Julphar

الخليج للصناعات الدوائية
Gulf Pharmaceutical Industries

Integrated Report 2025

Improving Quality of Life Through Responsible Innovation and Sustainable Growth.

Table of **Contents**

ABOUT THIS **REPORT**

Welcome to Gulf Pharmaceutical Industries (Julphar)'s 2025 Integrated Report, which provides a comprehensive overview of the Company's strategy, governance, financial performance, and environmental, social, and governance (ESG) priorities. The report presents how Julphar identifies, manages, and addresses key risks and opportunities across its operations, while demonstrating how its governance framework and sustainability practices support long-term financial performance and value creation.

This Integrated Report brings together Julphar's sustainability disclosures, Corporate Governance Report, and Consolidated Financial Statements into a single document to provide stakeholders with a holistic and transparent view of the Company's performance and approach to sustainable value creation.

Julphar's leadership provides active oversight of sustainability performance, governance disclosures, and the integrated reporting process. This report has been reviewed and approved by the executive management team, underscoring accountability at the highest governance level and reinforcing alignment between ESG priorities, corporate strategy, and financial performance.

Reporting Period and Boundary

This report covers the period from **1 January 2025 to 31 December 2025** and presents Julphar's financial, governance, and sustainability performance across its global operations. Unless otherwise stated, the information disclosed applies to Julphar's manufacturing sites, commercial operations, and supporting functions.

The **Consolidated Financial Statements** included in this Integrated Report have been prepared in accordance with the applicable financial reporting standards and cover Julphar and its subsidiaries for the reporting period.

Quantitative disclosures primarily reflect data from operations over which Julphar has operational control during the reporting period. Qualitative disclosures and case studies highlight key initiatives, programs, and practices implemented across the Company, illustrating Julphar's approach to sustainability, innovation, and responsible business conduct. Any limitations or exclusions in data scope are clearly stated within the relevant sections of this report.

Reporting Frameworks

This report has been prepared in alignment with Abu Dhabi Stock Exchange (ADX) ESG guidelines, moreover, incorporate selected disclosures aligned Sustainability Accounting Standards Board (SASB) standards for the pharmaceutical industry.

In addition, the report considers alignment with other internationally recognized frameworks and principles, the United Nations Sustainable Development Goals (UN SDGs), as well as applicable regional regulatory and ESG reporting expectations in the markets where Julphar operates.

A detailed ADX ESG guideline related disclosure references is provided in Appendices.

Feedback and Suggestions

Julphar is committed to continuously strengthening its sustainability performance and transparency through ongoing stakeholder engagement. We encourage readers to review this report and share feedback, questions, or suggestions to support continuous improvement in our sustainability journey and disclosures.

info@julphar.net
X.com
Youtube
LinkedIn
https://www.julphar.net/en
Instagram

Forward-looking Statement

This report may include forward-looking statements that go beyond historical facts and pertain to future projections. Such statements may include forecasts, predictions, objectives, events, trends, or plans based upon current assumptions and expectations. Such statements are not audited by external auditors and should not be solely relied upon by investors. It is important to acknowledge that unexpected events and uncertainties can arise which may not be accounted for in these statements. While Julphar has made every effort to ensure the accuracy and completeness of the information in this report, forward-looking statements are valid only as of their date. Actual results may differ from the expressed or implied statements and Julphar does not publicly update or modify them after the publication date of this report.

JULPHAR FROM ESTABLISHMENT TO **REGIONAL HEALTHCARE IMPACT**

Gulf Pharmaceutical Industries (Julphar) was established in 1980 in Ras Al Khaimah, United Arab Emirates, becoming one of the first pharmaceutical manufacturers in the Gulf region. Julphar's first products, including antibiotics, pain relievers, and other essential medicines, were registered with health authorities in 1984, and initially produced at a single facility in Ras Al Khaimah.

Over the 1980s and 1990s, Julphar expanded both its manufacturing capabilities and product portfolio, evolving from a national supplier to one of the largest pharmaceutical companies in the Middle East and North Africa, with products distributed in more than 30 countries worldwide. Julphar's growth included diversification into specialized therapeutic areas, such as cardiovascular, gastrointestinal, respiratory, dermatological, and paediatric medicines, strengthening its regional reputation as a trusted provider of essential healthcare solutions.

Julphar operates as a publicly listed pharmaceutical group with a diversified operational footprint spanning manufacturing, R&D, distribution, and scientific representation across the Middle East, Africa, and selected international markets. The Group's structure supports localized manufacturing, regional supply, and market-specific distribution, enabling reliable access to medicines while maintaining centralized governance and oversight.

Founded in 1980
as the first pharmaceutical manufacturing company in the UAE and the Gulf region.

Distributes its products to **30 countries** worldwide

Employing **more than 3,000** people across the region and 2000 directly by Julphar.

Robust distribution network **across the GCC**

Manufactures **over 300 pharmaceutical products**

15 commercial offices, including

- UAE
- Egypt
- Lebanon
- Kuwait
- Bahrain
- Tunisia
- KSA
- Jordan
- Oman
- Algeria

Supporting regulatory, medical, and market access activities

Headquarters
Ras Al Khaimah, the UAE

and operates **10** internationally accredited manufacturing facilities

Two subsidiaries

MENACOOL
PLANET PHARMACIES

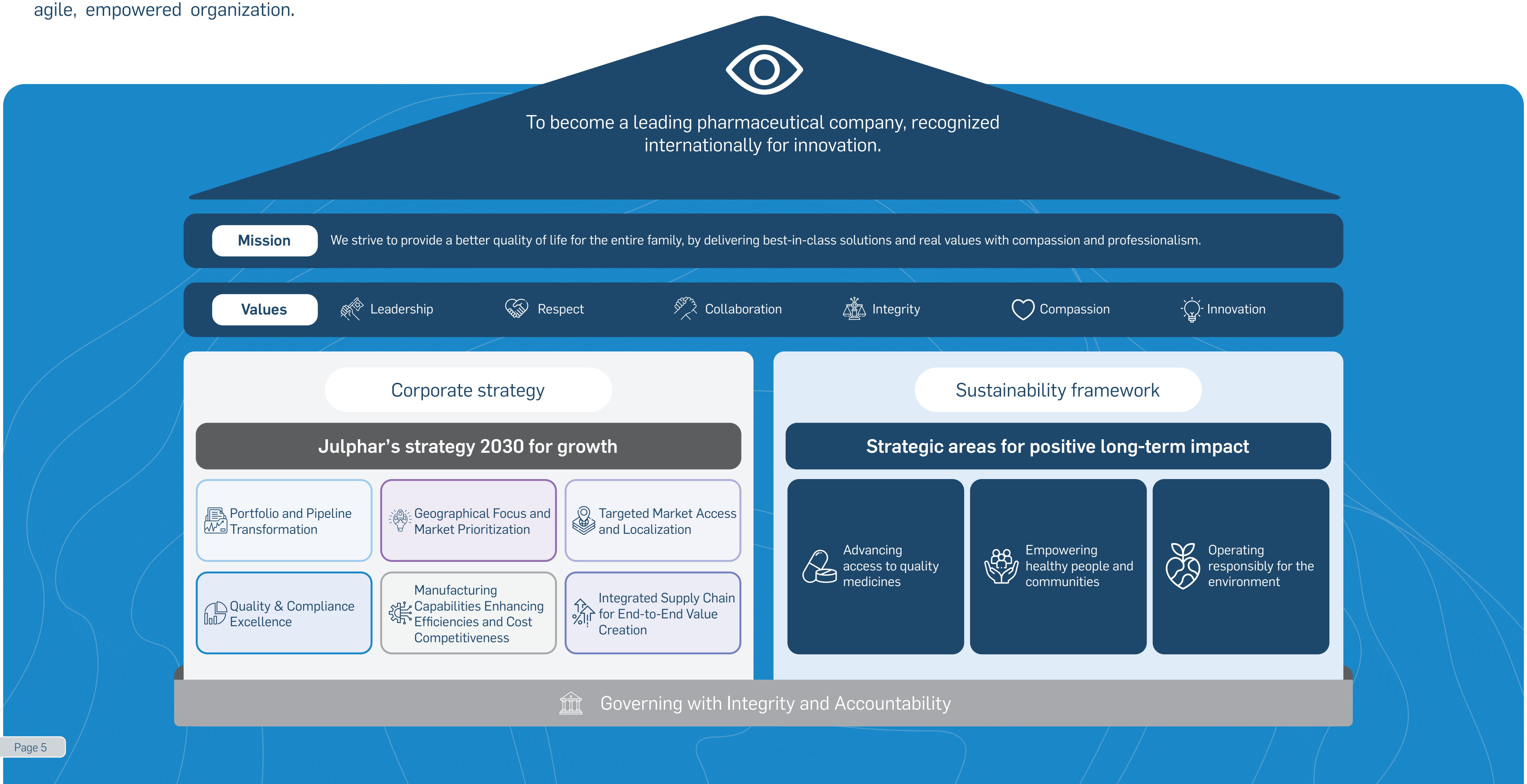
Read More

Strategic growth vision anchored in healthcare impact

Julphar's corporate strategy is guided by its long-term vision to become a leading pharmaceutical company recognized internationally for innovation, quality, and responsible growth. The Company's **Strategy 2030** sets out clear priorities to strengthen its product portfolio, expand in core geographies, enhance manufacturing and supply chain capabilities, and build an agile, empowered organization.

Over the next 3–5 years, Julphar aims to build a differentiated and sustainable portfolio, expand access to medicines across core and future core markets, and strengthen local manufacturing and regional supply capabilities. Strategic priorities include growing specialty, biologics and chronic disease portfolios, accelerating new product launches, improving execution speed through stronger governance and cross-functional alignment, advancing localization in Saudi Arabia, through pursuing disciplined capital allocation and long-term strategic partnerships.

Sustainability is not treated as a standalone initiative, but as an **enabler of long-term value creation**. The strategy integrates environmental responsibility, people development, governance, and access to quality medicines into core business decisions—ensuring growth is resilient, ethical, and aligned with national and regional healthcare priorities.



Strategic pillars driving growth and sustainability

Julphar's Strategy 2030 is anchored in seven interrelated strategic pillars that translate the Company's long-term vision into focused priorities for growth and sustainability. These pillars integrate commercial objectives with responsible manufacturing, access to medicines, people development, and strong governance—ensuring that value creation is resilient, ethical, and aligned with regional healthcare and national development goals.

Portfolio and Pipeline Transformation	Julphar is repositioning its product portfolio toward higher-value and more complex formulations, gradually reducing reliance on traditional generics. This shift supports innovation, improves long-term competitiveness, and enables the Company to deliver differentiated medicines that respond to evolving healthcare needs.
Geographic Focus and Market Prioritization	The Company has refined its geographic strategy with a strong focus on the Middle East and North Africa (MENA) region. While Julphar exports to approximately 30 countries, strategic investments are concentrated on a defined group of core and future core markets, enabling deeper market presence, higher quality standards, and sustainable growth.
Market Access and Localization	Recognizing changes in global market access dynamics, Julphar is advancing a localization-driven model. Manufacturing in Ras Al Khaimah remains a foundation, complemented by plans to establish local manufacturing capabilities in key markets, including the development of a new facility in Saudi Arabia. This approach strengthens supply resilience, supports national healthcare objectives, and improves access to essential medicines.
Supply Chain as a Strategic Enabler	Supply chain has been defined as a standalone strategic priority, focused on reliability, integration, and scalability. Strengthening end-to-end supply chain capabilities supports business continuity, market responsiveness, and responsible sourcing and distribution.
Manufacturing Platform and Capability Enhancement	Julphar continues to invest in upgrading its manufacturing platform, ensuring facilities, technologies, and capabilities are aligned with future portfolio requirements. These enhancements support operational efficiency, quality excellence, and regulatory readiness across markets.
Quality and Compliance Excellence	Comprehensive quality initiatives, robust process documentation, and integrated operational systems underpin Julphar's growth strategy. A fully integrated quality framework enables consistent execution, supports certifications for new markets, and reinforces trust with regulators and partners.
Culture and People as a Strategic Foundation	The strategy is supported by an ongoing cultural transformation focused on shaping an open, international organization anchored in empowerment, ownership, and accountability. Strengthening leadership behaviors and people capabilities enables effective strategy execution while fostering employee engagement, wellbeing, and ethical conduct.

Message from **the Chairman**

At Julphar, our purpose has always been clear: to support human health with integrity, responsibility, and a long-term perspective. While the external environment continues to evolve, our direction remains grounded in enduring principles rather than short-term trends.

The Board sees sustainability not as a separate initiative but as a practical expression of this purpose. It ensures that the value we create today does not come at the expense of future generations.

Our role as a Board is one of stewardship. We are responsible for setting clear expectations that decisions are made with care for people, science, and society, and that growth is pursued responsibly and ethically. Lasting success is built on trust, transparency, and consistency. This means prioritizing quality over speed and long-term resilience over short-term gain. These principles guide what we approve, what we challenge, and what we choose not to pursue.

As we look ahead, our conviction remains firm. Organizations build resilience by staying anchored to their values through changing cycles. Trust is earned when words are consistently matched by action. The Board will continue to safeguard quality and patient safety as non-negotiable foundations, uphold scientific rigor, and reinforce accountability at every level.

In doing so, we aim to steward Julphar as a company that remains relevant, reliable, and worthy of confidence for generations to come.

I extend my sincere appreciation to our employees, partners, and stakeholders for their continued trust and engagement. Your confidence challenges us to be better stewards each year, and on behalf of the Board, I reaffirm our commitment to integrity, responsibility, and sustainable value creation.

Shaikh Saqer Humaid Abdulla Al Qasimi
Chairman

Trust is earned when words are consistently matched by action.

Message from **the CEO**

In 2025, Julphar continued to navigate a complex and evolving healthcare landscape with a clear focus on execution, resilience, and long-term value creation. As demand for accessible, high-quality medicines grows and expectations around sustainability, governance, and transparency continue to rise, our priority has been to strengthen the foundations that enable responsible growth operationally, scientifically, and culturally.

A key milestone during the year was the update of Julphar's materiality assessment and the development of an enhanced sustainability framework. This process allowed us to sharpen our focus on the issues that matter most to our stakeholders and to the long-term success of the business. By reassessing priorities across environmental, social, and governance dimensions, we have strengthened the integration of sustainability into strategy, risk management, and decision-making ensuring that ESG considerations are embedded in how we plan, operate, and invest.

Alongside this, we advanced tangible progress across our operations and value chain. From strengthening quality, patient safety, and pharmacovigilance systems, to enhancing energy, water, and waste management practices, and accelerating digitalization across key functions, our teams delivered meaningful improvements that support efficiency, compliance, and environmental performance. These efforts were underpinned by continued investment in people through leadership development, culture transformation, and capability-building initiatives designed to foster accountability, collaboration, and a healthy workplace.

Access to medicine remained central to our mission. During the year, we expanded regulatory approvals, progressed pipeline development, strengthened supply chain resilience, and supported market access initiatives that contribute to uninterrupted product availability across our core and growth markets. These actions reflect our commitment to patients, healthcare systems, and the communities we serve.

Looking ahead, our focus is clear. We will continue to execute our corporate strategy with discipline, deepen localization and manufacturing capabilities in key markets, and strengthen quality and governance as non-negotiable foundations. The updated sustainability framework provides a clearer roadmap for the years ahead guiding how we balance growth with responsibility, innovation with rigor, and ambition with care for people and the environment.

I would like to thank our employees, partners, and stakeholders for their trust, dedication, and collaboration throughout the year. It is through their collective effort that Julphar continues to evolve as a reliable healthcare partner committed to delivering sustainable value and supporting better health outcomes for generations to come.

Basel Ziyadeh
Chief Executive Officer

SUSTAINABILITY AT **JULPHAR**

Since our establishment, Julphar's scale, geographic footprint, and role in supporting access to essential medicines have underscored the importance of embedding sustainability into core business practices. Sustainability considerations support decision-making across operations, including manufacturing, supply chain management, workforce development, and community engagement.

In 2025, we strengthened this approach through an updated materiality assessment and the establishment of our first formal sustainability framework, providing a more structured basis for prioritising ESG topics and guiding sustainability management.

Stakeholder engagement supports this process through the identification and review of relevant sustainability topics. Julphar engages with a range of internal and external stakeholders across its value chain, with an overview of key stakeholder groups and engagement approaches provided in the Appendix.

Materiality assessment

In 2025, Julphar updated its materiality assessment to reflect evolving regulatory requirements, market developments, and stakeholder expectations. The update, conducted in line with the GRI four-step materiality process, resulted in an update in the material topics list of 15 topics. Topic identification was performed by desktop research, including peer benchmarking, investor priority proxies, applicable regulations, and sustainability and pharmaceutical industry trends.

The refined list of material topics was reviewed and validated to ensure alignment with corporate strategy and core business operations. Material topics are grouped into three priority levels: Critical, Most Important, and Important, to support effective focus and disclosure.

During the 2025 update, seven new material topics were introduced, and existing topics were refined to enhance clarity, relevance, and strategic alignment, based on the outcomes of the research and internal validation process. Learn more about our new material topics in the Appendices.

	Material Topic	Priority Level
E	Climate change and energy management	Critical
G	Corporate governance and business ethics	Critical
S	Talent attraction, retention and workforce stability	Critical
S	Occupational health, safety and employee wellbeing	Critical
S	Diversity and equal opportunity	Critical
E	Water and wastewater management	Critical
S	Product quality, safety and pharmacovigilance	Critical
E	Waste and hazardous materials management	Most important
S	Training, upskilling and workforce development	Most important
S	Access to medicine and affordability	Most important
G	Responsible and resilient supply chain management	Most important
S	Ethical marketing and responsible selling practices	Most important
S	Community engagement and positive social impact	Important
S	Human rights and labor management	Important
S	Customer and healthcare professionals engagement	Important

E - Environment   S - Social   G - Governance

Sustainability framework

Julphar has established its first formal sustainability framework to provide a structured and consistent approach to managing environmental, social, and governance (ESG) matters across the business. The framework clarifies Julphar's sustainability practices and strategic direction, supports alignment with evolving regulatory and best-practice expectations, and enables consistent sustainability communication and reporting over time. It is tailored to our operating context as a pharmaceutical manufacturer and is designed to support its growth strategy across existing and new markets.

Julphar's sustainability framework reflects the interconnected nature of our business priorities, with product responsibility, environmental stewardship, and social impact forming core pillars of long-term performance.

Ensuring access to quality medicines, managing environmental impacts across operations, and supporting the health, wellbeing, and development of its people and communities are considered essential to sustaining growth in a highly regulated pharmaceutical context. Governance underpins all pillars, providing the foundation for ethical conduct, accountability, and effective risk management, and enabling consistent, responsible decision-making across the organisation.

Advancing access to quality medicines

Ensuring the availability, accessibility, quality, and safety of our medicines through leading innovation, responsible research and development, and reliable supply.

Empowering healthy people and communities

Supporting the health, wellbeing, and development of our people to build a strong and resilient workforce that enables the company's long-term vision and sustainable growth.

Operating responsibly for the environment

Managing environmental impacts across operations and products to support responsible manufacturing and reduce our long-term negative environmental impact.

Governing with Integrity and Accountability

Upholding strong governance, ethical business conduct, and accountability to ensure compliance, manage risk, protect trust, and support long-term business resilience.

ADVANCING ACCESS TO **QUALITY MEDICINES**

Ensuring the availability, accessibility, quality, and safety of our medicines through leading innovation, responsible research and development, and reliable supply.

Material topics covered

- Access to medicine and affordability
- Ethical marketing and responsible selling practices
- Product quality, safety and pharmacovigilance
- Customer and healthcare professionals engagement
- Responsible and resilient supply chain management

Value chain impact

- Upstream
- Operations
- Downstream

Key stakeholders

- Patients
- Customers
- Healthcare industry
- Regulators
- Global health leaders
- Non-profit organizations
- Investors

Product quality, safety and pharmacovigilance

Julphar is committed to ensuring the highest standards of product quality, patient safety, and regulatory compliance across the entire product lifecycle. The Company maintains robust systems to identify, assess, and manage drug safety risks, supported by clearly defined recall procedures, established safety governance structures, and effective regulatory communication protocols. Through an integrated quality and pharmacovigilance framework, Julphar proactively monitors product performance, ensures timely response to safety signals, and upholds its responsibility to protect patients, healthcare professionals, and public health in all markets where it operates.

During 2025, we continued to strengthen our Quality, Patient Safety, and Pharmacovigilance management framework, with a sustained focus on regulatory compliance, inspection readiness, and continuous improvement across operations.

Julphar successfully managed 6 regulatory inspections and external audits across manufacturing and distribution activities, including inspections by Emirates Drug Establishment (EDE UAE) and other regional and global regulators such as EDA (Egypt Drug Authority), Philippines FDA and UNICEF, as well as ISO 9001 quality management and 14001 environmental management system audits.

Furthermore, Julphar enhanced its enterprise Quality Management System (QMS) by strengthening deviation management, CAPA effectiveness monitoring, Change Control governance and Risk Management processes, ensuring alignment with international GMP and pharmacovigilance requirements. Pharmacovigilance systems were reinforced to support the timely collection, assessment, and reporting of adverse events in line with local and international regulatory expectations. These efforts were underpinned by continued investment in employee training and competency development across Quality, GMP, Good Distribution Practices (GDP), and pharmacovigilance disciplines, as well as ongoing alignment with international standards and guidelines, including World Health Organization (WHO), Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S), and relevant regional regulatory authorities, reinforcing Julphar's commitment to product quality, patient safety, and ethical operations.

Strengthening inspection readiness and regulatory compliance

Julphar advanced its quality and compliance maturity through the implementation of a structured, annual Quality Improvement Plan (QIP), designed to strengthen its enterprise quality management system across all operations. The QIP focused on enhancing process robustness, reinforcing risk-based oversight, and improving CAPA effectiveness, while ensuring sustained compliance with GMP while driving continuous product quality improvement.

Key elements of the program included strengthened internal audit frameworks, risk-based quality performance monitoring, and enhanced management oversight and governance.

As a result of these systemic improvements, Julphar achieved stronger inspection outcomes, reduced repeat observations, and improved cross-functional effectiveness across the organization.

Enhancing GMP training and quality culture

Julphar implemented this initiative to strengthen its quality culture by reinforcing GMP (Good Manufacturing Practices) awareness, competency, and accountability across all levels of the organization. The focus was on embedding quality ownership into daily operations and ensuring employees clearly understand their roles in maintaining product quality and patient safety.

Targeted GMP and quality training programs were delivered, tailored to specific roles and responsibilities, enabling more relevant and effective learning. This approach increased employee engagement in quality improvement activities and encouraged proactive risk identification and reporting. As a result, adherence to procedures improved, and human error–related deviations were reduced, contributing to stronger operational discipline and a more consistent quality mindset across the organization.

100%
of GMP-critical roles covered by mandatory refresher training

1,250
employees completed GMP and quality training in 2025

6,418
total GMP training hours delivered across the organization

27.6%
reduction in human error–related deviations compared to 2024

Anti-counterfeit risk management and product protection

Julphar applies a structured, risk-based approach to identify, manage, and communicate risks related to counterfeit medicinal products, integrating quality systems, supply chain oversight, and regulatory engagement to safeguard patient safety and product integrity.

Identification and monitoring of counterfeit risks

Potential risks are identified through multiple channels, including:

- Market surveillance, customer and distributor feedback, and reports from healthcare professionals.
- Routine review of complaints, deviations, and pharmacovigilance data indicating abnormal product performance or appearance.
- Supply chain controls such as authorized distributor networks, traceability checks, and verification of serialization and packaging features.
- Ongoing collaboration with regulatory authorities and industry partners to monitor emerging counterfeit trends and alerts.

