary, Planet Pharmacies LLC:</p> <ol style="list-style-type: none"> <li><b>The Health First Pharmacy chain</b> in the United Arab Emirates ("UAE Operations").</li> <li><b>The Scientific Pharmacy chain and distribution</b> channel in the Sultanate of Oman ("Oman Operations").</li> </ol> <ul style="list-style-type: none"> <li>● As of 31 December 2025, the binding offer has been accepted by the Group, and the transaction is pending completion, subject to final</li> </ul>	<i>in mAED (Cont. operations)</i>	YE'25	YE'24	YoY Change	Net sales	1075.5	992.2	8.4%	Gross profit	435.9	407.1	7.1%	Net Income	43.9	-9.3	572.0%	EBITDA	109.4	89.5	22.2%	<i>in mAED (Total operations)</i>	YE'25	YE'24	YoY Change	Net Income	173.3	44.9	286.0%	EBITDA	287.0	254.3	12.9%
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	regulatory approvals, customary closing conditions, and execution of the definitive agreements.
<b>Summary of financial position as at the end of the financial period</b>	<ul style="list-style-type: none"> <li>Total equity for the year ended 2025 reached 959.8 mAED, compared to 799.2 mAED in December 2024, reflecting a net increase of 160.6 mAED reducing accumulated losses to reach 163.0 mAED down from 322.4 mAED at the beginning of the period.</li> <li>Increase in total equity was primarily driven by a total net profit 173.3 mAED (including 111.2 as a one-off capital gain).</li> </ul>
<b>Summary of cash flows during the financial period</b>	<ol style="list-style-type: none"> <li><b>Operating Cash Flow:</b> The company generated 110.4 mAED net cash flow from continued operations in YE 2025 and achieved net cash flow from total operating activities 120.9 mAED.</li> <li><b>Investing Activities:</b> Increasing net cash flow from investing activities in YE 2025 amounts to 679.9 mAED</li> <li><b>Financing Activities:</b> Decreasing net cash flow from financing activities in YE 2025 amounts to -686.8 mAED .</li> </ol>
<b>Expectations for the sector and the company's role in these expectations</b>	<ol style="list-style-type: none"> <li>Overall, MEA Pharmaceutical Business has reached <b>\$40.7 B value</b> and <b>9.2 B Units</b>.</li> <li>Value sales growth has been at <b>16.95% PPG (12.4% CAGR)</b>. Volume sales has increased at <b>5.49% PPG (2.61% CAGR)</b></li> <li><b>Market Segmentation:</b> <b>Retail channel</b> dominates the region with <b>66.8% (\$27.19 B)</b> value sales share and <b>13.32% PPG</b> and volume share of <b>81.3% (7.5 B Units)</b> with <b>4.77% PPG</b>  <b>Hospital channel</b> has increased in terms of <b>PPG 25.02%</b> in value and <b>8.77% PPG</b> in volume</li> <li><b>Future Market Projections (2029):</b> Global pharma business is expected to reach <b>LC\$ 2.5 T - CAGR '24-29: 7.2%</b> Middle East &amp; Africa pharma business collectively to</li> </ol>

	<p>be <b>LC\$ 73.29 B</b> - CAGR '24-29': <b>7.67%</b></p> <p>Source: IQVIA Audited Data, MAT Q3 2025, includes private, LPO, Institutional data where available.</p> <p>PPG: Previous Period Growth: MAT Q3 2025 vs. MAT Q3 2024 growth. CAGR: Compound Annual Growth Rate for the period MAT Q3 2021 to MAT Q3 2025</p>
<p><b>Expectations regarding the economy and its impact on the company and the sector</b></p>	<ul style="list-style-type: none"> <li>As per the IMF's World Economic Outlook, the real GDP of the UAE is projected to increase by <b>4.0%</b> in 2025, followed by a <b>4.2%</b> growth in 2026.</li> <li>This economic growth is expected to catalyze pharmaceutical sector growth, fostering greater healthcare investments and a stronger demand for pharmaceutical products.</li> </ul>
<p><b>Future plans for growth and changes in operations in future periods</b></p>	<p><b>Julphar continues to advance its long-term strategic priorities, including:</b></p> <ol style="list-style-type: none"> <li>Expanding market share in strategic markets.</li> <li>Accelerating in-house R&amp;D efforts and fostering strategic alliances to enhance the product portfolio.</li> <li>Launching new products in core therapeutic areas to drive growth and market competitiveness.</li> <li>Investment in new pharma and biotech manufacturing facility in the Kingdom of Saudi Arabia.</li> </ol>
<p><b>The size and impact of current and projected capital expenditures on the company</b></p>	<p><b>To drive long-term value creation and operational excellence, the company remains focused on:</b></p> <ol style="list-style-type: none"> <li><b>Research &amp; Development:</b> Expanding and enriching the product portfolio through R&amp;D investments.</li> <li><b>Manufacturing Facility Enhancements:</b> Upgrading existing production facilities to maintain high-quality standards and improve operational efficiency.</li> </ol> <p>During the year ended 31 December 2025, the company invested in amount of 44.6 mAED in capital expenditures, which included infrastructure upgrades, equipment modernization, process optimization, and research and development, to enhance performance of the company and improve productivity.</p>
<p><b>The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in</b></p>	<p><b>The Board of Directors has reviewed and discussed the following key areas:</b></p> <ol style="list-style-type: none"> <li><b>Performance Evaluation:</b> Assessment of progress against the YE 2025 budget.</li> <li><b>Business Portfolio Optimization</b> the results of the divestment of non-core business areas.</li> </ol>

the report for the previous fiscal year	3) <b>Product Portfolio Development:</b> Review of advancements in portfolio expansion and strategic growth initiatives.
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The name of the chairman of the company or the authorized signatory	Sheikh Saqr Humaid Al Qasimi
Signature and Date	26 March 2026 
Company's Seal	