Communication and escalation

When a potential or confirmed counterfeit risk is identified, Julphar follows defined communication and escalation procedures:

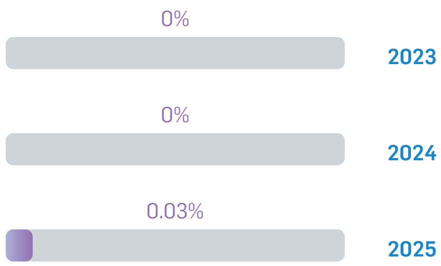
- Immediate internal escalation to Quality, Regulatory Affairs, Supply Chain, and Pharmacovigilance for assessment and decision-making.
- Timely notification to relevant regulatory authorities in line with legal requirements.
- Targeted communication to customers, distributors, and business partners through formal channels, providing clear guidance on affected products and required actions.

Response, recalls, and continuous improvement

Julphar regularly tests and strengthens its recall and response mechanisms through mock recalls, root-cause analysis, and preventive actions. In confirmed or suspected cases, affected products are promptly contained, authorities are engaged, and corrective actions are implemented to address supply chain vulnerabilities. Lessons learned are embedded into ongoing governance, training, and monitoring activities to continuously enhance anti-counterfeit controls and protect patients.

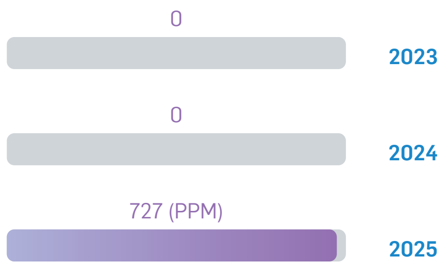
During the reporting year, Julphar initiated two product recalls that were not related to internal quality failures, but were precautionary and driven by external factors—specifically, the suspension of a supplier's GMP certificate and a Food and Drug Administration (FDA) warning related to supplied materials. Upon identification, Julphar promptly activated its recall and escalation procedures, conducted risk assessments through cross-functional teams, notified relevant regulatory authorities, and implemented market containment measures where required.

Products recall rate



2 out of 6,925 batches

Recall rate (Parts Per Million)



Based on total production of ~165 million packs in 2025.

Strengthening supplier quality and oversight

During the reporting year, Julphar executed two precautionary product recalls driven by external supplier-related factors, including the suspension of a supplier's GMP certification and an FDA warning associated with supplied materials.

No recalls were linked to internal manufacturing quality failures. Upon identification, Julphar promptly activated its recall and escalation procedures, conducted cross-functional risk assessments, notified relevant regulatory authorities, and implemented appropriate market containment measures.

These actions reflect the robustness of Julphar's quality systems and its ability to respond effectively to potential product quality risks.

100%
of critical suppliers covered by risk-based qualification and monitoring

26
supplier audits conducted in 2025

Strategic partnerships for innovation and access

Strategic partnerships underpin Julphar's sustainability agenda by enabling innovation, localization, and broader access to affordable medicines across the region.

Julphar maintains strong key partnerships with several speciality biotechnology companies, providing advanced development capabilities and patent design-around expertise to strengthen its portfolio with high-value, differentiated products. These collaborations enable innovation while supporting long-term competitiveness across regional markets. Through structured arrangements that include technology transfer and localized manufacturing, anchored in the UAE with planned expansion in Saudi Arabia and localization via CMOs in other markets, these partnerships improve supply reliability, operational efficiency, and access to innovative therapies.

Collectively, they support Julphar's sustainability objectives by accelerating time to market, enabling affordable access to medicines, and building resilient regional manufacturing ecosystems that contribute to broader health outcomes.

Moreover, we contribute to capability building within the wider healthcare ecosystem through collaboration with academic institutions, including American University of Ras Al Khaimah, RAK Medical and Health Sciences University, and Ajman University. Through student mentoring, training, and hands-on learning opportunities, these partnerships support skills development, knowledge transfer, and industry exposure, helping to strengthen local talent pipelines and build future capabilities in the pharmaceutical sector.

In 2025, 244 students were trained from different universities.

Expanding access to Biologics through strategic partnership

In 2025, Julphar announced an exclusive licensing partnership with Dong-A ST to tech transfer, manufacture, and commercialize a Darbepoetin Alfa biosimilar—a long-acting biotechnology therapy used in the treatment of chronic kidney disease—across the MENA region. The collaboration supports Julphar's strategy to expand its biologics portfolio while strengthening local manufacturing capabilities through technology transfer. By enabling regional production and commercialization of a high-value biosimilar, the partnership enhances access to innovative, quality-assured therapies, improves supply reliability, and contributes to more affordable treatment options for patients across core markets.

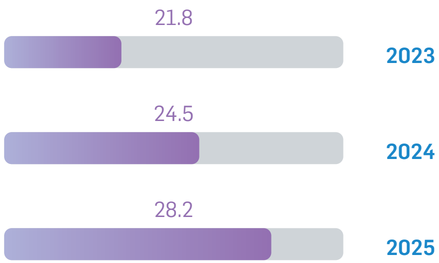
Read more here.

Research and Development

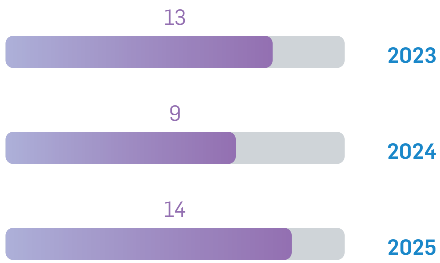
In 2025, Julphar continued to reinforce its commitment to Research and Development (R&D) as a core enabler of sustainable growth and patient-centric innovation. R&D activities during the year were guided by a focus on strengthening scientific capability, regulatory readiness, and operational effectiveness, ensuring that development efforts remain aligned with evolving healthcare needs and global regulatory expectations. Through continued investment in R&D capabilities, structured collaboration across functions, and a disciplined development approach, Julphar aims to support a robust product pipeline and long-term value creation while maintaining high standards of quality, safety, and compliance.

Julphar's R&D activities are focused on the development of high-quality, affordable generic medicines across a range of dosage forms, with an emphasis on formulation efficiency and the continuous improvement of drug delivery solutions. This approach is intended to support patient needs and public health priorities by improving access to essential treatments, addressing therapeutic gaps, and responding to prevalent and unmet medical needs in the markets served.

Total amount spent on R&D (mAED)



Total number of products launched



R&D risk management

R&D-related risks are identified and managed through structured risk assessment processes applied throughout the product development lifecycle. These include hazard analyses, regulatory compliance reviews, and the application of a Quality by Design (QbD) approach to product and process development. Risks related to safety, quality, regulatory approval, and development timelines are mitigated through defined control strategies, design-space optimization, and ongoing performance monitoring to support compliant and reliable development outcomes.

Driving operational efficiency through process optimization and formulation harmonization

This year, Julphar advanced operational efficiency and sustainable manufacturing through a targeted initiative focused on process optimization and formulation harmonization for selected products. The initiative aimed to simplify manufacturing processes, reduce complexity, and lower resource consumption while maintaining product quality and regulatory compliance. It was driven by the need to enhance operational sustainability, reduce material and manpower requirements, and accelerate production timelines, while enabling scalability across multiple stock-keeping units (SKUs).

Through structured planning and scientific evaluation, manufacturing steps were optimized, resulting in reduced processing time, lower material usage, and decreased manpower requirements. In parallel, formulations were harmonized to be dose-proportionate across two additional SKUs, supporting regulatory alignment and bioequivalence requirements. This harmonization enabled the execution of a single bioequivalence (BE) study instead of three, significantly reducing development timelines, study costs, and overall resource utilization, while strengthening product robustness.

The initiative required careful management of risks related to product performance following process changes. These were addressed through a risk-based development approach, robust comparability assessments, and early engagement with key stakeholders.

Building on these outcomes, Julphar intends to extend similar process optimization and dose harmonization approaches to other suitable products to further enhance development efficiency and sustainable manufacturing practices.

Sustainable R&D practices

Sustainability considerations are embedded within Julphar's research and development activities, with a focus on efficient material use, waste minimization, and responsible management of chemical inputs throughout the product development lifecycle. R&D plays a critical role in supporting sustainable manufacturing outcomes by optimizing formulations and processes before technology transfer and commercial scale-up.

Julphar's R&D function drives the efficient use of active pharmaceutical ingredients (APIs) and other raw materials through optimized formulation design, scale-up studies, and Quality by Design (QbD)-based development. This approach is applied to achieve target yields, reduce variability, and minimize rework prior to transfer to manufacturing. By addressing material efficiency early in development, R&D helps reduce material consumption, limit waste generation, and support sustainable, GMP-compliant manufacturing processes.

To further improve material efficiency, R&D leverages small-scale plant studies for process optimization, formulation refinement, and yield improvement before full-scale manufacturing. These activities are supported by structured design of experiments, effective materials planning and monitoring, problem solving, root-cause analysis, and pilot-scale validation. Together, these measures help minimize batch losses and reduce overall material waste across operations.

Enabling agile and sustainable development through a small-scale manufacturing plant

Julphar strengthened its R&D and early-phase manufacturing capabilities through the introduction of a small-scale manufacturing plant designed to support agile, efficient, and sustainable development.

Strategic Objectives

- Flexible and cost-efficient production of development, pilot, and clinical batches
- Reduced reliance on large-scale manufacturing
- Accelerated product development timelines and technology transfer readiness
- Improved resource utilisation and operational sustainability

Key Outcomes

- Faster scale-up and development decision-making
- Reduced material wastage
- Improved responsiveness to development and market needs
- Enhanced process understanding and internal manufacturing capability

The facility was implemented through a phased approach encompassing facility design, equipment installation, qualification, and regulatory compliance. Cross-functional collaboration across Julphar's different departments ensured alignment with Good Manufacturing Practices (GMP) and safety requirements.

The initiative involved managing challenges related to equipment integration, resource planning, and compliance within a compressed timeline. These were addressed through robust project governance, early risk identification, and close coordination across stakeholders. Building on this foundation, Julphar plans to further optimize utilization of the facility, integrate digital monitoring tools, and expand its role in supporting the development of complex products.

Sustainability considerations also extend to pharmaceutical packaging. Julphar evaluates and implements optimized primary and secondary packaging designs through stability studies to ensure product quality while supporting sustainability objectives, including the reduction of unnecessary material use and the selection of appropriate packaging solutions.

Green chemistry principles are applied across product development and manufacturing process design to reduce environmental impact. At Julphar we focus on optimizing formulations and processes to reduce hazardous substances, minimize or substitute organic solvent use with safer alternatives, and improve overall process efficiency. Examples include the selection of safer excipients, optimization of granulation and drying processes to reduce energy and solvent consumption, and yield improvements during coating or mixing steps. These practices align with key green chemistry principles such as waste prevention, safer chemistry, and atom economy.

Collaboration between R&D and manufacturing teams further supports initiatives to reduce material use, chemical intensity, and waste. Joint efforts focus on optimizing formulations, streamlining processes, minimizing or substituting organic solvent use with safer options, and improving batch yields. In parallel, solvent and chemical inputs are actively managed through formulation and process optimization to reduce volumes used prior to scale-up. Where feasible, environmentally friendly alternatives are evaluated and implemented without compromising product quality, regulatory compliance, or patient safety.

Product pipeline and new product development

Julphar's product pipeline reflects a diversified and resilient portfolio designed to address a wide range of therapeutic needs while supporting long-term growth and patient access to essential medicines. The pipeline spans multiple therapeutic areas and dosage forms, underpinned by scientific capability, regulatory discipline, and a focus on sustainable product development aligned with patient and public health priorities.

New products are developed across diverse dosage forms, including tablets, capsules, injectables, powders for oral suspension, syrups, suspensions, creams, ointments, suppositories, and ovules. In parallel, the pipeline leverages advanced capabilities in therapeutic peptides and hormones for obesity, diabetes, and chronic kidney disease, as well as complex and advanced oncology treatments.

Julphar recognises the importance of intellectual property (IP) management in supporting innovation, protecting proprietary knowledge, and enabling sustainable research and development activities. IP considerations are integrated into R&D and product development processes to safeguard scientific know-how, formulation expertise, and technical data, while ensuring compliance with applicable laws, regulations, and contractual obligations. Through appropriate internal controls and governance mechanisms, Julphar seeks to balance the protection of intellectual assets with collaboration, technology transfer, and regulatory transparency, supporting long-term business continuity and responsible innovation.

2025 pipeline progress and key developments

During 2025, multiple products advanced through critical stages of the development lifecycle across priority therapeutic areas, demonstrating balanced pipeline progression and effective cross-functional execution. Key areas of progress included:

Gastrointestinal	Antacid therapies, including potassium-competitive acid blockers (PCABs)
Metabolic and diabetes	Long-acting GLP-1 receptor agonists and DPP-4 inhibitors
Cardiovascular	Angiotensin receptor–neprilysin inhibitors (ARNIs) and anticoagulants, including Factor Xa inhibitors
Other key areas	Anti-inflammatory and anti-allergic therapies, anti-anaemic treatments, analgesics, immunomodulators, and cholesterol absorption inhibitors

Several development programs reached important milestones during the year, including regulatory submissions and approvals, technology transfer activities, and scale-up to manufacturing, supporting a smooth transition from development to commercial readiness. Collectively, these advancements reflect a robust and well-balanced pipeline, disciplined execution, and continued alignment with quality standards, regulatory requirements, and patient-centric objectives.

Advancing access to diabetes care through insulin analogue biosimilars

Julphar advanced access to affordable diabetes treatment through the successful launch of insulin analogue biosimilars, marking a significant milestone in its portfolio development and patient access efforts. The initiative was driven by the rising prevalence of diabetes and increasing treatment costs, addressing the need for cost-effective biologic therapies without compromising safety, efficacy, or quality. It supports national and regional healthcare sustainability objectives while reinforcing Julphar's commitment to patient-centric innovation and long-term healthcare resilience.

The program was delivered through a structured, cross-functional development model involving R&D, quality, regulatory affairs, manufacturing, and external partners. Development activities included analytical characterization, comparability studies, and preparation of regulatory dossiers aligned with international standards. This coordinated approach enabled timely market entry of insulin analogue biosimilars, expanding access to essential medicines and contributing to healthcare cost optimization, while also strengthening Julphar's internal scientific capabilities and biosimilar development frameworks.

The initiative required careful management of technical complexity, stringent regulatory requirements, and coordination across multiple stakeholders. These challenges were addressed through strong project governance, early regulatory engagement, and close cross-functional collaboration.

Read more here.

Expanded access to affordable diabetes care
Through locally manufactured insuling analogue biosimilars

Established biosimilar development frameworks **to support pipeline expansion**

Driving pipeline momentum through governance excellence

To improve time to market and execution quality for new product launches, Julphar strengthened its existing stage-gating framework under PMO governance. The initiative addressed the growing complexity of our portfolio by establishing clearer accountability, defined decision points, and stronger cross-functional alignment across markets.

The stage-gating model covers the end-to-end project execution—from kick-off through regulatory approval, launch, and regional rollout and new product launch governance.

As a result, Julphar enhanced visibility across functions and geographies, reduced execution delays, and achieved more predictable regional launches. Several projects were successfully delivered and rolled out, contributing to stronger pipeline momentum and record year-on-year growth from new product introductions.

Access to medicine and affordability

Julphar is committed to expanding sustainable access to safe, high-quality, and affordable medicines across the markets it serves. This commitment is embedded within robust regulatory governance, strong pharmacovigilance systems, ethical medical engagement, and continuous capability development.

Through proactive regulatory lifecycle management, data-driven decision-making, and close collaboration with health authorities, healthcare professionals, and partners, Julphar works to ensure uninterrupted product availability, timely market access, and alignment with evolving global regulatory standards. These efforts are reinforced by ongoing investments in workforce capability, digital solutions, and environmentally responsible practices, supporting long-term patient access and resilient healthcare systems.

Proactively driving access to medicines

In line with our commitment to improving patient access and ensuring long-term product availability, Julphar delivered multiple strategic initiatives in 2025. These initiatives address regulatory access, pricing sustainability, safety governance, and capability development, and are highlighted below.

Expanding Global Market Access

72 Stock Keeping Unit (SKUs) registered globally, including biosimilars, expanding patient access and strengthening healthcare systems.

- **72** SKUs approved
- **Multiple** therapeutic areas
- **Global** & regional markets

Building the Future Pipeline

109 in-house developed registration files submitted globally, reinforcing long-term access and portfolio sustainability.

- **109** dossiers submitted
- **In-house** regulatory capability
- **Future** access pipeline

Supporting Pricing Sustainability

Structured price benchmarking and data-driven price adjustment submissions supported long-term pricing sustainability and continued product availability.

- **Pricing sustainability** enabled
- **Improved product** continuity

Ensuring Lifecycle Continuity

Proactive management of **1,000+ regulatory activities**, including lifecycle maintenance and updates, safeguarding uninterrupted patient access.

- **1,000+** regulatory actions
- **Minimize** access disruption
- **Strong** governance

Advancing Patient Safety

The Pharmacovigilance team strengthened safety oversight through drug safety monitoring, literature reviews, signal assessments, and **training of 1,300 staff**, supported by digitized safety systems.

- **1,300** employees trained
- **Digitized** PV database

Strengthening Regulatory Capabilities

Monthly hands-on training for **20+ employees** and structured internship programs strengthened regulatory expertise and future-ready talent.

- **Monthly** training
- **20+** staff trained

Ethical Medical Engagement

Medico Marketing **ensured compliant approval of promotional materials**, delivered accurate medical information, and supported health literacy through scientific events and training.

- **Ethical promotion**

Digital Innovation for Patient Access

Implementation of the **e-PIL compliance project** improved access to information, reduced environmental impact, and strengthened regulatory governance.

- **QR-Enabled** access
- **Reduce** paper usage

Specialty portfolio review

Julphar undertook a strategic Specialty Portfolio Review initiative to strengthen long-term access to medicines and ensure sustainable portfolio growth. The initiative focused on selecting molecules within Julphar's strategic priority disease areas, balancing commercial viability with public health priorities. This approach enabled Julphar to optimize pipeline investment decisions while aligning product development with population health needs and long-term sustainability objectives.

The project involved multiple review cycles and joint analytical assessments leveraging global market data and medical therapy insights. A targeted set of high-potential molecules was identified which will be added to Julphar's pipeline, supporting ESG-driven portfolio planning and reinforcing Julphar's commitment to developing essential and affordable medicines.

Optimized
development pipeline

Focus
on unmet needs

Cross-functional collaboration for success

Julphar adopts an integrated, enterprise-wide approach to managing complex operational, regulatory, and safety challenges, recognizing that effective outcomes depend on strong alignment across functions rather than siloed execution. By embedding collaboration, shared accountability, and coordinated decision-making into its governance and operating models, the company strengthens quality, improves execution efficiency, and enhances long-term sustainability.

Dual vendor approvals to strengthen supply continuity

In 2025 Julphar's Regulatory Affairs team supported the approval of alternative active ingredient vendors for selected products, strengthening supply chain resilience, reducing dependency risks, and ensuring uninterrupted patient access in line with long-term sustainability goals. Implemented through a phased, cross-functional approach, the initiative enhanced sourcing flexibility, reinforced regulatory governance, and improved product availability across priority markets, while laying the foundation for continued portfolio harmonization and long-term supply security.

Enhancing access through electronic information leaflets

As part of its commitment to patient safety, accessibility, and sustainability, Julphar is implementing an electronic Patient Information Leaflet (e-PIL) initiative across its pharmaceutical portfolio in GCC markets. The initiative links QR codes on product packaging to electronic patient information leaflets, enabling patients and healthcare professionals to access up-to-date product information digitally. This approach supports clearer communication, improves ease of access, and aligns with evolving regulatory expectations, while reducing reliance on printed materials.

Key objectives of the e-PIL initiative include:

- **Improved access:** Enabling rapid, digital access to the most current product information for patients and healthcare professionals
- **Clarity and usability:** Providing clear, standardized, and patient-friendly content across multiple languages
- **Sustainability:** Reducing paper usage, supporting environmental goals and cost efficiency
- **Regulatory compliance:** Minimizing risks associated with outdated or incorrect printed leaflets

Through instant digital access, patients and healthcare professionals can retrieve the latest approved information anytime and anywhere, enhancing transparency, confidence, and safe use of medicines

43

products with QR-enabled e-PILs implemented across GCC markets

Ethical marketing and selling practices

Julphar is committed to maintaining transparent, responsible, and ethical engagement with customers and stakeholders across all markets in which it operates. All marketing, advertising, promotional, and sponsorship activities are conducted in strict accordance with applicable country-level codes of conduct, internal policies, and regulatory requirements. In line with legal and ethical standards, promotional communications for prescription medicines are directed exclusively to healthcare professionals.

The accuracy and fairness of product and service information are ensured through robust governance processes covering labeling, marketing, and external communications. Product labeling includes clear safe-use instructions and all regulatory-required information to support appropriate and informed use.

Marketing and promotional activities are further governed by the Company's Anti-Corruption Policy and Whistle Blower Policy, which reinforce ethical conduct, integrity, and accountability across all customer-facing interactions. Compliance with applicable laws and voluntary codes related to marketing, advertising, promotion, and sponsorship is monitored and no material non-compliance matters were identified during the reporting period. In addition, continuous employee training was delivered in 2025, including training on ethical marketing practices, compliance requirements, and whistleblowing, to reinforce responsible behavior and consistent application of company standards across the organization.

Responsible healthcare professionals' education

Julphar places strong emphasis on the training of its Pharmaceutical Representatives to ensure ethical conduct, regulatory compliance, and responsible engagement with healthcare professionals. Pharmaceutical representatives receive ongoing training covering ethical marketing practices, applicable laws and codes of conduct, product knowledge, and appropriate promotional standards. This training reinforces accurate, balanced, and evidence-based communication, while promoting compliance with policies and regulatory requirements. Through continuous capability building and clear expectations Julphar seeks to ensure that its field interactions support trust, transparency, and patient-focused healthcare outcomes.

Nurse educational program – Global Wound Management Exchange (China)

Julphar supported the Global Wound Management Exchange Program, an international nurse education initiative designed to strengthen clinical knowledge and practical skills in advanced wound management through direct, hospital-based training and professional exchange. The program responded to increasing complexity in wound care, variations in clinical practice across regions, and the need for structured knowledge sharing between healthcare systems to support improved patient outcomes.

The program was delivered in September 2025 at the Guangzhou Hospital of Integrated Traditional and Western Medicine in China. Participants took part in multi-day, in-hospital training that combined hands-on clinical exposure, scientific exchange, and peer discussion, alongside structured networking activities to foster cross-border collaboration.

Key outcomes included enhanced clinical competence in advanced wound care techniques, deeper understanding of diverse healthcare practices, and the establishment of long-term professional relationships to support future collaboration.

Building on this experience, Julphar plans to extend the impact through a train-the-trainer approach, enabling participants to deliver structured training within their local teams and support scalable, sustainable knowledge transfer.

Julphar Global Pharmacists Symposium (GPS)

Julphar hosted the Julphar Global Pharmacists Symposium (GPS) as a professional and scientific platform to support continuous learning, collaboration, and capability building among pharmacists across the region. The initiative was designed to strengthen pharmacists' role as frontline healthcare providers, reinforce best practices in pharmaceutical care, and enhance their contribution to patient and community health outcomes. The symposium also marked Julphar's 45 Years of Excellence, reflecting the Company's long-standing commitment to healthcare advancement and professional education.

The symposium was held in April 2025 in Egypt, and featured a structured scientific agenda comprising lectures, training sessions, workshops, and interactive discussions. Sessions were delivered by Julphar leadership, marketing managers, and expert trainers, covering key focus areas such as clinical and therapeutic knowledge (including wound care, dermatology, and pain management), pharmacy operations and effectiveness, and practice optimization. The event provided pharmacists with updated clinical insights, practical tools, and opportunities for peer learning, while strengthening professional networks across multiple markets.

Celebrated Julphar's 45 Years of Excellence
through the Global Pharmacists Symposium (GPS)

Customer satisfaction

Julphar maintains a structured and transparent approach to customer relations and complaint management to ensure patient safety, regulatory compliance, and trust. All complaints received from customers, healthcare professionals, or regulatory authorities are managed by the Quality Assurance (QA) Compliance Department and are formally documented, categorized, and investigated based on potential health impact. Complaints are prioritized as critical, major, or minor, with defined investigation timelines to ensure timely and effective resolution.

For complaints involving adverse events or drug inefficacy, the Regulatory and Medical Affairs function works closely with QA to ensure prompt assessment and appropriate corrective actions. This systematic approach supports continuous improvement, strengthens customer confidence, and reinforces Julphar's commitment to quality and patient-centric care.

	Unit	2023	2024	2025
Customer satisfaction score	Out of 5	N/A	4.61 / 5	4.69 / 5
Customer complaints received through communication channels	Number	34	64	57
Resolved issues that were raised through the complaint channels	%	100%	100%	100%

Supply Chain management

Julphar manages its supply chain through a structured framework designed to promote ethical conduct, regulatory compliance, and responsible sourcing across all business relationships. A formal Code of Conduct sets clear expectations for ethical behavior for both internal stakeholders and external partners, including suppliers and service providers. The Code emphasizes compliance with local laws and cultural norms, ethical labor practices, professional conduct, and a zero-tolerance approach to discrimination, bribery, corruption, and conflicts of interest, supporting fair treatment and respect for human rights throughout the supply network.

Supplier selection and ongoing engagement are supported by a Third-Party Due Diligence Process, which assesses governance, legal, and ethical risks prior to onboarding and throughout the relationship. This process includes regulatory compliance verification in line with international pharmaceutical standards, such as Good Manufacturing Practice (GMP) requirements, alongside defined traceability and documentation requirements for critical materials. Suppliers are subject to periodic audits and performance reviews, with increased oversight applied where higher risk is identified, to ensure continued compliance and transparency.

Furthermore, as part of Julphar's commitment to ESG integration and responsible sourcing, sustainability considerations have been embedded into procurement practices. All tenders require the submission of up-to-date sustainability or ESG reports as a mandatory component of the tendering process. Suppliers are expected to disclose their environmental, social, and governance practices, including, where applicable, environmental impact management measures. This approach supports greater supply chain transparency, encourages continuous improvement among suppliers, and aligns procurement decisions with Julphar's broader sustainability and compliance objectives.

Moreover, Julphar prioritises local and regional sourcing wherever technically and commercially feasible as part of its responsible supply chain strategy. For categories such as packaging materials, logistics, maintenance services, and non-critical or GMP consumables, the Company actively encourages engagement with local and regional suppliers to strengthen supply chain resilience, reduce transportation-related environmental impacts, and support local economic development. Local sourcing considerations are integrated into procurement evaluations alongside quality requirements, regulatory compliance, cost competitiveness, and sustainability performance, ensuring that sourcing decisions balance operational needs with broader environmental and social objectives.

	Unit	2023	2024	2025
Total procurement spending	AED	374,548,754	361,314,258	425,819,935
Procurement spending on local suppliers	AED	131,707,916	130,657,860	139,727,969
Percentage of procurement spending on local suppliers	%	35%	36%	33%
Total number of suppliers	Number	846	774	861
Total number of local suppliers	Number	487	444	460
Percentage of local suppliers	%	58%	57%	53%

To complement our established supply chain practices, Julphar is deploying digital and analytics-driven solutions to improve efficiency, traceability, and decision-making. These initiatives demonstrate how technology is enabling more agile and resilient supply chain operations.

Digitising warehouse documentation approvals – from paperwork to e-signatures

In 2025, Julphar implemented a digital transformation initiative to shift warehouse transaction approvals from manual, paper-based processes to a fully digital e-Signature system. Prior to this initiative, approvals for inventory write-offs, adjustments, and related transactions relied on physical documentation, resulting in risk of manual errors, limited traceability, and increased administrative burden.

The initiative was designed to streamline and standardize approval workflows across all warehouses, reduce approval turnaround times, improve accuracy and audit readiness, and eliminate reliance on paper-based documentation. Sustainability considerations were also integral to the project, with the transition supporting reduced paper consumption and physical storage requirements, while enabling faster and more transparent decision-making.

Implementation was carried out in phases across warehouse operations. Existing approval templates were reviewed, standardized, and converted into digital workflows, and an e-Signature solution was integrated with warehouse transaction systems to enable secure, role-based approvals. Targeted training and structured change management activities supported effective adoption by key stakeholders. As a result, the initiative delivered significantly shorter approval cycle times, improved real-time visibility of transaction status, stronger compliance and audit trails, and increased accountability through clear digital approval records.

AI agent for demand planning analysis

Julphar introduced an AI Demand Service Agent to strengthen demand planning through deeper analysis, faster insights, and more proactive decision-making. The initiative was driven by increasing data volume and complexity, which made traditional demand planning approaches, largely reliant on manual analysis, static reports, and reactive decision cycles, less effective in identifying demand shifts, risks, and root causes in a timely manner. The AI agent was designed to augment planners' expertise, reduce decision latency, and improve confidence in planning outcomes.

The AI Demand Service Agent was implemented as a CoPilot-style analytical assistant integrated into existing demand planning data and workflows. Leveraging AI and machine learning techniques, it continuously analyses demand signals, detects anomalies, and generates contextual and explainable insights. The rollout followed an iterative approach, beginning with core analytical capabilities and progressively expanding to predictive alerts and decision recommendations based on user feedback and adoption patterns.

The initiative has delivered meaningful operational benefits, including faster access to insights, improved exception management through automated outlier detection, and enhanced ability to anticipate demand risks. By reducing the time spent on manual data analysis and report interpretation, the AI agent has enabled planners to focus more on decision-making and scenario evaluation, while promoting consistent, data-driven insights across planning teams. Early challenges related to data quality and trust in AI-generated outputs were addressed through a strong focus on explainability and user-friendly insights, reinforcing the principle that AI functions most effectively as a decision-support tool rather than a replacement for human expertise. Building on this foundation, Julphar plans to further expand predictive capabilities and scenario simulation features to support more resilient and responsive demand planning.

Responsible sourcing and material efficiency

Julphar manages the use of active pharmaceutical ingredients (APIs) and other raw materials through robust quality systems, disciplined manufacturing controls, and continuous improvement initiatives aimed at minimizing material consumption and reducing waste across operations. Material efficiency is embedded throughout the manufacturing lifecycle, from formulation and dispensing to filling and packaging, ensuring consistent quality while limiting losses and rework.

Material efficiency is strengthened through ongoing process optimization and yield improvement initiatives designed to reduce batch rejections and losses at each production stage. Strict adherence to Good Manufacturing Practice (GMP) standards ensures accurate material dispensing, controlled process parameters, and effective change management, minimizing deviations and unnecessary waste. In parallel, controlled inventory and shelf-life management systems, including batch traceability and expiry monitoring, help prevent overstocking, obsolescence, and disposal of expired materials. Lean manufacturing and continuous improvement practices further support the identification of inefficiencies and enhancement of overall resource efficiency.

In packaging, Julphar is targeting the unification of packaging components across products wherever feasible to reduce reliance on product-specific packaging, thereby lowering material complexity, excess inventory, and overall packaging consumption. Regulatory changes affecting packaging requirements are closely monitored to enable timely phase-in and phase-out of materials, preventing obsolete stock and avoiding write-offs while maintaining full regulatory compliance.

EMPOWERING HEALTHY
PEOPLE AND COMMUNITIES

Supporting the health, wellbeing, and development of our people to build a strong and resilient workforce that enables the company's long-term vision and sustainable growth.

Material topics covered

- Talent attraction, retention and workforce stability
- Occupational health, safety and employee wellbeing
- Diversity and equal opportunity
- Training, upskilling and workforce development
- Human rights and labor management
- Community engagement and positive social impact

Value chain impact

- Operations
- Downstream

Key stakeholders

- Employees
- Healthcare industry
- Non-profit organizations
- Global health leaders
- Community

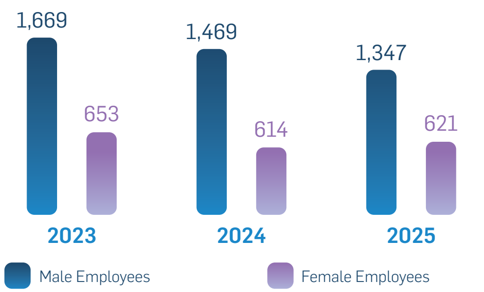
Workforce management

Julphar is committed to fostering a safe, inclusive, and high-performing workplace where employees are respected, supported, and empowered to grow. The Company recognizes its workforce as a critical driver of long-term success and is dedicated to promoting fair employment practices, employee well-being, continuous development, and a culture of integrity across all operations.

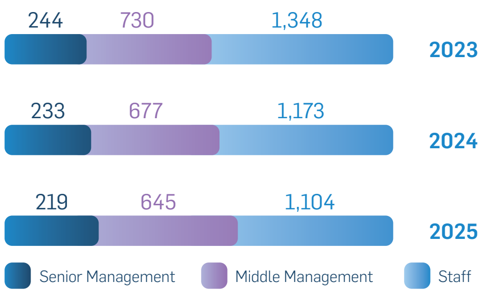
To support this commitment, Julphar maintains a comprehensive framework of policies, procedures, and standard operating procedures (SOPs) that govern all key aspects of workforce management. These policies are designed to standardize and optimize practices related to employee eligibility, benefits, well-being, career development, conduct, and professional behavior, ensuring consistency, transparency, and compliance.

Julphar applies a corporate policy framework across all countries in which it operates, deploying group-wide policies while allowing for local adaptation where required. Corporate policies are implemented and, when necessary, amended to ensure compliance with applicable local labor laws, regulations, and cultural contexts, while maintaining consistent corporate standards and values across the Group.

Gender Distribution by Year (2023-2025)



Workforce by Level (2023-2025)



	Unit	2023	2024	2025
Total number of full time employees	Number	2,322	2,083	1,968
Number of part-time employees	Number	0	0	8

In 2025, Julphar strengthened workforce capability by advancing job architecture, role clarity, and competency frameworks, supporting consistent talent decisions, fairer performance discussions, and structured development across the organization.

In recognition of its workforce practices and commitment to responsible employment, Julphar was awarded the 2025 Emirates Labour Market Award by the UAE Ministry of Human Resources & Emiratization. This external recognition reflects Julphar's efforts to strengthen fair employment practices, governance, and workforce development in alignment with national labour and Emiratization priorities.

Talent attraction, retention and workforce stability

Julphar adopts a structured, transparent, and merit-based approach to workforce attraction and retention, aimed at securing high-quality talent while fostering long-term employee engagement and stability. Recruitment and people practices are guided by clearly defined policies that promote fairness, diversity, and ethical conduct, ensuring consistent hiring standards across the organization. Beyond recruitment, Julphar focuses on effective onboarding, continuous development, and a supportive workplace culture to retain talent, strengthen employee commitment, and build a resilient workforce aligned with the Company's long-term strategy.

Talent Attraction and Recruitment

- Merit Based and Transparent Recruitment
- Diverse Sourcing Strategy
- Fair and Ethical Hiring Practices
- Employer Branding and Candidate Experience

30%
of workforce are women

41
Number of nationalities represented

Employee Retention and Engagement Practices

- Learning & Development
- Competitive Compensation & Benefits
- Inclusive and Supportive Culture
- Performance and Talent Management

22+
average training hours per employee in 2025

~99%
of employees received regular performance review in 2025

Onboarding and Integration

Structured Onboarding Program includes
- Orientation on values, safety, ESG, and compliance
- Role clarity, responsibilities, and goal setting
- Training on systems, workplace standards, and employee resources

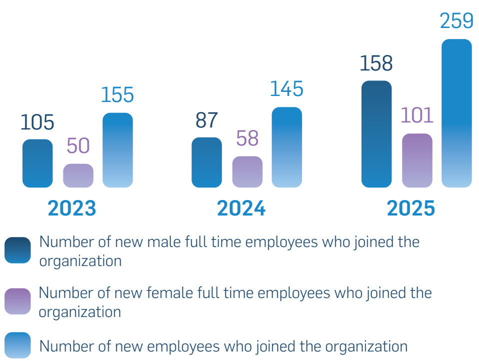
259
new employees joining in 2025

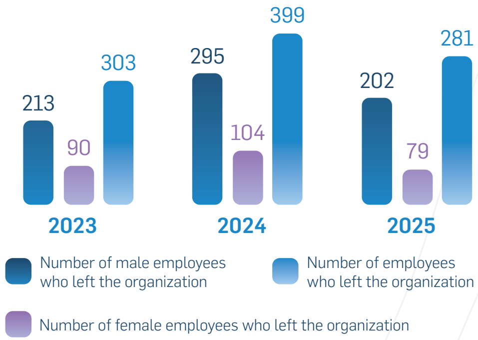
100%
of new hires completed onboarding

Commitment to ESG Principles in Recruitment

- Non-discriminatory and inclusive hiring practices
- Full compliance with labor laws and ethical standards
- Transparent and auditable recruitment processes
- Promotion of diverse and sustainable talent pipelines
- Focus on employee well-being and long-term career sustainability

30%
less turnover rate in 2025 compared to 2024





Julphar manages employee turnover through a structured, data-driven framework focused on workforce stability, engagement, and long-term talent sustainability. In 2025, these efforts resulted in a 30% reduction in employee turnover compared to the previous year, reflecting the impact of proactive retention initiatives, continuous monitoring, and forward-looking workforce planning. This approach supports the retention of critical skills and strengthens organizational resilience.

Monitor

Monitoring and Reporting Turnover

Regular turnover tracking, HR dashboards, management reporting

Understand

Understanding Reasons for Turnover

Exit interviews, stay interviews, pulse surveys

Retain

Retention Strategies and Supportive Practices

Development, compensation alignment, culture, well-being

Plan

Proactive Workforce Planning

Critical roles, succession planning

Our approach to turnover management reflects our broader commitments to responsible employment practices

- ESG Alignment
- Transparency
- Compliance with labor laws and global standards

Regular review and governance

Governance effectiveness is supported through periodic KPI monitoring, management reporting, and internal and legal compliance audits. Ongoing oversight by HR and leadership reinforces accountability, transparency, and adherence to responsible governance and people practices across the organization.

Julphar is committed to fair and competitive compensation aligned with internal structures and external benchmarks. This commitment is supported by transparent policies, structured pay frameworks, and regular compensation reviews that promote performance, internal equity, compliance, and employee wellbeing.

Julphar actively promotes internal career progression by encouraging employees to apply for internal opportunities, strengthening talent mobility, professional growth, long-term engagement, and a performance-driven culture..

End-of-Service Benefits

Julphar is committed to complying with all applicable laws, rules, and regulations governing End of Service Benefits across the countries in which it operates. These benefits are accrued over an employee's period of service and reflect the Company's commitment to employee welfare, regulatory compliance, and responsible people practices.

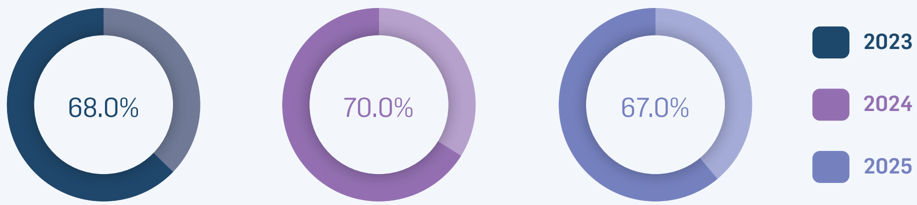
Social Security and Pension Schemes

Julphar complies with applicable social security and pension regulations across its operations, contributing to statutory schemes in accordance with local legal requirements. These contributions support employees' long-term financial security and reflect the Company's commitment to regulatory compliance and responsible people practices.

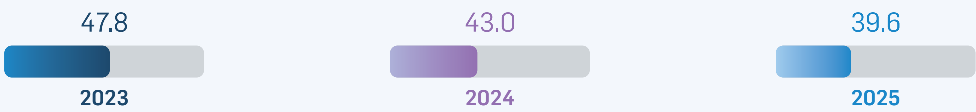
Financial Well-being Support

Julphar complies with applicable social security and pension regulations across its operations, contributing to statutory schemes in accordance with local legal requirements. These contributions support employees' long-term financial security and reflect the Company's commitment to regulatory compliance and responsible people practices.

Ratio of median male compensation to median female compensation



Ratio of annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)



Wellbeing and healthy workplace

In 2025, Julphar strengthened workforce wellbeing and engagement through targeted initiatives aimed at enhancing employee health and the overall workplace experience. In collaboration with the Julphar Clinic, health initiatives included blood donation drives, preventive health screenings, awareness campaigns, and annual flu vaccinations.

In parallel, workforce listening mechanisms such as pulse surveys and feedback loops were enhanced to better capture employee sentiment and inform action. Together, these initiatives supported a healthier, more inclusive, and resilient workforce aligned with Julphar's culture pillars.

Diversity and equal opportunity

Julphar is committed to fostering an inclusive, diverse, and equitable workplace where all employees are treated with fairness, dignity, and respect. This approach is grounded in merit-based and transparent practices that prevent discrimination, promote equal access to opportunities, and ensure fair treatment across the employee lifecycle—from recruitment and development to advancement and leadership roles.

Promoting fairness and equal opportunity

Julphar upholds principles of non-discrimination and Equal Employment Opportunity (EEO) across all operations. Hiring, compensation, performance evaluation, and career progression decisions are based on objective criteria, ensuring that all employees have equal opportunities regardless of gender, nationality, race, age, religion, disability, or other personal characteristics. Policies addressing anti-harassment and respectful workplace conduct reinforce a culture of dignity and accountability.

Inclusive hiring and talent development

Inclusive recruitment practices are embedded into Julphar's hiring processes to support diverse talent pipelines and fair candidate assessment. The Company also promotes equal access to learning, development, and leadership opportunities, supported by transparent promotion processes and structured talent management practices designed to identify and develop potential across the organization.

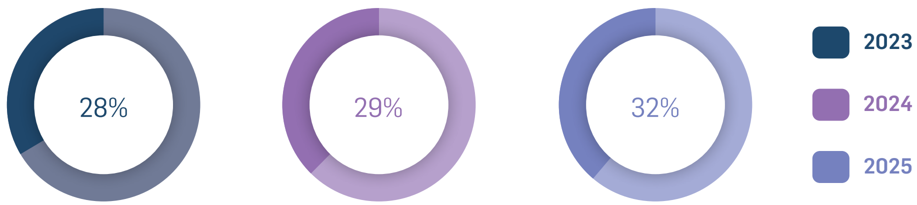
Governance, oversight, and ESG alignment

Diversity and equal opportunity are integral to Julphar's broader ESG and governance commitments. Oversight mechanisms, monitoring, and periodic reviews support continuous improvement and accountability. Through these practices, Julphar aims to build a workforce that reflects diversity in thought, background, and experience while aligning with international labor standards and human rights principles.

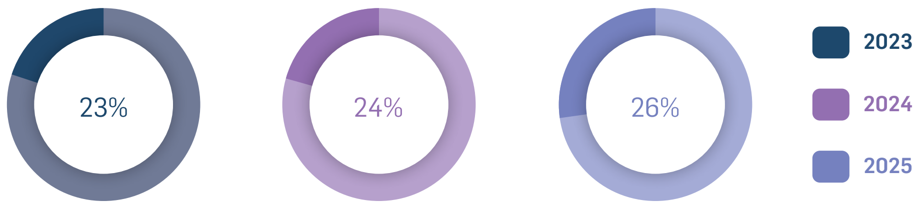
Advancing diverse leadership and inclusive career progression

Julphar is committed to strengthening diversity and inclusion across all levels of the organization, with a focus on enhancing representation in senior management and decision-making roles. This commitment is supported by structured talent and succession planning, inclusive recruitment practices, and leadership development programs that ensure equitable access to career advancement. Transparent promotion criteria, pay equity reviews, and targeted leadership capability initiatives reinforce fairness and consistency, while governance oversight and diversity metrics ensure accountability and sustained progress.

Percentage of female employees in the full-time workforce



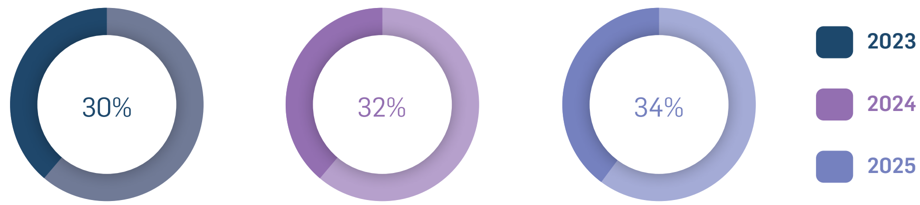
Percentage of female in senior management



Julphar's culture transformation journey

In 2025, Julphar advanced a deliberate shift in how culture is lived across the organization, focusing on aligning leadership behaviors, decisionmaking, and day-to-day ways of working across its multicountry footprint. The objective was to translate cultural intent into consistent practice, recognizing that culture shapes how results are achieved. Structured culture workstreams, leadership alignment, and clear governance mechanisms were introduced to embed accountability, follow up, and measurable outcomes. As the year progressed, teams became more aligned in how they lead and collaborate, supported by strengthened listening tools, pulse feedback, and people metrics. Looking ahead, Julphar remains focused on embedding these behaviors into the fabric of the organization.

Percentage of female in middle management



Emiratization and national workforce development

Julphar supports national employment strategies and socio-economic development across its markets of operation. The Company complies with all applicable nationalization regulations, including in the UAE and KSA, and has established dedicated policies, processes, and monitoring mechanisms to ensure ongoing alignment with localization requirements.

Beyond compliance, Julphar's approach to Emiratization and national development is strategic and long-term. It focuses on attracting, developing, and advancing local talent, particularly into critical and senior leadership roles, while strengthening organizational capability and national healthcare resilience. Currently, 2% of senior management positions are held by UAE nationals, a level that has been maintained consistently over the past three years.

How Julphar Advances Nationalization Objectives

Hiring and Workforce Planning

- Commitment to hiring national talent across roles
- Workforce planning aligned with localization targets
- Shortlisting qualified national candidates for key roles

Developing National Talent and Leaders

- Targeted development programs for national employees
- Leadership initiatives to support progression into critical roles
- Mentorship and coaching to build readiness

Partnerships and Ecosystem Engagement

- Collaboration with government to support national employment
- Engagement with academic institutions to strengthen talent pipelines

Governance, Monitoring, and Accountability

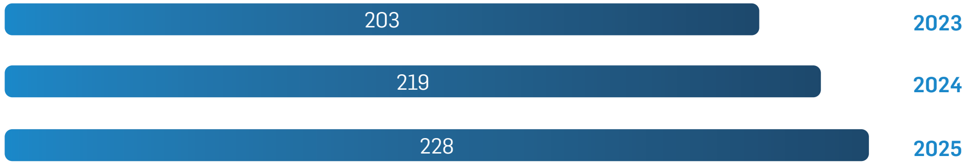
- Localization tracked through dashboards and reporting
- Regular progress updates to executive leadership
- Clear leadership accountability for delivery and outcomes

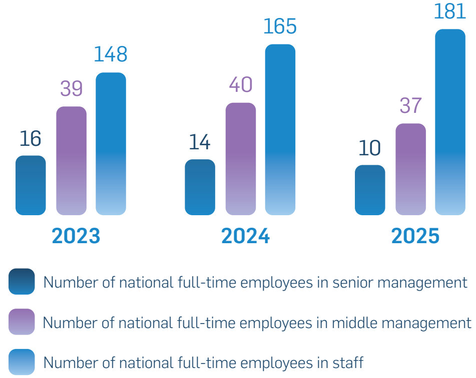
Succession and Talent Pipelines

- Succession pipelines integrated into workforce planning
- Early identification of high-potential national talent

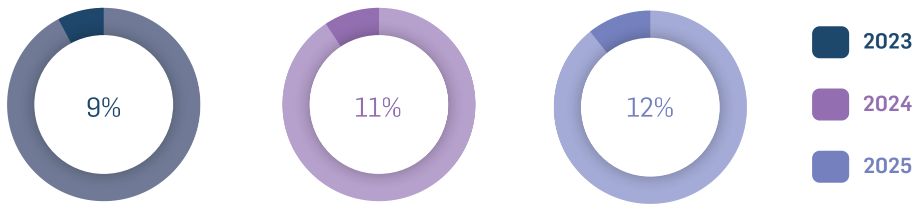
Through this structured and values-driven approach, Julphar reinforces its role as a responsible employer, a contributor to national development, and a long-term partner in building sustainable local talent and leadership capacity.

Number of national employees among the total full-time workforce





Percentage of national employees among the total full-time workforce



Women empowerment

At Julphar, we are committed to fostering an inclusive and equitable workplace where women are empowered to grow, lead, and contribute across all levels of the organization. This commitment is reflected in our focus on increasing women's representation in leadership, STEM roles, and key business functions, as well as in creating equal opportunities for career development and advancement. By embedding gender diversity into our workforce practices, Julphar aims to build a stronger, more innovative, and sustainable organization that benefits from diverse perspectives and talent.

Ethical and fair treatment

Julphar is committed to maintaining a workplace where all employees are treated with dignity, fairness, and respect. The Company promotes equal treatment across all employment practices through clear policies, defined procedures, and governance mechanisms aligned with applicable labor laws, international standards, and its Code of Ethics.

Zero

incidents of discrimination for 3 consecutive years

Key measures in place include:

- **Non-Discrimination and Equal Opportunity:** Julphar applies an Equal Employment Opportunity (EEO) framework that prohibits discrimination on legally protected grounds, including gender, nationality, race or ethnicity, religion, age, disability, marital status, or any other protected characteristic.
- **Zero-Tolerance for Harassment and Misconduct:** A zero-tolerance approach is applied to harassment, bullying, intimidation, and retaliation, reinforcing expectations for respectful workplace behavior.
- **Reporting and Grievance Channels:** Employees have access to multiple channels to raise concerns, including reporting to HR or management, formal grievance procedures, and confidential or whistleblowing mechanisms where applicable. Reports are handled confidentially and reviewed in line with internal procedures.

To support consistent application, employees receive induction and periodic awareness training on the Code of Conduct and respectful workplace expectations.

100%

of employees completed mandatory Code of Conduct training

	Unit	2023	2024	2025
Incidents of discrimination/abuse/harassment reported	Number	0	0	0
Total number of employees that the organization's anti-corruption policies have been communicated to	Number	1,669	1,469	1,347
Percentage of workforce has formally certified its compliance with the Code of Conduct	%	100.0%	100.0%	100.0%

Training, upskills and workforce development

Julphar develops a skilled, future-ready workforce through a structured training and development framework focused on technical capability, leadership development, and ESG awareness. Continuous learning is embedded across the employee lifecycle, supporting operational excellence, talent retention, and long-term organizational sustainability in alignment with governance and performance priorities.

Julphar's training and development programs are organized around the following key pillars:

Technical and Functional Capability Building	Training programs are tailored to operational, engineering, quality, commercial, and support functions, ensuring employees have the technical expertise required for their roles. This includes job-specific technical training, operational and engineering programs, quality assurance and process improvement workshops, and digital systems training (e.g., ERP and data platforms). Safety, compliance, and regulatory training form a core component of technical capability building.
Leadership and Management Development	Julphar invests in leadership development across all levels of the organization. Programs support employees transitioning into supervisory and first-line management roles, develop high-potential and emerging leaders, and strengthen mid-level and senior management capability. Leadership development focuses on people management, ethical leadership, decision-making, and leading through change, supported by coaching and mentoring where appropriate.
Soft Skills and Professional Development	In addition to technical training, Julphar provides professional skills development to enhance communication, collaboration, problem-solving, time management, productivity, and project management capabilities. These programs support employee effectiveness, teamwork, and career progression
ESG, Compliance, and Governance Training	To reinforce responsible business practices, employees receive training on workplace health and safety, emergency preparedness, ethical conduct, anti-bribery and anti-corruption, data privacy, information security, and regulatory compliance. These programs support Julphar's commitment to governance, risk management, and sustainable operations.
Continuous Learning and Career Development	Julphar promotes a continuous learning culture through structured development pathways, access to learning platforms, mentorship opportunities, and internal mobility programs. Career development initiatives support skills growth, internal progression, and long-term employability.

	Unit	2023	2024	2025
Number of training hours for employees	Number	29,402	22,618	43,661
Average training hours per employee	Number	13	12	22
Number of employees who received a regular performance and career development review	Number	NA	1,844	1,777
Percentage of employees who received a regular performance and career development review	%	95%	93%	90%

Building leaders who enable a healthy workplace and sustainable talent

In 2025, Julphar advanced its leadership agenda through a unified leadership development pathway designed to strengthen people leadership capability across critical organizational levels. The initiative focused on building consistent, effective leadership behaviors that support transformation, reinforce wellbeing and ethical conduct, and enhance engagement, performance, and culture adoption. By establishing a shared leadership standard and emphasizing practical, applied leadership skills, the programs aimed to improve managerial consistency, strengthen employee experience, and support a healthy and fair workplace. Delivered through complementary development streams, the pathway laid the foundation for scalable leadership capability aligned with Julphar's governance, people sustainability, and long-term organizational effectiveness objectives.

First Line Leaders Program (COHORT II – 2025)

Shaping leadership where employee experience is formed daily

Target Group

- First-line and frontline leaders

Focus

- Day-to-day people management
- Leading teams through change
- Translating culture into daily behaviors

Key Capabilities Built

- Coaching and feedback conversations
- Performance and accountability management
- Ethical and fair decision-making
- Supporting employee wellbeing

Delivery Approach

- Structured learning sessions
- Practical tools for real manager scenarios
- Immediate on-the-job application

Impact

- Improved frontline leadership consistency
- Stronger engagement and communication at team level
- Better quality daily leadership interactions

95
of first-line leaders trained

16
training hours per participant

Ignite Leadership Development Program

Strengthening leadership capability across people leaders

Target Group

- Mid-level and people leaders across functions

Focus

- Leading through transformation
- Governance-aligned leadership behaviors
- Culture and performance alignment

Key Capabilities Built

- Change leadership and decision-making
- Ethical leadership and accountability
- Constructive performance and engagement conversations

Delivery Approach

- Modular learning sessions
- Leadership engagement forums
- Embedded learning through real work situations

Impact

- Clearer leadership expectations
- Improved manager effectiveness and confidence
- Stronger alignment between leadership behavior and strategy

34
of people leaders enrolled

16
Total training hours per participant

Early career development

Julphar also supports early-career talent development through student and trainee programs, including live work exposure, factory tours and technical site visits, and structured internship opportunities. These programs provide practical insight into different business functions, helping students build workplace skills, understand career pathways, and prepare for future professional roles.

Occupational health, safety and employee wellbeing

Protecting people is fundamental to Julphar's operations and long-term sustainability. In 2025, the Company continued to strengthen its approach to environmental stewardship, occupational health and safety, and regulatory compliance, with a clear focus on prevention, preparedness, and continuous improvement.

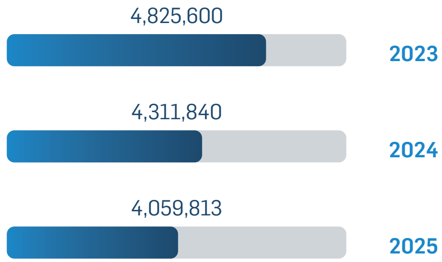
A key milestone during the year was **the successful maintenance of ISO 14001:2015 Environmental Management Systems (EMS) certification**, reinforcing robust environmental management practices across operations. Emergency preparedness was further enhanced through structured drills and scenario-based training, strengthening organizational readiness and response capability.

Environmental performance improvements were driven by practical, on-the-ground actions. These included stronger waste segregation practices, tighter chemical management controls, and consistent monitoring and optimization of wastewater treatment plant operations. Together, these measures supported regulatory compliance while reducing environmental risk.

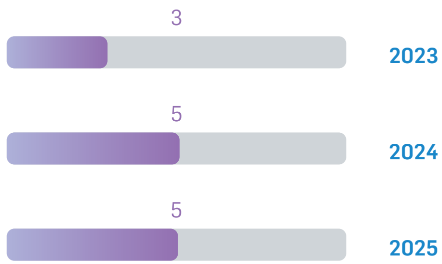
Health and safety performance continued to improve through targeted system reinforcement. The permit-to-work process was strengthened, contractor safety management was enhanced, and focused behavioral safety observation initiatives were implemented to promote safe practices and personal accountability at the workplace.

Julphar health and safety practices are aligned with **ISO 45001:2018 Occupational Health and Safety certification** principles through documented policies, SOPs, risk assessments, emergency procedures, and joint management–worker safety committees. This framework enables systematic hazard identification, performance monitoring, incident reporting and investigation, employee consultation, and continual improvement. Work is ongoing to further formalize and strengthen this system in line with ISO 45001 requirements.

Total employee-hours worked



Employee lost-time injuries (LTI)



	Unit	2023	2024	2025
Employee fatalities as a result of work-related injury	Number	0	0	0
Employee total recordable injuries (TRI)	Number	6	5	5
Employee lost Time Injury Rate (LTIR)	Number	0.62	1.16	1.23
Employee total recordable Injury Rate (TRIR)	Number	1.24	1.16	1.23
Total lost workdays	Number	30	8	14

Health and safety risks management

Occupational health and safety risks are managed through structured processes, including job safety analyses, routine inspections, task risk assessments, and near-miss investigations. Risks are evaluated using defined risk matrices, with corrective actions implemented according to the hierarchy of controls. Findings are reviewed at management level to drive learning and sustained improvement.

Julphar's health and safety framework applies to all employees, contractors, visitors, and operational activities. Contractor-related risks are addressed through clear safety requirements, audits, and compliance monitoring. Workers are empowered to report hazards and unsafe conditions through formal reporting mechanisms, supported by non-retaliation and confidential reporting safeguards.

Beyond injury prevention, Julphar promotes employee well-being through onsite clinic facilities, trained first aiders, emergency medical response arrangements, periodic medical surveillance where applicable, and access to external healthcare providers for physical and mental health support. Health awareness initiatives, stress management programs, and wellness campaigns further reinforce a holistic approach to workforce well-being.

Through these integrated efforts, Julphar continues to strengthen a safety culture that protects people, supports regulatory compliance, and aligns with national occupational health and environmental priorities.

Strengthening emergency preparedness through integrated mock drills

To enhance emergency readiness across manufacturing and quality operations, Julphar implemented a series of integrated emergency mock drills during 2025. The initiative was designed to ensure effective response to high-risk scenarios—including fire incidents, chemical spills, and site evacuations—while reinforcing alignment with ISO 14001 emergency preparedness requirements.

Multiple drills were conducted throughout the year, bringing together operational teams, emergency response personnel, and site security. These exercises tested the effectiveness of alarm systems, evacuation procedures, communication flows, and environmental protection measures under realistic conditions.

The initiative delivered tangible improvements, including faster response times, higher employee awareness of emergency roles and procedures, and clearer coordination during simulated incidents. Importantly, the drills also helped identify infrastructure and process improvement opportunities. Lessons learned were formally documented and translated into updated emergency procedures and targeted training programs, strengthening overall site resilience and preparedness.

Enhanced chemical safety and spill prevention program

In 2025, Julphar strengthened its chemical safety framework to minimize environmental and occupational risks associated with chemical handling, storage, and transportation. The initiative was driven by regulatory requirements, Material Safety Data Sheet (MSDS) controls, and the Company's broader sustainability and risk-prevention objectives.

The program focused on practical risk reduction measures across operations, including updating chemical inventories, reinforcing compatibility-based storage practices, improving the availability and placement of spill response kits, and delivering targeted spill response training to relevant employees. These actions enhanced preparedness, reduced the likelihood and impact of chemical incidents, and strengthened compliance with applicable safety and environmental standards.

As a result, Julphar achieved improved chemical safety compliance, lower spill-related risk exposure, and increased employee competence in safe chemical handling and emergency response. Ongoing monitoring and periodic refresher training have been identified as next steps to sustain performance and embed continuous improvement.

100%
of chemical inventories reviewed and updated in line with MSDS and regulatory requirements

0
major chemical spill incidents reported during the reporting period

72+
employees trained on chemical handling and spill response procedures

Health and safety targeted trainings

In 2025, Julphar delivered a comprehensive HSE training program designed to strengthen safety awareness, build practical competence, and embed preventive behaviours across operations. Training covered different topics from environmental protection, occupational health, emergency preparedness, and high-risk activities, ensuring employees and contractors were equipped to manage risks safely and responsibly.

These trainings strengthened risk awareness, improved emergency readiness, and supported a proactive safety culture across sites. Lessons learned from drills and feedback were integrated into procedures and future training plans, reinforcing continuous improvement.

23
HSE training sessions delivered in 2025

12
months of continuous HSE learning

20+
HSE training hours delivered in 2025

997
Training participations

HSE training programs

2025

Emergency Preparedness & Response

Fire drills across 5 sites, ERT training, gas release mock drill, spill response — fastest evacuation in under 3 minutes.

36 Participants | 5.5 Training Hours

Occupational Safety & Safe Operations

SOP inductions, forklift safety, PPE protocols, and safe work practices across operations and warehousing.

162 Participants | 6 Training Hours

Chemical Safety & Environmental Protection

Hazardous materials handling, spill response, pesticide safety, and regulatory compliance across QC, R&D, and facilities.

171 Participants | 4.5 Training Hours

Contractor & Third-Party Safety Management

Safe work practices, chemical handling, waste segregation, and environmental responsibility for contractors.

85 Participants | 1 Training Hour

Health, First Aid & Life-Saving Skills

Fire drills across 5 sites, ERT training, gas release mock drill, spill response — fastest evacuation in under 3 minutes.

70 Participants | 1 Training Hour

Safety Culture, Awareness & Governance

EHS Council meetings aligning management and operations on proactive safety leadership and governance.

54 Participants | 2.5 Training Hours

Participant counts reflect total attendances across all sessions. Training hours represent the sum of session durations per focus area.

Community engagement and positive impact

Julphar is committed to supporting local communities through responsible engagement, long-term partnerships, and initiatives that contribute to social well-being. This commitment is guided by a structured approach that emphasizes transparency, accountability, and alignment with Julphar's values and social responsibility objectives.

During 2025, Julphar strengthened its corporate visibility, stakeholder engagement, and reputation across local, regional, and international platforms through coordinated communication and media engagement aligned with its strategic priorities.

Employee engagement and social awareness initiatives

Julphar organized a range of cultural events and awareness campaigns to strengthen employee engagement, promote wellbeing, and foster a culture of social responsibility across the organization.

Organized cultural and social initiatives, including **Fasting Meal Distributions, Hag Al Laila celebrations, and National Day events**, promoting cultural awareness and strong employee participation.

Strengthened **employee engagement, wellbeing, and team spirit** while fostering a culture of **social responsibility across the organization**.

Led internal awareness campaigns such as
- **Our Trees, Our Hope**
- **Zayed Humanitarian Day**
- **Emirati Women's Day**
- **Internal National Labour Day**
- **World Cancer Day; Safe Summer;**
- **and Nurses' Day**

Key Events and Milestones

January 2025

DUPHAT 2025 – 30th Edition

Julphar participated in the 30th Edition of the Dubai International Pharmaceuticals and Technologies Conference and Exhibition (DUPHAT 2025).

February 2025

RAK Half Marathon 2025 – 18th Edition

Julphar participated in the 30th Edition of the Dubai International Pharmaceuticals and Technologies Conference and Exhibition (DUPHAT 2025).

March 2025

55th Annual ESPRS Conference

Julphar represented its scientific and clinical portfolio at the 55th Annual Conference of the European Society of Plastic, Reconstructive and Aesthetic Surgery (ESPRS).

Strategic Licensing Partnership with Dong-A ST

Julphar announced a strategic licensing partnership with Dong-A ST to introduce an innovative biotechnology product across the MENA region.

April 2025

World Local Production Forum (WLPF) 2025 – 3rd Edition

Julphar participated in the 3rd Edition of the World Local Production Forum, engaging with global stakeholders on local pharmaceutical manufacturing and supply chain resilience.

Launch of Portfolio of 3 Locally Manufactured Insulin Analogues

Julphar officially launched its newly developed and locally manufactured portfolio of 3 insulin analogues (LANSULIN, INSUMIX and INSURAPID).

May 2025

Make it in the Emirates Exhibition – 4th Edition

Julphar participated in the fourth edition of the Make it in the Emirates exhibition, highlighting its local manufacturing capabilities and contribution to the UAE's industrial strategy.

Ministerial Visit to Julphar

Julphar received His Excellency Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade, on an official visit to the company's headquarters, accompanied by Her Excellency Dr. Fatema Al Kaabi, Director General of the Emirates Drug Establishment and Chairperson of the Emirates Biotechnology Research Center.

June 2025

MoU with Emirates Charity Association

Julphar signed a Memorandum of Understanding with the Emirates Charity Association to strengthen community cooperation, aligning with its broader social responsibility commitments.

CPHI China 2025 – Shanghai

Julphar's Business Development and Supply Chain divisions participated in CPHI China 2025, held at SNIEC in Shanghai, exploring international partnership opportunities.

July 2025

High-Level Delegation from the Embassy of the Maldives

Julphar received a high-level delegation from the Embassy of the Maldives, led by His Excellency Ambassador Mr. Mohamed Hussain Shareef, exploring opportunities for bilateral healthcare cooperation.

HEAL Wound Care Experts Workshop – Beirut

Julphar hosted the HEAL Wound Care Experts Workshop in Beirut, bringing together healthcare professionals to advance clinical knowledge and wound care best practices in the region.

September 2025

Leadership Summit 2025 – Enabling Our Future

Julphar's Leadership Summit 2025 was hosted by CEO Mr. Basel Ziyadeh under the guiding vision of "Enabling Our Future", bringing together senior leaders to align on strategic priorities and organizational growth.

Cooperation Agreement with the International Charity Organization

Julphar signed a Cooperation Agreement with the International Charity Organization, furthering its commitment to community health and humanitarian support.

October 2025

MEBO Wound Care Summit 2025 – Algeria

Julphar's Leadership Summit 2025 was hosted by CEO Mr. Basel Ziyadeh under the guiding vision of "Enabling Our Future", bringing together senior leaders to align on strategic priorities and organizational growth.

MEBO Nurse Training – Guangzhou, China

Julphar joined the Academic Exchange at Guangzhou Hospital of Integrated Traditional and Western Medicine, participating in a MEBO nurse training program.

November 2025

RAKMHSU Career Fair 2025 – 15th Edition

Julphar participated in the 15th Career Fair at Ras Al Khaimah Medical and Health Sciences University (RAKMHSU).

UAE Labour Market Leadership Award

Julphar was honoured at the UAE Labour Market Leadership Award ceremony in Abu Dhabi, recognizing the Company's contributions to a fair, inclusive, and forward-looking work environment.

UAE 54th National Day Celebration

Julphar marked the 54th National Day of the United Arab Emirates with a celebration held at its headquarters in Ras Al Khaimah.

December 2025

1st Annual Neurology Forum for Libya Neurologists – Cairo

Julphar participated in the 1st Annual Neurology Forum for Libya Neurologists in Cairo, supporting the advancement of neurological care and professional development across the region.

Julphar Cycle Meeting – Egypt

Julphar held its Egypt cycle meeting to align commercial and medical teams on key business.

Julphar GCC Cycle Meeting

Julphar held its GCC cycle meeting, bringing together teams across the GCC countries to review performance and strengthen regional coordination.

	Unit	2023	2024	2025
Number of employee volunteering hours	Number	24	25	42
Number of employees who volunteered	Number	10	22	20

Julphar's participation in Make it in the Emirates 2025

Julphar's participation in Make it in the Emirates 2025 reinforced its position as a leading Emirati pharmaceutical manufacturer and a key contributor to national industrial development and healthcare localization.

The participation highlighted:

- **Local manufacturing excellence** and advanced pharmaceutical capabilities
- **Innovation and technology-led growth** supporting national health priorities
- **Contribution to healthcare resilience** and industrial sustainability in the UAE

These efforts strengthened Julphar's visibility as a national manufacturing champion and reinforced its alignment with the UAE's industrial and economic development agenda.

Visit of H.E. the Minister of State for Foreign Trade

The visit of H.E. Dr. Thani bin Ahmed Al Zeyoudi, UAE Minister of State for Foreign Trade, provided a high-level platform to showcase Julphar's role in advancing the UAE's pharmaceutical sector and supporting national healthcare and trade priorities.

Julphar hosted the visit, showcasing its manufacturing capabilities, regulatory collaboration, and contributions to national healthcare resilience. The visit highlighted Julphar's strategic direction and alignment with the UAE's industrial and economic development agenda.

The successful delivery of the visit strengthened Julphar's credibility with government stakeholders and reinforced its position as a trusted national partner in the pharmaceutical industry. It also enhanced public and stakeholder confidence in Julphar's contribution to the UAE's healthcare localization and long-term industrial growth objectives.

Strategic partnerships for community development and healthcare access

Julphar maintains strategic partnerships across R&D, manufacturing, distribution, and healthcare to strengthen capabilities, support local production, and improve access to essential medicines. These collaborations enable technology transfer, enhance quality standards, drive innovation, and reinforce supply chain resilience in line with national priorities.

In 2025, Julphar further strengthened its community engagement through formal cooperation agreements, supporting more structured and sustainable social impact.

Humanitarian support and relief initiatives

Julphar contributes to humanitarian and community support initiatives, providing medical aid and participating in relief efforts that support vulnerable communities across the region.

This year we supported humanitarian relief efforts aligned with the UAE's national "With You, Lebanon" campaign, contributing to initiatives aimed at assisting communities affected by the crisis in Lebanon. Through collaboration with relevant authorities and partners, the Company participated in broader national efforts to provide aid and reinforce collective humanitarian support. This engagement reflects Julphar's commitment to contributing to community wellbeing and responding to regional humanitarian needs.

Julphar signed of a Memorandum of Understanding with the Emirates Charity Association

Read More

Julphar signed Cooperation Agreement with the International Charity Organization

Read More

Humanitarian medical aid to Gaza hospitals

Julphar delivered 12 tonnes of essential medicines to hospitals in Gaza as part of the UAE's humanitarian initiative Operation Chivalrous Knight 3, in coordination with the Saqr bin Mohammed Al Qasimi Charity and Humanitarian Foundation. The shipment included critical treatments such as antibiotics, pain relievers, antihistamines, and medications for infections and gastrointestinal conditions, helping address urgent shortages and support overstretched healthcare facilities during the ongoing humanitarian crisis.

OPERATING RESPONSIBLY
FOR THE ENVIRONMENT

Driving responsible environmental stewardship by reducing environmental impact, improving resource efficiency, and protecting natural ecosystems to support the company's long-term sustainability and operational resilience.

Material topics covered

- Climate change and energy management
- Water and wastewater management
- Waste and hazardous materials management

Value chain impact

Operations
Downstream

Key stakeholders

Regulators
Investors
Suppliers
Global health leaders
Communities

6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Climate change and energy management

Julphar manages climate change and energy-related impacts through an approach focused on regulatory compliance, operational efficiency, and risk management across its manufacturing and support operations. As an energy-intensive pharmaceutical manufacturer, we recognise the importance of monitoring energy consumption, reducing greenhouse gas emissions where feasible, and integrating climate considerations into operational planning. Climate change and energy management are addressed through policies, controls, and continuous improvement initiatives aimed at maintaining operational continuity while managing environmental impacts in line with applicable regulations and market expectations.

Energy and emissions management

Julphar manages energy consumption and associated emissions through a structured approach focused on operational efficiency, cost control, and environmental impact management. Energy performance is monitored regularly across operations, with reduction and efficiency targets informed by consumption trends, internal benchmarking, and periodic energy audits. These targets are integrated into operational planning and reviewed on an ongoing basis to assess progress and identify opportunities for continuous improvement. In parallel, Julphar continues to assess opportunities to support the transition to renewable energy, including the potential integration of on-site solar solutions and participation in relevant local clean energy initiatives, where feasible.

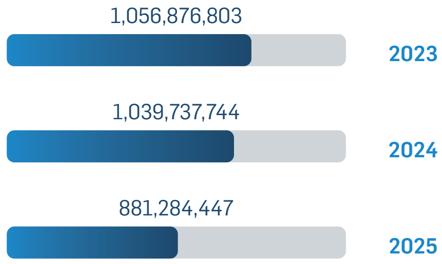
During 2025 Julphar implemented several initiatives to improve energy efficiency across its operations. These included the optimisation of chiller operating conditions to reduce electricity consumption during peak summer periods, contributing to improved energy performance in cooling-intensive facilities.

Julphar also completed a large-scale lighting upgrade program, replacing more than **8,000 fluorescent light tubes** and **over 2,000 conventional light fittings** with energy-efficient LED alternatives. Based on internal estimates, this initiative is expected to deliver annual electricity savings of approximately 559,651 kWh, resulting in estimated annual cost savings of **246,246 AED** and associated reductions in greenhouse gas emissions of approximately **223 tCO_2e**.

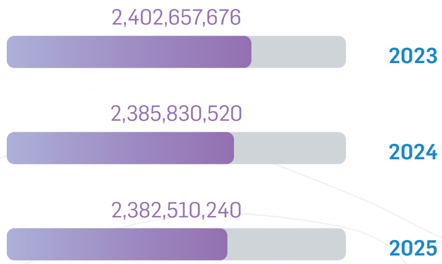
In addition, an electricity-saving awareness communications campaign was rolled out across Julphar through company-wide emails and posters. The campaign focused on promoting energy-efficient behaviours, increasing awareness of electricity consumption impacts, and reinforcing the role of employees in supporting operational energy efficiency initiatives.

This reduction was primarily driven by changes in the operational boundary, including the divestment of Diabtec LLC, which reduced the overall energy demand associated with directly controlled operations during the year.

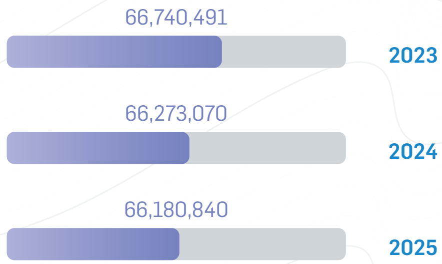
Total amount of energy directly consumed (GJ)



Total amount of energy indirectly consumed (GJ)



Electricity consumption (kWh)



	Unit	2023	2024	2025
Direct GHG emissions (Scope 1)	Tonnes CO2eq	10,694	10,080	10,057
Indirect GHG emissions (Scope 2)	Tonnes CO2eq	26,970	26,780	26,744
Total GHG emissions (Scope 1 & 2)	Tonnes CO2eq	37,663	36,862	36,800
GHG emissions intensity	Tonnes CO2eq/ employee	16.22	17.70	18.70

Steam network integration for improved boiler efficiency

Building on the Chiller Upgrade Strategy introduced in the previous reporting cycle, Julphar continued to advance its approach to cooling efficiency and energy management during 2025.

Julphar implemented a steam network integration initiative to improve energy efficiency, reduce fuel consumption, and optimize operational performance across its manufacturing facilities. Previously, boilers operating across four stations functioned independently, resulting in low-capacity utilization, higher diesel consumption, and increased maintenance complexity. In some locations, boilers operated at relatively low efficiency, while higher-performing assets at other stations remained underutilized. To address these inefficiencies, Julphar integrated steam distribution networks across four selected stations, enabling centralized steam generation from the more efficient boiler systems. Steam loads were rebalanced accordingly, and boilers operating at lower efficiency were placed into hibernation, eliminating associated fuel consumption and routine maintenance requirements.

This integration improved overall boiler capacity utilization and operational efficiency, while reducing diesel consumption and associated greenhouse gas emissions. Consolidating steam generation also enhanced system reliability and reduced operating costs linked to fuel use and maintenance. Based on internal estimates, the initiative is expected to deliver

The project required careful integration of legacy piping systems and close coordination with production teams to maintain uninterrupted steam supply during implementation. Key lessons learned included the importance of early mapping of existing utilities to reduce capital expenditure, execution risks, and operational disruption.

Integration of boilers at **4 stations**

Strengthened cross-functional execution to deliver infrastructure upgrades

Shifted production to higher-efficiency assets, **reducing complexity and strengthening system reliability**.

Transition from diesel to Compressed Natural Gas

Julphar is advancing a transition from diesel to compressed natural gas (CNG) for steam generation to reduce greenhouse gas emissions and improve long-term cost efficiency. Currently, steam generation relies on diesel fuel, with annual consumption exceeding 600,000 imperial gallons, resulting in operating costs of approximately **AED 6–7 million per year**.

To address these challenges, Julphar initiated a fuel transition programme focused on converting existing boiler systems to operate on CNG through targeted burner modifications and supporting infrastructure upgrades. Once fully operational, the initiative is expected to reduce greenhouse gas emissions through the use of a lower-carbon fuel source, while also generating annual operating expenditure savings driven by lower and more stable fuel costs compared to diesel.

Implementation activities include:

- Modification of existing boiler burners to enable dual-fuel operation (diesel/CNG)
- Installation of required gas pipeline infrastructure
- Completion of relevant regulatory and authority approvals

Once fully implemented, it is expected to:

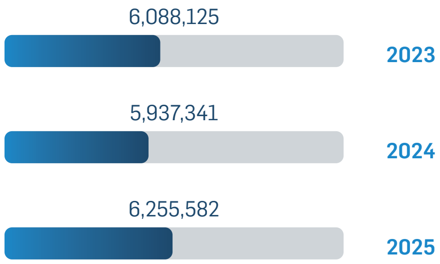
Reduce annual emissions through the use of a lower-carbon fuel of **20-30% tCO_2e** of current emission generated by Diesel

Annual operating cost savings of approximately **10-20% of current Diesel cost**

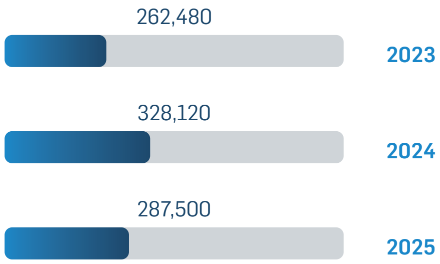
Waste and hazardous materials management

Julphar recognizes that effective waste management is essential to safeguarding environmental protection, ensuring regulatory compliance, and maintaining safe pharmaceutical manufacturing operations. Given the nature of its activities, the Company manages a range of waste streams, including pharmaceutical, hazardous, and non-hazardous waste, and applies a structured approach to minimizing environmental risks across its operations.

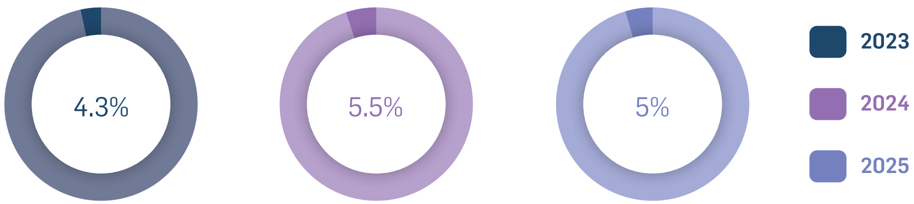
Total waste generated (Kilograms)



Total waste recycled (Kilograms)



Percent of waste recycled



	Unit	2023	2024	2025
Non-hazardous waste generated	Kilograms	1,026,990	1,030,480	1,015,260
Pharmaceutical waste (inc. Hazardous)	Kilograms	5,061,135	4,906,861	5,240,322

Management and policy implementation

Julphar manages waste through a formal governance and management framework that provides clear oversight, accountability, and operational control. A dedicated Waste Committee has been established to review waste audit findings, assess performance, and recommend waste reduction and improvement initiatives. To support consistent implementation at the operational level, each department and manufacturing plant has an assigned waste management representative. These representatives receive specialized training and work closely with housekeeping teams to ensure waste procedures are correctly applied and embedded into day-to-day operations. Regular reviews of waste management processes are conducted to assess effectiveness and identify opportunities for continuous improvement.

Operational responsibility for day-to-day waste management rests with housekeeping teams, while plant supervisors oversee site-level compliance and adherence to procedures. This clear allocation of responsibilities supports consistent execution, effective oversight, and alignment with Julphar's broader environmental management and compliance framework.

Julphar's waste management approach is guided by a comprehensive Waste Management Policy, supported by detailed procedures designed to control and mitigate environmental impacts associated with waste generation and handling. The policy, implemented through Standard Operating Procedure (SOP), establishes clear commitments and operational requirements to ensure that pharmaceutical, hazardous, and non-hazardous waste is managed safely, consistently, and in full compliance with applicable regulations. Moreover, implementation of the policy extends across Julphar's operations and value chain.

The policy is underpinned by the following key commitments:

- Full compliance with all applicable environmental laws, regulations, and local authority requirements
- Waste minimization through the application of reduction, reuse, and recycling principles
- Safe segregation, handling, storage, transportation, and disposal of all waste streams
- Prevention of pollution and protection of soil, water, and air quality
- Continuous improvement in waste management performance and environmental sustainability

Waste management procedure

Waste management procedures are applied across all sites, facilities, and activities, including housekeeping, maintenance, pest control, laundry services, scrap handling, and interactions with external service providers. Waste-related requirements are embedded into contracts with suppliers and contractors, requiring compliance with Julphar's environmental standards, legal obligations, and applicable licensing and no-objection certificate (NOC) requirements.

Moreover, our waste management approach is underpinned by a structured system covering **segregation, secure storage, handling and treatment, transportation, and final disposal** of waste. This system is supported by documented policies and standard operating procedures designed to ensure compliance with applicable environmental regulations and permit requirements. Licensed third-party contractors are engaged for the treatment and disposal of pharmaceutical and hazardous waste, while non-hazardous waste is managed through authorized municipal channels. Through this comprehensive framework, Julphar ensures that all waste streams are managed safely, legally, and responsibly, while minimizing environmental impact and supporting sustainable waste management practices.

Waste Segregation

- Segregation of waste types at the source

Safe Handling & Treatment

- Trained personnel (PPE)
- Waste tracking & documentation

Monitoring & Compliance

- Regular audits & inspections
- KPIs & continuous improvement

Waste Segregation

- Segregation at source using clearly labelled, color-coded containers
- Separate streams for general, recyclable, hazardous, and special waste
- Waste identified and classified based on environmental risk
- Cross-contamination prevented through source-level controls

Secure Storage

- Waste stored in ventilated, access-controlled areas
- Secondary containment and spill prevention measures in place
- Sealed and labelled poly bags inspected regularly
- Storage durations controlled in line with regulatory requirements

Safe Handling & Treatment

- Waste handled by trained housekeeping personnel using PPE
- EHS procedures applied for handling, spill response, and emergencies
- Full traceability maintained from generation to disposal
- Training and awareness programs support correct handling and compliance

Licensed Transport & Disposal

- Approved and licensed contractors used for collection and disposal
- Pharmaceutical and hazardous waste treated by authorized facilities
- Non-hazardous waste managed through municipal services
- Disposal certificates and permits retained for compliance records

Our partners:
Golden Gate (Hazardous Waste Disposal Company)
Union Cement Factory

Monitoring & Compliance

- Regular inspections and internal audits conducted
- Waste manifests and tracking reports reviewed to identify trends
- KPIs used to monitor waste generation, recycling, and compliance
- Non-conformities documented with corrective and preventive actions
- Management reviews conducted to drive continuous improvement

Process-wide controls

Secure Storage

- Dedicated, secure storage areas
- Sealed & labelled poly bags

Licensed Transport & Disposal

- 100% Approved third-party contractors
- Certified treatment & disposal

The following activities support and reinforce all stages of Julphar's waste management process, from segregation to final disposal:

- Regular management and EHS reviews are conducted to assess overall waste management performance, review audit findings, and drive continuous improvement.
- Ongoing training and awareness programs are delivered to employees to ensure correct waste handling practices and consistent compliance with established procedures.

Waste reduction initiatives

In our packaging and production processes, we prioritize the use of eco-friendly and recyclable materials to reduce waste generation at source. This approach is complemented by targeted initiatives focused on recycling and responsible waste treatment, supporting waste diversion from landfill and improved resource efficiency.

One such initiative is participation in the RAK Municipality Recycling Program, through which cardboard and other general recyclable waste are collected and processed via approved municipal recycling systems. This supports responsible recycling practices and contributes to reducing landfill disposal.

In addition, suitable waste streams are sent to the Union Cement Factory under a co-processing arrangement, where waste is used as alternative fuel in cement kilns. This process enables the safe destruction of waste while recovering energy, reducing reliance on fossil fuels, and minimizing the volume of waste sent to landfills.

Water and wastewater management

Operating in a water-stressed region, Julphar recognizes the importance of responsible water stewardship and the need to minimize pressure on local water resources. Water availability, effluent quality, and regulatory compliance are particularly relevant given Julphar's pharmaceutical manufacturing operations, which require high-quality water inputs and generate process wastewater that must be carefully managed.

Julphar therefore considers water management an important component of both operational efficiency and environmental protection, including its contribution to safeguarding local ecosystems and supporting biodiversity-positive outcomes.

To address these considerations, Julphar has invested in technology upgrades and management practices aimed at reducing water consumption and controlling effluent quality.

Wastewater treatment plant

Wastewater generated from operations is treated through on-site effluent treatment processes designed to meet applicable environmental standards and permit requirements.

Effluent quality is monitored in line with regulatory expectations to ensure compliant handling of pharmaceutical wastewater streams. Reject water generated from the effluent treatment process is managed separately and, where reuse is not feasible, is sent for incineration through an approved third-party service provider.

72% of wastewater generated was treated in 2025

No exceedances or non-compliance incidents in 2025

Reverse osmosis (RO)

In parallel, Julphar has implemented a reject water recycling initiative using reverse osmosis (RO) technology to improve water-use efficiency and reduce reliance on freshwater sources.

This system enables the recovery and reuse of treated water within operations, helping to lower overall water consumption while maintaining product quality and process integrity.

Three water treatment plants

60% of total water consumption was met through recycled water in 2025

Treated water volumes **increased by 7% compared to 2024**

Together, wastewater treatment controls and water recycling initiatives reflect Julphar's response to regional water scarcity, the nature of its manufacturing activities, and its commitment to responsible water management that supports long-term environmental resilience.

Turning reject water into a reusable resource

Julphar relies on Federal Electricity & Water Authority (FEWA) as its primary source of raw water to support pharmaceutical production, facilities management, and domestic uses. Given the water-intensive nature of its operations and the regional context of water scarcity, managing water consumption and reducing avoidable wastewater generation are important operational and environmental priorities. Historically, significant volumes of reverse osmosis (RO) reject water generated from multiple water treatment plants were discharged to the effluent treatment process, increasing both freshwater demand and wastewater treatment costs.

To address this, Julphar implemented a reject water recycling initiative aimed at maximizing the reuse of RO reject water for suitable non-process applications. The initiative focused on treating, blending, and redistributing reject water to reduce reliance on FEWA supply, lower effluent loads, and improve overall water-use efficiency. This approach supports sustainable resource use while maintaining water quality requirements for domestic and general applications.

The initiative has contributed to a reduction in FEWA water consumption and wastewater volumes sent for treatment, converting previously discarded rejected water into a usable resource.

	Unit	2023	2024	2025
Total amount of water consumed	m3	304,000	279,000	249,956
Total water recycled (through the RO)	m3	145,000	140,000	150,238
Percent of water recycled (through the RO)	%	47.7%	50.2%	60.1%
Percent of wastewater treated	%	75.3%	65.9%	71.8%

Building on the water stewardship and recycling initiatives of 2025, Julphar's water performance data for 2023–2025 demonstrates a clear positive trend. Total water consumption decreased by approximately 18% over the period, reflecting improved efficiency and reduced reliance on freshwater sources. Over the same timeframe, the percentage of water recycled through reverse osmosis increased by 12.4 percentage points, reaching 60.1% in 2025, underscoring the impact of investments in water reuse systems. In addition, the percentage of wastewater treated increased by 5.9 percentage points compared to 2024, indicating strengthened treatment performance following earlier fluctuations. Together, these trends support Julphar's approach to responsible water management in a water-scarce operating environment.

Reject Water Recycling Process

RO Reject Water Collection

RO reject water generated from **three water treatment plants** is captured instead of being discharged to the effluent treatment system.

Central Storage

Reject water is diverted to a **newly installed polyethylene (PE) storage tank** for controlled handling and reuse.

Filtration & Risk Mitigation

Self-cleaning filtration systems are used to minimise turbidity risks and maintain consistent water quality.

Quality Control & Blending

A blending system with automated controls ensures water quality remains within defined limits:

- **TDS < 600 ppm**
- **Hardness < 150 ppm**

Distribution & Reuse

Treated water is pumped to **existing underground tanks** and distributed through established networks following internal tank feeding adjustments, enabling safe reuse for domestic and general applications.

GOVERNING WITH INTEGRITY **AND ACCOUNTABILITY**

Upholding strong governance, ethical business conduct, and accountability to ensure compliance, manage risk, protect trust, and support long-term business resilience.

Material topics covered

- Corporate governance and business ethics
- Privacy and information security

Value chain impact

Operations

Key stakeholders

Regulators
Investors
Customers
Employees
Shareholders

Business ethics and compliance

Strong governance, ethical conduct, and independent assurance form the foundation of Julphar's control environment. Through clearly defined policies, structured oversight, and an independent internal audit function reporting to the Audit Committee, Julphar promotes transparency, regulatory compliance, and accountability across its operations.

Code of Conduct

Julphar maintains a formal Code of Conduct that sets out the principles, standards, and behaviors expected of all employees and representatives of the Company. The Code serves as a foundational framework guiding professional conduct and decision-making across all business activities. All employees are required to review, sign, and adhere to the Code, with acknowledgment records maintained by Human Resources. The Code covers, among other areas:

- Compliance with applicable laws and regulations
- Confidentiality and declaration of secrecy
- Conflict of interest management
- Professional conduct and ethical behavior
- Dealings with public and external parties
- Safeguarding of company assets

Management and supervisors are expected to lead by example and take appropriate action to ensure business processes and practices remain aligned with the Code.

Conflict of interest

Conflict of Interest (COI) management is governed by a formal policy and oversight mechanisms, supported by annual employee declarations and ongoing self-declaration requirements for relevant updates. The process is fully digitalized through SAP SuccessFactors, enabling structured reporting and monitoring. Oversight and disclosure at the organizational level are managed by the relevant governance bodies in line with regulatory and governance requirements. In 2025, Julphar updated its Insider Policy and declaration framework in alignment with Abu Dhabi Securities Exchange (ADX) guidelines. An electronic declaration mechanism for internal insiders has been implemented, with formal issuance scheduled for January 2026.

Whistleblowing and speak-up framework

Julphar has established a Whistleblower Policy that enables employees and relevant stakeholders to report suspected misconduct, legal violations, or unethical behavior through confidential and structured channels. The policy encourages early reporting, ensures appropriate review and investigation, and provides protection against retaliation. It applies to employees and external stakeholders, including customers, agents, and contractors, for matters not suitable for resolution through standard operational processes. Dedicated hotline and email reporting channels are in place, with all cases handled in accordance with defined escalation procedures. Individuals are encouraged to provide supporting information, where available, to facilitate effective investigation.

Ongoing compliance and regulatory strengthening

Julphar continues to enhance compliance awareness and regulatory preparedness across its operations.

During the reporting period, the Company delivered Confidentiality and Intellectual Property training to employees and reviewed and enhanced internal policies to improve clarity, regulatory alignment, and consistency. These efforts strengthen the internal control environment and support a proactive approach to compliance and ethical risk management.

Internal Audit and independent assurance

Independent oversight is provided through Julphar's Internal Audit function, which reports functionally to the Audit Committee. An annual Internal Audit Plan is developed and approved by the Audit Committee, and audit engagements are conducted in accordance with the approved plan and guided by the Internal Audit Charter and Manual.

On a quarterly basis, progress updates are submitted to the Audit Committee, including the status of audit activities and any medium- or high-risk findings identified, enabling timely oversight and corrective action where required.

Internal audit engagements assess the effectiveness of governance processes, internal controls, and risk management practices.

During the reporting period, no incidents of non-compliance, legal actions, or ethics-related breaches were reported.

Early adoption of ICFR

In line with Securities and Commodities Authority (SCA) requirements to implement and publicly report on Internal Controls over Financial Reporting (ICFR) by 2027, Julphar proactively completed the ICFR exercise in 2025, ahead of the regulatory deadline. This early implementation reinforces the Company's commitment to financial reporting accuracy, governance strength, and regulatory preparedness.

The initiative was delivered in collaboration with a qualified external consultant and engaged more than 50 stakeholders across the organization, including executive management. Key financial controls were documented, assessed, and strengthened to enhance transparency, accountability, and risk visibility. The program will evolve into a structured departmental Control Self-Assessment framework to support continuous improvement and sustained compliance with internal governance standards and SCA requirements.

Digitalization and information technology

In 2025, Julphar progressed its digitalization agenda through a focused set of IT initiatives aligned with the IT strategy and the Julphar 2030 Strategy. These efforts were aimed at modernizing core systems, strengthening security, and simplifying internal processes through greater use of digital solutions.

During 2025, Julphar advanced several digital initiatives that significantly strengthened its technology landscape and information security posture. Key milestones included:

- **Modernization of core systems**, including the replacement of several outdated platforms to improve reliability, performance, and supportability
- **Enterprise backup solution implementation**, strengthening business continuity and data resilience
- **Upgraded Security Operations Center (SOC) services**, with additional cybersecurity controls aligned with internal Information Security Directives.
- **Standardization of physical access control**, including biometric technologies (face and palm recognition), enhancing site security and access governance
- **Endpoint management enhancements**, supporting security patch management and integrated IT service management

Together, these initiatives strengthened system resilience, cybersecurity readiness, and governance across critical business operations.

In parallel with infrastructure modernization, Julphar deployed digital tools to improve service efficiency and user experience across the organization, including:

- **IT Service Management (ITSM)** platforms to standardize and digitize service requests and incident handling
- **eSignature solutions (EMsigner)** to enable secure, legally compliant digital approvals and eliminate manual document handling
- **Collaboration and productivity tools**, including AI-enabled solutions (e.g., Copilot), to support knowledge work and operational efficiency

These tools reduced manual effort, improved response times, and enhanced transparency in service delivery.

	2023	2024	2025
Number of identified leaks, thefts, or losses of customer data	0	0	0
Number of actual cyberattacks	0	0	0
Number of data breaches	0	0	0

Corporate Governance Report of Public Joint Stock Companies

Gulf Pharmaceutical Industries (Julphar)

For the Financial Year Ended 31 December 2025

Company overview

Gulf Pharmaceutical Industries (Julphar) was established in 1980 under the guidance of Shaikh Saqr bin Mohammed Al Qasimi, the late ruler of Ras Al Khaimah, as the first pharmaceutical manufacturing company in the UAE and the Gulf region.

Over more than four decades, Julphar has grown from a single facility producing essential medicines into one of the largest pharmaceutical companies in the Middle East and North Africa, operating 10 internationally accredited manufacturing facilities in Ras Al Khaimah. The company manufactures over 300 products across therapeutic areas including diabetes, cardiovascular, respiratory, anti-infectives, and biologics, and distributes to 40 countries worldwide. In 2012, Julphar became the first company in the region to launch large-scale production of recombinant insulin. Employing more than 3,000 people across the region and 2000 directly by Julphar.

Subsidiaries

Planet Pharmacies is Julphar's pharmaceutical distribution operation. Following the divestment of its UAE retail and Oman operations, Planet offers distribution services in the UAE, employing more than 190 people across pharmaceuticals, nutraceuticals, and medical devices.

MenaCool, Julphar's transport division, operates a fleet of 40 temperature-controlled trucks providing transportation services within the UAE and across the Middle East, ensuring medicines are transported with integrity and safety from origin to end point.

Corporate governance overview

Statement of the procedures undertaken to complete the Corporate Governance System during 2025 and how they were implemented

During 2025, the Company focused on completing the implementation of its Corporate Governance System in accordance with international best practices and the requirements of local regulatory authorities. This was achieved through a series of structured measures aimed at enhancing transparency, efficiency, and accountability across the Company's governance framework. Key among these measures was the engagement of an external governance advisor to assess the existing governance structure and benchmark it against global standards. In 2025, Grant Thornton Dubai was appointed to provide independent expertise and guidance, ensuring alignment with internationally recognized corporate governance principles.

Statement of share ownership and trading of Board Members, their spouses, and their minor children in the Company's securities during the year 2025

In line with enhancing the principles of transparency and preventing conflicts of interest, no trading in the Company's shares was carried out by any of the Board members, nor by their spouses or minor children, during the year 2025.

Board of Directors Composition and Related Information

Statement of the current Board composition and the percentage of female representation for the year 2025

The Board of Directors consists of nine members with diverse expertise in management,investment, industry, and finance, with the aim of ensuring effective and sustainable management of the Company, strengthening strategic decision-making, serving the interests of shareholders, and supporting the Company's growth. The composition of the Board is in compliance with the requirements of the UAE Securities and Commodities Authority (SCA), with independent directors constituting at least one-third of the Board. The independence of directors is assessed on an annual basis against applicable regulatory criteria, and all independent directors have been confirmed to meet such criteria for the reporting period. During the year, the Board witnessed significant changes, as follows:

- On 30 July 2025, the appointment of Ms. Taghreed Al Shannar was approved to replace Mr. Abboud Bejjani. Ms. Al Shannar will complete the remaining term of her predecessor.
- On 17 December 2025, the appointment of Mr. Vinod Nagappan was approved to replace Mr. Rabih Khouri, with Mr. Nagappan completing the remaining term of his predecessor.
- In addition, Mr. Jean Maroun Diab was appointed as Vice Chairman of the Board to support strategic leadership and enhance the stability of the Board's operations.

The ratification of the appointments of Ms. Taghreed Al Shannar and Mr. Vinod Nagappan will be included in the agenda of the upcoming General Assembly Meeting scheduled to be held in 2026, in order to ensure compliance with regulatory procedures and safeguard the rights of all shareholders.

Following these changes, the percentage of female representation on the Board increased to 22%, reflecting the Company's commitment to promoting diversity and inclusion in leadership. This contributes to enriching discussions and supporting strategic decision-making from a balanced and comprehensive perspective.

Brief profiles of the current Members of the Board of Directors

Shaikh Saqer Humaid Al Qasimi

Non-Executive, Non-Independent

Board Member since 2005

Shaikh Saqer Humaid Al Qasimi serves as Chairman of Julphar's Board of Directors, a role in which he led the board through the company's comprehensive restructuring in 2019. He has been a member of the Board since 2005 and serves as a Non-Executive, Non-Independent Member.

Shaikh Saqr holds a Bachelor's degree in Finance from California State University and brings over 25 years of capital markets experience across equities, commodities, and foreign exchange. His cross-asset expertise and risk assessment capabilities informed board oversight during Julphar's strategic transformation.

His board experience extends across multiple sectors including logistics, education, healthcare, real estate, and food & beverage, providing multi-sector operational insights. His professional experience also includes military service, establishing foundational competencies in strategic planning and stakeholder coordination.

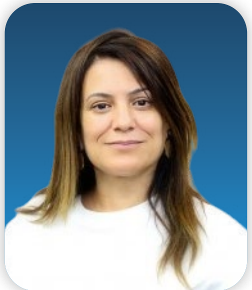
Shaikh Saqr's public company board service is exclusively focused on Julphar, enabling concentrated attention and deep institutional knowledge spanning both growth and transformation phases.

Mr. Jean Maroun Diab

Non-Executive, Independent

Board Member since 2023

Mr. Jean Maroun Diab serves as a Vice Chair of the Board of Julphar. Mr. Diab is a Non-Executive and Independent Member. He holds a Bachelor's degree in Economics from the American University of Beirut and a Master's degree in Finance from the University of Durham. Mr. Diab's professional experience includes roles as a Consultant at Ernst and Young (2004-2008), Vice President at Eastgate Capital (2008-2015), Director at Kamco (2015-2020), and Senior Director at the Investment and Development Office of Ras Al Khaimah. He has been a member of the Board since 2023. In addition to his role at Julphar, Mr. Diab serves as a Board Member at Planet Pharmacies LLC, Arabian Healthcare Group, the American University of Ras Al Khaimah, and Ras Al Khaimah University of Medical and Health Sciences. He does not hold any positions in other publicly listed companies.



Ms. Olfa Gam

Non-Executive, Independent

Board Member since 2021

Ms. Olfa Gam serves as a Board Member of Julphar. Ms. Gam is a Non-Executive and Independent Member. She brings over 25 years of experience in the pharmaceutical and biotechnology sectors, particularly in Europe, with a focus on operations. Ms. Gam is an Industrial Engineer with an MBA and holds a Black Belt certification. She has been a member of the Board since 2021. Ms. Gam does not hold any memberships or positions in other publicly listed companies or regulatory entities in the UAE.

Ms. Taghreed Al Shunnar

Non-Executive, Independent

Board Member since 2025

Ms. Taghreed Al Shunnar serves as a Board Member of Julphar. Ms. Al Shunnar is a Non-Executive and Independent Member. She holds an Executive MBA from INSEAD Business School, a Master's degree in Consulting and Coaching for Change from INSEAD, and a Bachelor's degree in Pharmacy from the University of Jordan.

Ms. Al Shunnar is a senior executive and strategic advisor with over 25 years of extensive experience in the pharmaceutical industry across the MENA region and beyond .

She has been a member of the Board since 2025. Ms. Al Shunnar does not hold any memberships or positions in other publicly listed companies or regulatory entities in the UAE.

Dr. Hamody A.H. Al Limy

Non-Executive, Independent

Board Member since 2022

Dr. Hamody A.H. Al Limy serves as a Board Member of Julphar. Dr. Al Limy is a Non-Executive and Independent member. He holds a Ph.D. in Chemistry and brings over 40 years of experience in the pharmaceutical industry. Dr. Al Limy has been a member of the Board since 2022. In addition to his role at Julphar, he holds several significant positions, including Board Member at the Arab Company for Drug Industries and Medical Appliances (ACDIMA) in Jordan, Chairman of the Arab Pharmaceutical Company in Sudan, and Chairman of the Arab Pharmaceutical Company Taseeli in Algeria. He does not hold any memberships or positions in other publicly listed companies or regulatory entities in the UAE.

Mr. Abdulaziz Abdullah Al Zaabi

Non-Executive, Independent

Board Member since 2017

Mr. Abdulaziz Abdullah Al Zaabi serves as a Board Member of Julphar. Mr. Al Zaabi is a Non-Executive and Independent Member. He holds a Bachelor's degree in International Business from San Jose State University, USA, and has over 30 years of experience in business management within the real estate and banking sectors, as well as in real estate and banking investments. He also has experience in matters related to the Federal National Council. Mr. Al Zaabi has been a member of the Board since 2017. In addition to his role at Julphar, he serves as the Chairman of RAK Properties. He has held significant positions in other important regulatory and governmental entities, including serving as the former Second Deputy Chairman of the Federal National Council and currently as the Chairman of the Ras Al Khaimah Charity Foundation.

Mr. Raman Garg Mahabir Saran Garg

Non-Executive, Independent

Board Member since 2020

Mr. Raman Garg serves as a Board Member of Julphar. Mr. Garg is a Non-Executive and Independent Member. He has 30 years of experience in global and private investment funds, as well as multinational companies such as Sequoia Capital, Max New York Life Insurance, The Coca-Cola Company, PepsiCo, Akzo Nobel, and others. Mr. Garg is a certified Chartered Accountant from the Institute of Chartered Accountants of India, a Company Secretary from the Institute of Company Secretaries of India, and a Cost Accountant from the Costs and Works Accountant of India. He has been a member of the Board since 2020. In addition to his role at Julphar, he is the CEO of RAPCO Investment PJSC. He also serves as the Group Chief Financial Officer of Al Hamra Group in Ras Al Khaimah.

Mr. Medhat Mohamed Abouelasrar El Gamal

Non-Executive, Non-Independent

Board Member since 2019

Mr. Medhat Mohamed Abouelasrar El Gamal serves as a Board Member of Julphar. Mr. El Gamal is a Non-Executive and Non-Independent Member. He holds a Bachelor's degree in Pharmaceutical Sciences and brings over 45 years of experience in the field of sale, distribution and management of various departments in drugs and pharmaceutical companies. Mr. El Gamal has been a member of the Board since 2019. He does not hold any memberships or positions in other publicly listed companies or regulatory entities in the UAE.

Mr. Vinod Nagappan Nagappan

Non-Executive, Independent

Board Member since 2025

Mr. Vinod Nagappan Nagappan serves as a Board Member of Julphar. Mr. Vinod is a Non-Executive and Independent Member. He holds an MBA, Finance and a B.Tech in Electronics and Communication Engineering (ECE). He has over 2.5 years of experience in portfolio management at Investment and Development Office of Ras Al Khaimah (IDO), along with more than eight years of investment banking (M&A, ECM and LAF) experience at HSBC across India and Southeast Asia. He does not hold any memberships or positions in other publicly listed companies or regulatory entities in the UAE.

Statement of remuneration, allowances, and fees paid to Members of the Board of Directors.

Total remuneration paid to Board Members for the year 2024

In appreciation of the efforts exerted by the Board of Directors in overseeing and directing the Company's activities during the 2024 financial year—including monitoring financial and operational performance, approving general policies and strategies, ensuring compliance with applicable laws and regulations, and safeguarding shareholders' interests a total amount of 3,150,000 was paid as remuneration to the members of the Board of Directors for the year 2024. This payment was made pursuant to the resolution of the Company's General Assembly convened on 22 April 2025.

Total proposed remuneration for Board Members for the year 2025 to be presented to the Annual General Assembly for approval

In line with applicable laws and regulations, and as of the date of preparation of this report, the remuneration of the members of the Board of Directors for the 2025 financial year has not yet been determined. Such remuneration will be proposed and approved at a later stage and presented to the Annual General Assembly for approval in due course.

Statement of details of attendance allowances for Committees formed by the Board for the 2025 financial year

It should be noted that the members of the Board of Directors do not receive any allowances for attending Board meetings themselves, as their participation reflects their actual efforts and commitment to managing the Company's affairs and overseeing its strategies.

Details of allowances, salaries, or additional fees received by a Board Member other than Committee attendance allowances, and the reasons therefor

In 2025, Shaikh Saqr bin Humaid Al Qasimi received AED 720k at arms length basis for representing Planet Pharmacies and its branches before government, commercial, and health authorities. This representation was necessary to meet the legal representation requirements of these entities and was essential for Planet Pharmacies, as per the regulations in the United Arab Emirates and Oman.

It is worth noting that Shaikh Saqr bin Humaid Al Qasimi has been one of the representatives of Planet Pharmacies LLC and its branches in his personal legal capacity since 2016. He received the financial compensation set by the Board of Directors of Planet Pharmacies for this representation after being appointed by its Board and notifying the Board of Julphar.

Number of Board of Directors' meetings held during the 2025 financial year and their dates:

The Board of Directors held five (5) meetings during the financial year ending in 2025, as part of its supervisory and regulatory responsibilities and in follow-up of the Company's activities and the achievement of its strategic objectives. All meetings were conducted in compliance with the relevant laws and regulations, and the required legal quorum was met for all meetings.

No.	Name	Meeting No. 1 13/02/2025	Meeting No. 2 17/03/2025	Meeting No. 3 14/05/2025	Meeting No. 4 13/08/2025	Meeting No. 5 13/11/2025
1	Shaikh Saqer Humaid Al Qasimi	P	P	P	P	P
2	Mr. Jean Maroun Diab	P	P	P	Attending by Proxy	P
3	Ms. Olfa Gam	P	P	P	P	P
4	Ms. Taghreed Al Shunnar	Not yet appointed			P	P
5	Mr. Abdulaziz Abdullah Al Zaabi	P	P	P	P	P
6	Dr. Hamody A.H. Al Limy	P	P	P	A	P
7	Mr. Raman Garg Mahabir Saran Garg	P	P	P	P	P
8	Mr. Medhat Mohamed Abouelasrar El Gamal	P	P	P	P	P
9	Mr. Vinod Nagappan Nagappan	Not yet appointed				
10	Mr. Rabih Khouri (Ex-Vice Chairman)	P	P	P	P	P
11	Mr. Abboud Bejjani (Ex Member)	P	P	P	Ceased membership	

P – present, A – Absent , Proxy – Attended by proxy

Mr. Vinod Nagappan Nagappan was appointed in December 2025.

Number of Board of Directors' resolutions issued by circulation during the 2025 financial year and their dates:

Within the scope of the Board of Directors' powers, and in accordance with the provisions of the Articles of Association and the approved governance regulations, the Board of Directors issued five resolutions by circulation on various matters during the financial year ended in 2025. All resolutions passed by circulation were approved by a majority of the Board members, as follows:

No.	Resolutions No,	Resolutions Date
1	01/2025	28/03/2025
2	02/2025	16/04/2025
3	03/2025	30/07/2025
4	04/2025	24/09/2025
5	05/2025	17/12/2025

Board Committees

Audit Committee:

Acknowledgment from the Chair of the Audit Committee regarding its responsibilities

The Chair of the Audit Committee acknowledges his responsibility for the functioning of the Audit Committee within the Company. He confirms that he reviews the Committee's operational mechanism and verify its adequacy and effectiveness, in accordance with the requirements of corporate governance.

Names of the Audit Committee Members, and statement of its responsibilities and assigned tasks

During the year 2025, the Audit Committee was reconstituted by a resolution of the Board of Directors to continue supporting the Board in performing its supervisory and oversight functions. Pursuant to this resolution, the membership of Mr. Blery Carol Jean Noel in the Audit Committee has ceased following his resignation and the current composition of the Audit Committee is as follows:

- Chair of the Committee: Mr. Raman Garg Mahabir Saran Garg
- Committee Member: Ms. Olfa Gam
- External Committee Member: Mr. Razi Adel Dolani

The Audit Committee carries out its work based on the provisions of Article (61) of the Chairman of the Securities and Commodities Authority›s Decision No. 03/RM of 2020) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments.

The main tasks, responsibilities, and authorities of the Audit Committee include monitoring and reviewing the Company's financial statements, assessing the internal control systems, and making necessary recommendations to the Board of Directors regarding the Company's administrative and financial control systems.

The Committee is also responsible for overseeing the contracting of the Company's external auditors, in addition to its primary role in ensuring that the Company complies with all operational and financial policies and procedures.

The committee approves the whistleblowing policy and related procedures and performs the oversight on its implementation and operational effectiveness to ensure that all the matters are addressed through fair, independent, and proportionate investigation processes with appropriate follow-up actions.

Number of Audit Committee meetings held during 2025

In line with its tasks and responsibilities, and in its commitment to promoting transparency, integrity, and effective oversight, the Audit Committee held several meetings during 2025 to discuss matters related to financial statements, periodic reports, and other issues within its scope of authority.

The table below shows the number of meetings held during the year, their dates, and the level of members' attendance:

No.	Name	Meeting No. 1 06/02/2025	Meeting No. 2 12/03/2025	Meeting No. 3 14/04/2025	Meeting No. 4 06/05/2025	Meeting No. 5 04/07/2025	Meeting No. 6 10/07/2025	Meeting No. 7 06/08/2025	Meeting No. 8 10/10/2025	Meeting No. 9 06/11/2025	Meeting No. 10 15/12/2025
1	Mr. Raman Garg Mahabir Saran Garg (Chair)	P	P	P	P	P	P	P	P	P	A
2	Ms. Olfa Gam (Member)	P	P	P	P	P	P	P	P	P	P
3	Mr. Razi Adel Dolani (External Member)	P	P	P	P	P	P	P	P	P	P
4	Mr. Blery Carol Jean Noel (Ex External Member)*	P	P	P	P	P	P	Ceased membership			

P – present, A- absent

*Mr. Blery Carol Jean Noel ceased to be a member of the Audit Committee during 2025 following his resignation. Attendance is reported only for meetings held during his tenure.

Annual Audit Committee report:

1. Significant matters reviewed by the committee concerning the financial statements.

On a quarterly basis, the Audit Committee undertakes a review of the consolidated financial statements together with the external auditor's report. As part of this oversight, the Committee evaluates management's accounting methodologies, key assumptions, and critical estimates. The Committee also reviews any audit observations raised and assesses the adequacy and timeliness of management's remediation plans, ensuring that identified issues are appropriately addressed and that improvements to internal controls are effectively implemented.

2. An explanation of how the committee assessed the independence and effectiveness of the external audit process, the approach taken for appointing or reappointing the external auditor, and information on the tenure of the current audit firm.

Independence was assessed through a combination of processes including obtaining an independence confirmation from the audit firm, assessing whether there are any non-audit engagements conducted by the same provider which may create any perception of independence impairment, and assessing the service provider's reputation, transparency, and willingness to raise concerns.

Effectiveness is assessed based on the quality of execution, communication, and reporting, quality control and assurance standards, and partner involvement and expertise.

Following a competitive tender in Q1-2025, the Committee recommended the appointment of KPMG Lower Gulf Limited based on industry expertise, reputation, and independence safeguards. The appointment of KPMG Lower Gulf Limited as external auditor for the financial year ended 31 December 2025 was approved by shareholders at the Annual General Assembly held on April 22, 2025.

3. A statement outlining the committee's recommendation regarding the appointment, reappointment, or dismissal of the external auditor, along with reasons why the Board of Directors may reject this recommendation.

The decision to reappoint, appoint, or dismiss will be taken in April 2026 based on the Committee's assessment of audit quality and independence confirmations. The decision ultimately sits with the Board of Directors and the Annual General Assembly.

4. An explanation of how the independence of the external auditor is maintained when providing non-audit services to the company.

To safeguard independence, non-audit engagements (if any) use separate teams and partners, and no contingent fee arrangements are permitted. The auditors also provides an annual independence confirmation. Moreover, any non-audit service by the service provider must be approved by the Committee prior to engagement.

5. Actions taken or planned by the committee to address any deficiencies or weaknesses in the event of failures in internal control or risk management.

Management action plans are developed with the process owners with agreed upon closure dates and are followed up timely for the implementation of the controls.

6. Evidence that the committee has reviewed all internal audit reports with medium and high risks, issued from the internal audit, to determine whether they stem from significant violations or weaknesses in internal controls.

Internal Audit Department in its quarterly progress update presentations to the Audit Committee, or whenever the Audit Committee calls for special meetings for the purpose of discussing internal audit reports, highlights findings representing medium and high risks. Determination of the root cause of the audit findings (e.g., whether they stem from significant violations or weaknesses in internal controls) is performed by the Internal Audit Department including inputs from Management, before being presented for the independent review of the Audit Committee.

7. Comprehensive information about the corrective action plan to address substantial deficiencies in risk management and internal control systems.

All the corrective action plans as recommended in the internal audit reports are shared with the management including the implementation due dates.

8. Documentation demonstrating that the committee has audited all transactions made with related parties, the observations or results thereof, and the extent of compliance with applicable laws in this regard.

Business transactions with subsidiaries are part of the quarterly financial statements reviewed quarterly by the Audit committee. No other major transactions out of business norms were performed with related parties.

Nomination and Remuneration Committee

Acknowledgment from the Chair of the Nomination and Remuneration Committee regarding its responsibilities

The Chair of the Nomination and Remuneration Committee acknowledges his responsibility for the functioning of the Nomination and Remuneration Committee within the Company. He confirms that he reviews the Committee's operational procedures and ensures their adequacy and effectiveness, in accordance with the requirements of corporate governance.

Names of the Nomination and Remuneration Committee Members, and statement of its responsibilities and assigned tasks

During 2025, the Nomination and Remuneration Committee was reconstituted following the end of Mr. Abboud Bejjani's membership on the Board of Directors. By resolution of the Board, the Committee continued to oversee nomination policies and standards, review remuneration and incentive systems, and ensure their compliance with applicable laws and regulations in a manner that promotes sound governance practices and serves the interests of the Company and its shareholders.

As follows:

- Chair of the Committee: Mr. Raman Garg Mahabir Saran Garg
- Committee Member: Mr. Jean Maroun Diab
- Committee Member: Mr. Medhat Mohamed Abouelasrar Salama El Gamal

The Nomination and Remuneration Committee performs its work based on the provisions of Article (59) of the Decision of Chairman of the Securities and Commodities Authority's No. (3/ Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide and its amendments.

The Committee's main tasks, responsibilities, and authorities include:

1. Determining Remuneration: Setting the remuneration for Board members in accordance with approved procedures.
2. Developing Remuneration Policy: Establishing remuneration policies for the executive management linked to the Company's performance, ensuring alignment with strategic objectives.
3. Preparing and Reviewing Policies: Developing and reviewing human resources policies in compliance with applicable laws and regulations to ensure fairness and efficiency in human resource management.
4. Nomination Procedures: Supervising the nomination process for Board membership, setting the criteria and conditions for selection, to ensure the appointment of qualified members who contribute to the Company's success.

The Committee contributes to promoting sound corporate governance and transparency in decision-making processes related to human resources and remuneration, thereby enhancing the confidence of shareholders and stakeholders.

Number of Nomination and Remuneration Committee meetings held during 2025

In carrying out its tasks and responsibilities, and in its commitment to applying best governance practices and promoting transparency and fairness, the Nomination and Remuneration Committee held several meetings during 2025 to discuss various topics.

The table below shows the number of meetings held during the year and their dates:

No.	Name	Meeting No. 1 20/01/2025	Meeting No. 2 03/03/2025	Meeting No. 3 25/03/2025	Meeting No. 4 22/07/2025	Meeting No. 5 12/12/2025
1	Mr. Raman Garg Mahabir Saran Garg (Chair)	Not yet appointed				P
2	Mr. Jean Maroun Diab (Member)	P	P	P	P	P
3	Mr. Medhat Mohamed Abouelasrar Salama El Gamal (Member)	A	P	P	A	A
4	Mr. Abboud Bejjani (Ex -Member)	P	P	P	P	Ceased membership

P – present, A – Absent

Monitoring and Supervising Insider Transactions Committee

Acknowledgment from the Chair of the Committee for Monitoring and Supervising Insider Transactions regarding its responsibilities

The Chair of the Committee for Monitoring and Supervising Insider Transactions acknowledges his responsibility for the functioning of the Committee for Monitoring and Supervising Insider Transactions within the Company. He confirms that he reviews the Committee's operational procedures and ensures their adequacy and effectiveness, in accordance with the requirements of corporate governance.

Names of the Committee Members, and statement of its responsibilities and assigned tasks

The Committee Chair, Mr. Juergen Lauterbach, oversees the operations of this Committee. He ensures that the Committee's procedures are reviewed and remain effective. Working alongside him are Mr. Gopa Kumar and Ms. Hessa Al Shehhi, who actively participate in meetings and reviews to support decision-making in a manner that serves the interests of the Company and its shareholders.

Summary of the Committee's activities during 2025

During 2025, the Committee for Monitoring and Supervising Insider Transactions ensured that it held one meeting each quarter to discuss updates and review ongoing work, ensuring proper follow-up on developments and the effectiveness of the implemented procedures.

The Committee's key activities during the year included:

1. Updating the Insider Register: The Committee periodically updated the names of all insiders.

2. Updating the Internal Insider Policy: The Committee revised the policy that specifies the instructions insiders must follow and clarifies their responsibilities and obligations.

3. Updating Insider Declaration: The Committee updated the insider declarations to reflect the instructions issued by the Abu Dhabi Securities Exchange. This declaration has been integrated electronically into the Company's SAP system to serve as a reliable reference for all concerned parties.

4. Internal Communication on Trading Blackout Periods: The Committee disseminated guidance and instructions to all insiders, reminding of trading blackout periods and the importance of complying with applicable laws and regulations, thereby strengthening a culture of compliance and discipline within the Company.

Other Committees Approved by the Board of Directors

In line with the Company's Board of Directors' commitment to applying best practices in corporate governance and its continuous effort to enhance effective oversight across operational and strategic aspects, the Board has established specialized committees to support decision-making and monitor the implementation of approved policies, plans, and strategies.

In addition to the permanent committees, these include the Strategy & Investment Committee and the Quality & Technical Committee. The Board of Directors determines each committee's composition, members, authorities, and responsibilities in accordance with the Company's needs and strategic direction. These committees contribute to improving institutional performance and achieving the Company's objectives.

The Strategy and Investment Committee

Acknowledgment from the Chair of the Strategy & Investment Committee regarding its responsibilities

The Chair of the Strategy & Investment Committee acknowledges his responsibility for the functioning of the Strategy & Investment Committee within the Company. He confirms that he reviews its operational procedures and ensures their adequacy and effectiveness, in accordance with the requirements of corporate governance.

Names of Committee Members, and Statement of its responsibilities and assigned tasks

By a resolution of the Board of Directors, the Strategy & Investment Committee was reconstituted as follows:

- Chair of the Committee: Mr. Jean Maroun Diab
- Committee Member: Mrs. Taghreed Al Shunnar
- Committee Member: Mrs. Olfa Gam
- Committee Member: Mr. Vinod Nagappan Nagappan
- Committee Member: Mr. Karol Michalak

The committee serves as a liaison between the Board of Directors and the company's management by adopting executive decisions regarding matters referred to the committee that fall within its scope of responsibilities.

The Committee's responsibilities and powers include, but are not limited to, the following:

1. Reviewing and approving strategies presented to the Board of Directors.
2. Preparing and monitoring compliance with relevant laws and regulations.
3. Overseeing initiatives that may have a material impact from an organizational or competitive perspective on the company's reputation and other factors.
4. Reviewing the company's annual plan and budget, submitting recommendations for Board approval, and overseeing the evaluation of the company's performance against the business plan, followed by recommendations to the Board.
5. Reviewing contracts of strategic nature and other material matters concerning accounting and finance and approving them within the limits outlined in the committee's charter.
6. Other responsibilities, such as reviewing reports, reviewing feasibility studies, assessing investment risks, and approving or rejecting them before presenting them to the Board for approval, as well as monitoring strategic projects and important transformation initiatives.
7. Discussing and approving management's studies and recommendations regarding direct or indirect investments as permitted by the company's bylaws.
8. Carrying out any other tasks assigned by the Board of Directors.

Number of Strategy and Investment Committee Meetings held during 2025

In carrying out its tasks and responsibilities, and in its commitment to applying best governance practices and enhancing the effectiveness of strategic planning and investment decision-making, the Strategy and Investment Committee held several meetings during 2025 to discuss related topics.

The table below shows the number of meetings held during the year and their dates:

No.	Name	Meeting No. 1 20/02/2025	Meeting No. 2 20/03/2025	Meeting No. 3 25/04/2025	Meeting No. 4 21/05/2025	Meeting No. 5 20/06/2025	Meeting No. 6 21/07/2025	Meeting No. 7 27/08/2025	Meeting No. 8 22/09/2025	Meeting No. 9 08/10/2025	Meeting No. 10 20/10/2025	Meeting No. 11 29/10/2025	Meeting No. 12 17/11/2025	Meeting No. 13 28/11/2025
1	Mr. Jean Maroun Diab (Chair)	P	P	P	P	P	P	P	P	P	P	P	P	P
2	Mrs. Taghreed Al Shunnar (Member)	Not yet appointed						P	P	P	P	P	P	P
3	Mrs. Olfa Gam (Member)	P	P	A	P	P	P	P	P	P	P	P	P	P
4	Mr. Vinod Nagappan Nagappan (Member)	Not yet appointed						P	A	P	P	P	P	P
5	Mr. Karol Michalak (Member)	P	P	P	P	P	P	P	P	P	P	P	P	P
6	Mr. Abboud Bejjani (Ex-Member)	P	P	P	P	P	P	Ceased membership						
7	Mr. Carol Blery (EX-Member)	P	P	A	P	P	P	Ceased membership						

P – present, A- absent

The Quality and Technical Committee

Acknowledgment from the Chair of the Quality & Technical Committee regarding its responsibilities

The Chair of the Quality & Technical Committee acknowledges his responsibility for the functioning of the Quality & Technical Committee within the Company. He confirms that he has reviewed its operational procedures and verified their adequacy and effectiveness, in accordance with the requirements of approved corporate governance.

Names of Committee Members, and statement of its responsibilities and assigned tasks

By a resolution of the Board of Directors, the Quality & Technical Committee was reconstituted as follows:

- Chair of the Committee: Mrs. Olfa Gam
- Committee Member: Mrs. Taghreed Al Shunnar
- Committee Member: Hamody A.H. Al Limy

The Committee supports the Board of Directors in carrying out its supervisory and oversight responsibilities related to quality management, compliance matters, and scientific and technological directions. This ensures that the Company complies with relevant laws and regulations while enhancing institutional performance and sustainability.

The committee's responsibilities, including but not limited to, the following:

1. Periodic review of reports related to significant compliance matters with the relevant parties in the company's Quality and Compliance Department.

2. The committee assumes primary oversight responsibility for all areas of quality and (non-financial) compliance issues.

3. Oversight of the company's innovations, product line strategies, and performance, as well as evaluating the competitive status of the company's pharmaceutical portfolio and potential new treatments; monitoring the company's approach to developing new markets; and reviewing the company's effectiveness in research and development and intellectual property.

4. Reviewing the development and implementation of key business policies by management, including security and safety policies, quality assurance and control policies, corporate social responsibility policies, regulatory affairs policies, production policies, and others.

5. Following up on tasks and duties assigned by the Board of Directors from time to time.

Statement on the Number of Meetings held by the Committee during 2025

Within the framework of the Quality & Technical Committee performing its tasks and responsibilities, and in line with its commitment to implementing best governance practices, enhancing institutional performance quality, supporting technological development, and improving processes, the Quality & Technical Committee held several meetings during 2025 to discuss matters relevant to its areas of responsibility. The table below shows the number of meetings held during the year.

No.	Name	Meeting No. 1 24/01/2025	Meeting No. 2 18/04/2025	Meeting No. 3 18/07/2025	Meeting No. 4 24/10/2025
1	Mrs. Olfa Gam (Chair)	P	P	P	P
2	Mrs. Taghreed Al Shunnar (Member)	Not yet appointed			P
3	Mr. Hamody A.H. Al Limy (Member)	P	P	P	P
4	Mr. Abboud Bejjani (Ex-Member)	P	P	A	Ceased membership

P – present, A – Absent

Statement of the duties and authorities of the Board of Directors performed by a Board Member or Executive Management during 2025.

During 2025, the Board of Directors did not delegate any of its powers or authorities to any of its members or to the executive management.

Statement of Details of Transactions with Related Parties (Stakeholders) During the Year 2025

There were no transactions between the company and related parties during 2025, in accordance with the applicable laws, regulations, and approved policies.

Board of Directors Evaluation

Annual evaluation of the performance of the Company's Board of Directors, its members, and its committees

The Chairman of the Board, with the support of the Board Secretary, conducted an annual evaluation of the performance of the Board, its members, and its committees. The aim was to assess performance levels, identify strengths and areas for improvement, and enhance governance effectiveness while achieving the company's objectives.

The evaluation was based on relevant criteria, including the review of the Board's and committees' working mechanisms, decision-making processes, and members' participation in meetings and others.

Follow-up actions will be taken on the recommendations, with plans developed for continuous improvement. This will contribute to raising the efficiency of performance in the upcoming Board cycle and enhancing the quality of services provided and the effectiveness of governance.

Evaluation of the Company's Board of Directors, its members, and its committees by an independent professional entity

Given the completion of the third year of the current Board of Directors' term, the company engaged an independent and specialized professional entity to evaluate the performance of the Board, its members, and its committees, in accordance with recognized professional standards and relevant best practices.

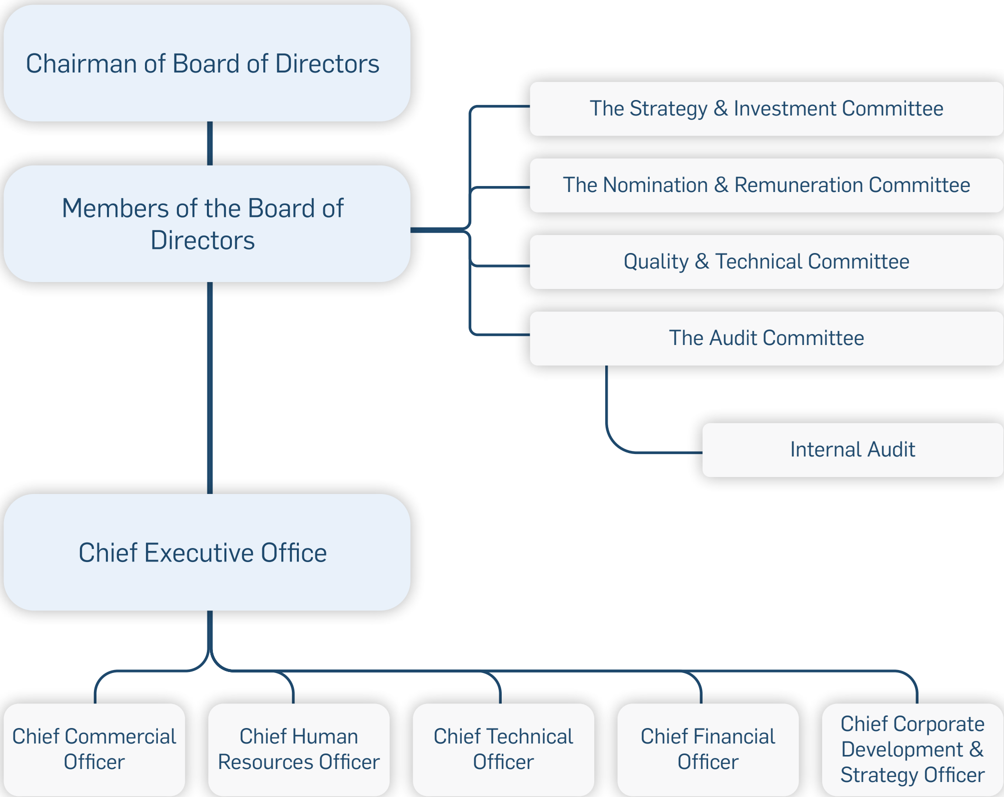
Based on the assessment results, the Company's Board of Directors and its committees demonstrate a stable and implemented governance system, with mandates and processes that are approved and documented in accordance with recognized regulatory expectations and operating in line with supervisory requirements. Although a limited number of observations and recommendations were noted, they mostly focus on developmental and improvement.

Overall, the assessment confirms that Julphar's governance framework is well-defined, sustainable, and positioned for continuous improvement, supporting the organization's strategic objectives and long-term value creation.

Organizational Structure and Executive Management

Organizational structure

Presented below is the company's current organizational structure, illustrating the Board of Directors and senior management. This is provided to demonstrate the hierarchy of responsibilities and authorities within the company and to ensure clarity of the roles of each department and function in accordance with adopted governance and transparency practices.



Detailed Statement of first and second tier Senior Executive Management as per the company's organizational structure

Below is a detailed statement of first- and second-tier senior executive management, as reflected in the company's organizational structure. The statement outlines the job titles as part of enhancing transparency and disclosure of the senior management structure and ensuring clarity of lines of authority and responsibility within the company.

No.	Position	Date of Appointment	Total Salaries and Allowances Paid for 2025	Total Bonuses Paid in 2025	Any Other Cash or In-Kind Bonuses for 2025 or Payable in the Future
1	Chief Executive Officer	13/02/2023	2,593,250	2,160,300	It has not yet been determined to date.
2	Chief Financial Officer	17/09/2024	1,587,551	195,000	
3	Chief Corporate Development & Strategy Officer	01/10/2019	1,472,000	341,360	
4	Chief Human Resource Officer	03/05/2020	604,800	207,245	
5	Chief Technical Officer	03/07/2023	1,460,000	342,400	
6	Chief Commercial Officer	01/10/2024	1,440,000	-	

External Auditor

Brief profile of the Company's Auditor

KPMG has been appointed as the Company's external auditor in 2025. KPMG is a globally recognized professional services firm offering audit, financial, and accounting advisory services. The firm is renowned for its extensive cross-industry experience and strict adherence to international auditing standards, ensuring an independent, objective, and high-quality audit of the Company's financial statements.

Statement of fees and costs related to the Audit or services provided by the External Auditor, as per the following table:

Name of the audit firm:	KPMG Lower Gulf Limited
Name of the partner auditor:	Fawzi AbuRass
Number of years the auditor has served as the company's external auditor:	1st year
Number of years the partner auditor has spent auditing the company's accounts:	1st year
Total audit fees for 2025 (AED):	AED 756,000/-
Details and nature of other services provided by the company's auditor:	N/A
Fees and costs of other services besides the audit of financial statements for 2025	N/A

Details and nature of other services provided by the other Audit Firms:

Audit Firms Names	Details of Services Provided
1. Ernst & Young Middle East (Dubai branch)	ICV Certification
2. Grant Thornton	ICORFAR
3. Grant Thornton	Hedge effectiveness
4. Ernst & Young Middle East (Dubai branch)	Corporate tax
5. Grant Thornton	Hedge effectiveness
6. KGRN ACCOUNTING ASSOCIATE	Vat refund
7. KIZUNA BUSINESS SOLUTIONS	Vat return and consulting

Statement clarifying the qualifications included by the Company's Auditor in the interim and annual financial statements for the year 2025

The Company affirms its full commitment to International Financial Reporting Standards (IFRS) and approved professional standards in the preparation of its financial statements, ensuring accuracy, transparency, and reliability in presenting the Company's financial position and performance.

Internal Audit System

Board acknowledgment of responsibility for the Internal Audit system and review of its effectiveness

The Board of Directors acknowledges its full responsibility for the internal audit and internal control system at Julphar and oversees its review to ensure the efficiency and effectiveness of the Internal Audit Department's operating mechanisms. The Internal Audit Department is responsible for organizing the audit and internal control procedures and applying best practices to ensure an effective internal control system, thereby supporting the implementation of the Company's corporate governance framework. The Audit committee is directly responsible for monitoring the external audit activities.

The Internal Audit Department operates under the direct supervision of the Audit Committee formed by the Board of Directors, which monitors the execution of its duties and evaluates its performance to ensure the effective and transparent achievement of internal control and audit objectives.

Name of the Department Head, qualifications, and date of appointment

Mr. Yasser Fouad previously served as the Head of Internal Audit at the Company and resigned from his position during 2025. Subsequently, Mr. Mohammed Khan, Internal Audit Manager, was appointed to serve in an acting capacity since 23 April 2025 until a replacement is appointed to lead the Internal Audit Department, ensuring the continuity of internal audit functions in accordance with approved corporate governance practices. He is a member of Association of Chartered Certified Accountants (ACCA) from the UK.

Name of the Compliance Officer, qualifications, and date of appointment

Ms. Loulwa Alshehhi has been appointed as the Company's Compliance Officer. She holds a bachelor's degree in law from the University of Sharjah and has extensive practical experience in the banking sector. She joined the Company on 8 August 2021 as a Legal Advisor, specializing in litigation matters and trademark protection. She currently performs the duties of Compliance Officer in accordance with the Company's approved systems and policies, ensuring full compliance with applicable laws and regulations.

How the Internal Audit Department addresses major issues within the Company or those disclosed in the annual reports and financial statements

The Internal Audit Department follows a periodic follow-up program for observations and recommendations arising from audit activities, whether related to significant issues within the Company or disclosures included in the annual reports and financial statements. The Department works in coordination with the relevant departments to develop appropriate corrective and preventive actions, with clearly defined timelines for compliance. It also regularly monitors the implementation of these actions to ensure adherence to agreed measures and to achieve continuous improvement in the internal control systems.

Number of reports issued by the Internal Audit Department to the Board of Directors

The Internal Audit Department issued 5 reports during the year 2025, which were presented to the Audit Committee. These reports aim to enhance transparency and accountability, provide strategic insights into performance and compliance, and support the Board of Directors in making informed decisions and improving the effectiveness of internal controls.

Details of violations committed during the year 2025, their causes, and the measures taken to address them and prevent recurrence

The Company affirms its full commitment to transparency and to the application of approved accounting standards, ensuring the accuracy and reliability of financial and administrative disclosures. Based on a review of the Company's activities during the year 2025, no violations were recorded in relation to the disclosure of interim or annual financial statements, or any other required disclosures.

The Company also continuously works to strengthen its internal control systems and to closely monitor internal and external audit processes to prevent any future violations. Corrective and preventive measures are applied whenever necessary, thereby maintaining the reliability of financial and administrative information and enhancing the confidence of shareholders and other stakeholders.

Risk Management and Internal Control Framework

The Board of Directors retains overall responsibility for the adequacy and effectiveness of the Company's risk management and internal control framework.

During 2025, the Company initiated a structured program to further strengthen these systems in alignment with recognized international standards.

Risk Governance Structure

Risk oversight at the board level is currently exercised through the Audit Committee, which receives periodic updates from the Internal Audit Department on risk-related findings. At the management level, the Company has a dedicated risk management function with clear reporting lines to the Board. Risk oversight sits with the Audit Committee.

Risk Management Development Program

As part of its governance framework, the Company has the following risk management components:

- A formal risk appetite statement defining the level and type of risk the Company is willing to accept, including specific targets, maximum limits, and key risk indicators as required under the SCA Governance Code.
- A comprehensive risk register identifying, categorizing, and assessing principal risks across strategic, operational, financial, regulatory, and compliance dimensions.
- A risk reporting framework establishing periodic reporting from management to the Board/Audit Committee on risk exposures, emerging risks, and mitigation effectiveness.
- An internal control framework aligned with COSO framework.

Company Contribution

Statement of cash and in-Kind contributions made by the Company during the year 2025 toward community development and environmental protection

Several community events and initiatives were organized during the year 2025, through which the Company focused on enhancing social responsibility and humanitarian efforts. It is noted that no cash donations were made during the year.

These initiatives included, but were not limited to:

Humanitarian, Community Support and Employee Engagement Initiatives

- Supported humanitarian relief efforts through collaboration with the Saqr bin Mohammed Al Qasimi Charity and Humanitarian Foundation, contributing medical supplies to hospitals in Gaza as part of Operation Chivalrous Knight 3.
- Contributed to the UAE's "With You, Lebanon" national campaign in coordination with relevant government entities, supporting broader humanitarian initiatives.
- Strengthened community engagement by supporting memorandums of understanding with international and UAE-based charity organizations, enhancing cross-sector collaboration.
- Organized cultural, social, and awareness initiatives such as Fasting Meal Distributions, Hag Al Laila, National Day events, and campaigns including Our Trees, Our Hope; Zayed Humanitarian Day; Emirati Women's Day; World Cancer Day; and Safe Summer to promote employee engagement and social responsibility.

Quality, Health and Safety

The Company maintains structured health, safety, and environmental management practices across all operations. During 2025, Julphar maintained its ISO 14001:2015 Environmental Management Systems certification and continued to align its occupational health and safety practices with ISO 45001:2018 principles. Key areas of focus included strengthening the permit-to-work process, enhancing contractor safety management, improving waste segregation and chemical handling controls, and optimising wastewater treatment operations.

The Company recorded zero employee fatalities during the year, with a total recordable injury rate of 1.23 per million employee-hours worked. Emergency preparedness was reinforced through structured drills and scenario-based training. Further detail on the Company's HSE performance and environmental initiatives is provided in the sustainability section of this integrated report..

General Information

Statement of the Company's share price in the market (closing price, highest price, and lowest price)

This section provides an overview of the Company's share performance, including:

Month	Highest Price	Lowest Price	Closing Price
January	1.58	1.28	1.54
February	1.63	1.37	1.37
March	1.40	1.25	1.32
April	1.50	1.18	1.37
May	1.46	1.33	1.35
June	1.42	1.19	1.32
July	1.61	1.31	1.43
August	1.49	1.35	1.35
September	1.38	1.27	1.30
October	1.34	1.21	1.23
November	1.31	1.04	1.06
December	1.47	1.06	1.17

Statement of the Company's share performance compared with the general market index and the sector index to which the Company belongs during the year 2025

Month	Company Share Price	General Market Index (ADX)	Healthcare Sector Index
January	1.54	9,586.120	2,546.270
February	1.37	9,564.620	2,228.980
March	1.32	9,368.810	2,088.240
April	1.37	9,534.330	2,051.750
May	1.35	9,685.100	1,955.020
June	1.32	9,957.520	1,948.160
July	1.43	10,370.660	2,162.080
August	1.35	10,094.670	2,090.940
September	1.30	10,014.600	2,038.860
October	1.23	10,099.900	2,015.430
November	1.06	9,747.170	1,820.210
December	1.17	9,992.720	1,849.100

Statement of shareholders' ownership distribution as of 31/12/2025 (individuals, companies, governments), classified as follows: Local, GCC, Arab, and Foreign

Shareholder Classification	Percentage of Shares Owned			
	Individuals	Companies	Government	Total
Local	24.29%	39.85%	12.24%	76.38%
Gulf	11.82%	0.40%	0	12.22%
Arab	1.44%	8.34%	0	9.78%
Foreign	0.95%	0.67%	0	1.62%
Total	**38.50%**	**49.26%**	**12.24%**	**100.00%**

Statement of shareholders holding 5% or more of the Company's capital as of 31/12/2025, according to the following table:

No.	Name	Number of Shares Owned	Percentage of Shares Owned from the Company's Capital
1	Middle East Pharma Investments	278,334,700	24.10%
2	Government of Ras Al Khaimah	141,400,221	12.24%
3	Yasser bin Youssef bin Mohammed Nagi	103,970,503	9.00%
4	Mohammed Abdulaziz Rabee Shahin Al Mehairi	87,552,538	7.58%
5	Shaikh Faisal bin Saqr bin Mohammed Al Qasimi	75,007,454	6.49%
6	Arab Company for Pharmaceutical Industries and Medical Appliances (ACDIMA)	71,561,602	6.20%
Total		**757,827,018**	**65.60%**

Statement of shareholders distribution according to ownership size as of 31/12/2025, according to the following table:

No.	Share Ownership (Shares)	Number of Shares Owned	Number of Shares Owned	Percentage of Shares Owned from Capital
1	Less than 50,000	2,170	13,597,064	1.03%
2	From 50,000 to less than 500,000	362	54,649,861	4.73%
3	From 500,000 to less than 5,000,000	77	93,126,184	8.06%
4	More than 5,000,000	17	993,854,702	86.03%
Total:		**2,626**	**1,155,227,811**	**100.00%**

Statement of measures taken regarding investor relations controls, including the following:

The Investor Relations Department serves as a link between the Company and its shareholders. On the Company's website, there is a dedicated page that facilitates shareholders' access to financial statements, reports, official disclosures, and all related topics.

Investor Relations Officer:

- Name: Hessa Al Shehhi
- Phone Number: +971 7 204 5273
- Email: investors@julphar.net
- Direct Page Link: https://www.julphar.net/en/investors

Statement of special resolutions presented at the general assembly held during 2025 and actions taken thereon

In April 2025, the Company held its General Assembly. No special or extraordinary resolutions were adopted, and therefore no follow-up or implementation actions were required. All matters discussed were within the scope of the Company's routine business operations.

Name of the Board Secretary and date of appointment

Mr. Malek Aloui was appointed at Julphar on 24/02/2025 as the Company Secretary. Malek has over 17 years of experience in corporate secretarial work and holds a Bachelor of Science in Economics from the University of Tunis El Manar.

He possesses extensive experience in sales, financial management, and executive administration, having worked in sales and marketing management, overseeing accounts and procurement, supporting recruitment, and gaining long-standing expertise in corporate secretarial and compliance functions.

Detailed Statement of material events and significant disclosures encountered by the Company during 2025

The Company faced several material events and significant disclosures that impacted its operations and overall performance during the year. The most notable of these include:

Feb 2025: The official launch of a portfolio of 3 insulin analogues, LANSULIN, INSUMIX and INSURAPID.

March 2025: Julphar announces strategic licensing partnership with Dong A ST to launch innovative Biotechnology product, Darbepoetin in MENA. **Read more here.**

May 2025: His Excellency Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, visited Julphar in Ras Al Khaimah, accompanied by Dr. Maha Taysir Barakat, Assistant Minister of Foreign Affairs for Medical Affairs and Life Sciences and Vice Chairman of the EDE and Dr. Fatima Al Kaabi, Director General of the EDE

July 2025: Appointment of Ms. Taghreed Alshunnar as independent non-executive member.

September 2025: Approval of the sale of Planet's UAE & Oman retail Business and Oman distribution business.

December 2025: Appointment of Mr. Vinod Nagappan Nagappan as independent non-executive member.

Statement of transactions conducted by the Company with related parties during 2025 equal to 5% or more of the Company's capital

The Company confirms that no transactions were conducted during 2025 with related parties that amounted to 5% or more of the Company's capital, in accordance with the applicable disclosure requirements and relevant regulatory guidelines.

Statement of Emiratization percentage in the Company at the end of 2023, 2024, and 2025

The Company's Emiratization rate has shown a steady increase over the reporting period. Based on the full Julphar employee population (HQ and international operations), it reached 8.7% in 2023, increased to 11.3% in 2024, and further rose to 11.7% in 2025, reflecting continued efforts to attract, develop, and retain Emirati talent across the organization.

These figures reflect the Company's commitment to enhancing the participation of national talent and supporting sustainable development goals within the community.

Statement of innovative projects and initiatives undertaken or under Development by the Company during 2025

During 2025, the Company implemented several innovative projects and initiatives aimed at enhancing operational efficiency and meeting evolving market needs. These initiatives are designed to strengthen the Company's market position and achieve sustainable growth through innovation and continuous improvement.

The projects include a range of new initiatives, as well as continued efforts to foster innovation and develop products and services. Examples of such initiatives include:

- **Electronic Patient Information Leaflets (e-PIL):** Implementation of QR codes on 43 product packaging across GCC markets enabling patients and healthcare professionals to access up-to-date digital product information, improving accessibility, clarity, regulatory compliance, and reducing paper use.

- **Virtual Reality Sterile Training:** Introduced a virtual reality digital twin to train employees on critical sterile manufacturing processes, including filling machine assembly, enhancing technical capability and operational readiness.

- **Digital Performance Management Dashboards:** Fully digitalized performance management dashboards across all managerial levels, interconnected through a master Power BI dashboard. This system enhances transparency, aligns departmental objectives, and supports consistent execution of company-wide strategic goals.

- **jZAP (Julphar Zero Accident Process):** Implemented a digital platform to strengthen safety awareness and support an incident-free workplace. The system enables employees to report unsafe situations or behaviours, while ongoing machine learning development aims to provide automated risk assessments and mitigation recommendations.

- **Confirma App:** Developed a smart digital solution to support operational excellence by enabling efficient documentation and execution of Gemba activities. The application digitalizes the Lean process confirmation practice, allowing real-time recording, tracking of shop-floor engagement, and structured follow-up of observations and corrective actions.

- **Chiller Operation Optimization:** Implemented a project to optimize chiller operations through improved control and monitoring strategies without impacting manufacturing processes. The initiative achieved an annual energy reduction of approximately 560,066 kWh, generating financial savings of around AED 246,429, while contributing to reduced carbon emissions and supporting long-term sustainability objectives.

- **Treated Water Recycling Project:** Implemented a treated water reuse initiative to reduce overall water consumption and improve resource efficiency. During the last quarter of 2025, the project saved 4,607 cubic meters of water, resulting in financial savings of approximately AED 46,531, while supporting the Company's environmental sustainability goals.

All of the above initiatives were presented to the committee responsible for selecting companies participating in the Emirates Labour Market Award. These initiatives played a key role in the Company being awarded first place in the Manufacturing Sector, a category that evaluates the extent to which organizations leverage and integrate technology across their operations.

Signature of the Chairman of the Board 31/03/2026

Signature of the Chairman of the Audit Committee 31/03/2026

Signature of the Chairman of the Nominations and Remuneration Committee 31/03/2026

Mohammed Khan

Signature of the Head of Internal Audit Department 31/03/2026

CONSOLIDATED FINANCIAL STATEMENTS

Gulf Pharmaceutical Industries (Julphar)

31 December 2025

Report of the Board of Directors

The Board of Directors of Gulf Pharmaceutical Industries JULPHAR CO Public JSC (the "Company") and its subsidiaries (the "Group" or "Julphar") is pleased to present their report along with the audited consolidated financial statements of the Group for the year as of and ended 31 December 2025.

Financial Performance
Julphar recorded net sales from continuing operations of AED 1,075.5 million, an 8.4% increase against net sales of AED 992.2 million of last year.

EBITDA from continuing operations reaches AED 109.4 million in 2025 compared to EBITDA from continuing operations of AED 89.5 million in the previous year.

The Company generated AED 120.9 million positive cash flow from operating activities compared to a cash flow of AED 190.0 million in the previous year.

Net debt stood at AED 263.8 million as of 31 December 2025, which is a 71.1% decrease compared to previous year.

Julphar continues making sustained progress in the following areas:

a. Delivering market share growth in core markets in both private and tender sectors with strong momentum in most of the GCC markets.

b. Continuing delivering performance improvement demonstrated a higher percentage of operating margin reaching 6% in 2025 compared to 5% in 2024. Also, net profit from continued operations grew by AED 54.0 million reaching AED 47.4 million in 2025.

c. The Group has accepted a binding offer from Al Batha Healthcare Group L.L.C. for the disposal of certain retail and distribution operations in the UAE and Oman, and the related assets and liabilities have been classified as held for sale as at 31 December 2025, pending completion of regulatory and customary conditions.

d. The Group has initiated strategic investments in the Kingdom of Saudi Arabia to establish a pharmaceutical manufacturing facility, supporting its regional growth and localization strategy.

e. Continue executing our new product launches and focusing on enhancing our product pipeline.

Outlook 2026:

The plans for growth of the Group are as follows:

1. Continued focus on the strategic areas of business.

2. Strengthen sales organization in core markets and increase market share with the existing portfolio.
3. Accelerate in-house R&D activities and enter into new alliances and partnerships to strengthen the product portfolio of the Company.

4. The Group remains resilient amid evolving geopolitical conditions in the GCC, supported by its healthy stock and robust risk management yet, the management will continue monitoring the situation on the ground and update its plans accordingly.

5. Launch new products in core therapeutic areas.

Proposed dividend
Due to the accumulated losses, the Board has not recommended any dividend declaration to the shareholders of the Company for the year 2025.

Auditors
The independent auditors, KPMG Lower Gulf Limited, have signified their willingness to continue in office. The reappointment and remuneration will be proposed at the Annual General Meeting of the Company.

Acknowledgements
The Board would like to express their gratitude and appreciation to all shareholders, customers and business partners, government agencies, banks and financial institutions and employees, whose continued commitment, support and co-operation has been a great strength and encouragement.

On behalf of the Board,

Sh. Saqer Humaid Al Qasimi
Chairman

26 March 2026

KPMG

KPMG Lower Gulf Limited
The Offices 5 at One Central
Level 4, Office No: 04.01
Sheikh Zayed Road, P.O. Box 3800
Dubai, United Arab Emirates
Tel. +971 (4) 4030300, www.kpmg.com/ae

Independent auditors' report

To the Shareholders of Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gulf Pharmaceutical Industries JULPHAR Co Public JSC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the United Arab Emirates. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of inventories

See Note 16 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2025, the Group reported gross inventories of AED 554.2 million (2024: AED 736.0 million) and an allowance for net realizable value of AED 68.0 million (2024: AED 101.4 million). The Group is primarily involved in the manufacture, sale and distribution of pharmaceutical products. The Group's inventories mainly comprise raw materials, packaging materials, work-in-progress and finished goods. Inventories are required to be measured at the lower of cost and net realisable value (NRV). Due to the nature of pharmaceutical products, inventories are subject to risks relating to product expiry, regulatory changes, market demand fluctuations and slow-moving items. Determining the appropriate level of inventory write-down requires significant management judgement and estimation, particularly in assessing: • Inventory ageing and expiry profiles; • Expected future sales and consumption patterns; and • Estimated selling prices and costs to complete and sell; In addition, the determination of cost of inventories involves significant judgement, particularly in determining normal production capacity, allocation of fixed production overheads, and in evaluating the appropriate allocation of cost variances between cost of sales and closing inventories.	Our audit procedures in this area included, among others: 1. We assessed the Group's policies for the measurement of inventories, including the assessment of net realizable value and the allocation of fixed production overheads to inventories, against the requirements of the accounting standards and our understanding of the business. 2. We evaluated the design and implementation of key controls over the inventory provisioning process and inventory cost estimation process, including controls over the review and approval of inventory costs components, preparation and review of production variance allocations, inventory ageing reports, monitoring of product expiry dates, and identification and review of slow-moving and obsolete items. 3. We evaluated the appropriateness of costing of inventories by performing sample-based recalculations and inspecting supporting documentation for material and labour cost components. We further assessed the allocation of fixed overheads to check whether they were applied based on normal production capacity. Where cost variances were identified, we evaluated whether these represented abnormal costs and assessed whether they were appropriately expensed or allocated between cost of sales and inventories. 4. We evaluated the appropriateness of assumptions used in calculating current provision levels by comparing with historical patterns. We further, tested on a sample basis the accuracy of the ageing report. 5. We observed selected inventory counts performed by management and, as part of our attendance, we inspected expiry dates and the physical condition of inventory items on a sample basis, with particular focus on products nearing expiry.

Key Audit Matters (continued)

Measurement of inventories (continued)

See Note 16 of the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
Given the magnitude of the inventories balance and the inherent estimation uncertainty involved in determining the cost and allowance for net realizable value, we considered it to be a key audit matter.	6. We assessed the recoverability of selected finished goods on sample basis by comparing their unit cost at year-end with actual selling prices achieved after the reporting date to evaluate whether inventories were stated at the lower of cost and net realisable value. We further assessed the net realizable value of raw materials and packing materials held for use in the production on a sample basis by comparing their unit cost at year end with actual selling prices of the related finished goods in which they are incorporated, less the estimated cost of completion and the costs necessary to make the sell. 7. We performed an analytical review of management's process for determining the inventory provision by comparing the total provision recorded in the prior financial year with the amount utilised or released during the current year to assess the reasonableness of management's estimates and identify any indicators of potential management bias. 8. We tested mathematical accuracy for the provision calculated using inventory ageing and product expiry profiles by independently recalculating the allowance for a sample of items and comparing the results with the amount recognized by management. 9. We inspected, on a sample basis, purchase agreements with selected vendors to verify the existence of, and key contractual terms supporting, the Group's right to return expired or obsolete inventory. Based on this, we assessed the appropriateness of management's assertion that no provision had been recognised where such return rights existed. 10. We assessed the adequacy of the disclosures made in the Group's consolidated financial statements against the requirements of relevant accounting standards.

Emphasis of Matter - comparative information

We draw attention to Note 36 to the consolidated financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2024 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated financial statements of the Group as at and for the year ended 31 December 2024, excluding the adjustments described in Note 36 to the consolidated financial statements, were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 17 March 2025.

Other Information

Management is responsible for the other information. The other information comprises the integrated annual report (including Directors' report) but does not include the consolidated financial statements and our auditors' report thereon. We obtained the Directors' report prior to the date of this auditors' report, and we expect to obtain the remaining sections of the integrated annual report after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements (continued)

Further, as required by the UAE Federal Decree Law No. 32 of 2021, as amended, we report that for the year ended 31 December 2025:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' report is consistent with the books of account of the Group;

v) as disclosed in note 1 to the consolidated financial statements, the Group has not purchased any shares during the year ended 31 December 2025;

vi) note 26 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2025 any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, as amended, or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2025.

KPMG Lower Gulf Limited

Fawzi AbuRass
Registration No.: 968
Ras Al Khaimah, United Arab Emirates

Date: 26 March 2026

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	**2025 AED millions**	*2024* AED millions*
Continuing operations			
Revenue from contracts with customers	4	**1,075.5**	992.2
Cost of revenue	5	**(639.6)**	(585.1)
Gross profit		**435.9**	407.1
Selling and distribution expenses	7	**(258.5)**	(220.8)
Research and development expenses		**(28.2)**	(24.5)
General and administrative expenses	8	**(100.2)**	(127.6)
Other income	6 (a)	**14.7**	34.4
Other expenses	6 (b)	**-**	(21.3)
Operating profit		**63.7**	47.3
Finance income	9	**7.6**	2.6
Finance costs	10	**(28.3)**	(59.8)
Gain from investments and others		**4.4**	3.3
Profit/(loss) before tax for the year from continuing operations		**47.4**	(6.6)
Income tax and zakat expense, net	11	**(3.5)**	(2.7)
Profit/(loss) for the year from continuing operations		**43.9**	**(9.3)**
Discontinued operations			
Profit for the year from discontinued operations, net of tax	12	**18.2**	16.6
Gain on disposal of a subsidiary, net of tax	12	**111.2**	37.6
		129.4	54.2
PROFIT FOR THE YEAR		**173.3**	44.9
Profit attributable to:			
Equity holders of the Parent		**172.2**	44.6
Non-controlling interests	12(a)	**1.1**	0.3
		173.3	44.9
Earnings per share: Basic and diluted Profit per share attributable to the equity holders of the Parent (in UAE fills)	13	**14.91**	3.86
Earnings/(loss) per share for continuing operations: Basic and diluted Profit/(loss) per share from continuing operations attributable to the equity holders of the Parent (in UAE fills)	13	**3.80**	(0.80)

** Refer to note 36 and also comparative information has been re-presented due to discontinued operations.*

The attached notes 1 to 37 form part of these consolidated financial statements.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Notes	**2025 AED millions**	*2024* AED millions*
Profit for the year		**173.3**	44.9
Other comprehensive loss			
Continued operations			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Currency translation differences		**3.6**	(27.1)
Cash flow hedge- changes in fair value loss on hedging instrument-reclassified to profit and loss		**(9.7)**	1.4
Cash flow hedge- changes in fair value (loss)/gain on hedging instrument		**(0.5)**	(8.9)
		(6.6)	(34.6)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Actuarial loss on defined benefit obligations	23	**(4.1)**	(2.9)
Net change in fair value of financial asset at fair value through other comprehensive income (FVTOCI) (note 18)		**-**	(0.1)
Total other comprehensive loss from continued operations		**(10.7)**	(37.6)
Discontinued operations			
Other comprehensive income /(loss) that may be reclassified to profit or loss in subsequent periods			
Hyperinflation adjustment relating to discontinued operations (note 12(a))		**1.9**	6.6
Currency translation differences		**(3.9)**	(10.5)
Total other comprehensive loss from discontinued operations		**(2.0)**	(3.9)
TOTAL OTHER COMPREHENSIVE LOSS		**(12.7)**	(41.5)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**160.6**	3.4
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		**160.4**	4.9
Non-controlling interests		**0.2**	(1.5)
		160.6	3.4

** Refer to note 36 and also comparative information has been re-presented due to discontinued operations.*

The attached notes 1 to 37 form part of these consolidated financial statements.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated statement of financial position

At 31 December 2025

	Notes	***2025 AED millions***	*2024 AED millions (Restated)**
ASSETS			
Non-current assets			
Property, plant and equipment	14	**243.3**	255.6
Right of use assets	29	**11.2**	58.4
Intangible assets	15	**36.1**	81.3
Deferred tax asset	11	**-**	0.8
Derivative financial instrument	33	**3.7**	12.7
Financial asset at fair value through other comprehensive income	18	**0.2**	0.2
		294.5	409.0
Current assets			
Inventories	16	**400.9**	462.0
Financial assets at fair value through profit or loss	17	**23.2**	21.3
Trade and other receivables	19	**530.0**	860.6
Restricted cash	35	**20.0**	76.2
Short term deposits	20	**15.8**	38.2
Cash and cash equivalents	20	**229.6**	109.1
		1,219.5	1,567.4
Assets held for sale	12(e)	**265.8**	448.4
		1,485.3	2,015.8
TOTAL ASSETS		**1,779.8**	2,424.8
EQUITY AND LIABILITIES			
Equity			
Share capital	21	**1,155.3**	1,155.3
Statutory reserve	22	**201.2**	192.5
Foreign currency translation reserve		**(239.2)**	(241.7)
Cash flow hedging reserve	34	**1.9**	12.1
Fair value reserve	18	**(7.1)**	(7.1)
Accumulated losses		**(163.0)**	(322.4)
Equity attributable to shareholders of the Parent		**949.1**	788.7
Non-controlling interests	32	**10.7**	10.5
Total equity		**959.8**	799.2

** Refer to note 36 for restated balances including impact on opening consolidated statement of financial position as at 1 January 2024.*

(11)

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated statement of financial position (continued)

At 31 December 2025

	Notes	***2025 AED millions***	*2024 AED millions (Restated)**
Non-current liabilities			
Provision for employees' end of service benefits	23	**68.6**	71.7
Bank and other borrowings	24	**263.8**	612.5
Deferred tax liability	11	**2.9**	8.3
Lease liabilities	29	**8.1**	42.2
		343.4	734.7
Current liabilities			
Trade payables and accruals	25	**352.9**	397.5
Income tax and zakat payable	11	**17.2**	5.2
Bank and other borrowings	24	**-**	300.6
Lease liabilities	29	**3.1**	15.7
		373.2	719.0
Liabilities directly associated with the assets held for sale	12(e)	**103.4**	171.9
		476.6	890.9
Total liabilities		**820.0**	1,625.6
TOTAL EQUITY AND LIABILITIES		**1,779.8**	2,424.8

** Refer to note 36 for restated balances including impact on opening consolidated statement of financial position as at 1 January 2024.*

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2025.The consolidated financial statement was approved and signed on behalf of the Board of Directors on 26 March 2026 by:

Sh Saqer Humaid Al Qasimi
Chairman

Mr. Basel Nimer Ali Ziyadeh
Chief Executive Officer

The attached notes 1 to 37 form part of these consolidated financial statements.

12

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated statement of changes in equity

For the year ended 31 December 2025

	Attributable to the equity holders of the Parent								
	Share capital AED million	*Statutory reserve AED million*	*Foreign currency translation reserve AED million*	*Cashflow hedge reserve AED million*	*Fair value reserve AED million*	*Accumulated losses AED million*	*Total AED million*	*Non-controlling interests AED million*	*Total equity AED million*
As at 1 January 2024, as previously reported	1,155.3	185.5	(212.5)	19.6	(7.0)	(346.7)	794.2	12.0	806.2
Impact of prior year adjustments (refer note 36)	-	3.9	-	-	-	(14.3)	(10.4)	-	(10.4)
Restated balance as at 1 January 2024*	**1,155.3**	**189.4**	**(212.5)**	**19.6**	**(7.0)**	**(361.0)**	**783.8**	**12.0**	**795.8**
Profit for the year	-	-	-	-	-	44.6	44.6	0.3	44.9
Other comprehensive loss for the year	-	-	(29.2)	(7.5)	(0.1)	(2.9)	(39.7)	(1.8)	(41.5)
Total comprehensive income/(loss) for the year	-	-	(29.2)	(7.5)	(0.1)	41.7	4.9	(1.5)	3.4
Transfer to statutory reserve*	-	3.1	-	-	-	(3.1)	-	-	-
Restated balance as at 31 December 2024*	1,155.3	192.5	(241.7)	12.1	(7.1)	(322.4)	788.7	10.5	799.2
As at 1 Jan 2025	1,155.3	192.5	(241.7)	12.1	(7.1)	(322.4)	788.7	10.5	799.2
Profit for the year	-	-	-	-	-	172.2	172.2	1.1	173.3
Other comprehensive income/(loss) for the year	-	-	2.5	(10.2)	-	(4.1)	(11.8)	(0.9)	(12.7)
Total comprehensive income/(loss) for the year	-	-	2.5	(10.2)	-	168.1	160.4	0.2	160.6
Transfer to statutory reserve	-	8.7	-	-	-	(8.7)	-	-	-
As at 31 December 2025	**1,155.3**	**201.2**	**(239.2)**	**1.9**	**(7.1)**	**(163.0)**	**949.1**	**10.7**	**959.8**

** Refer to note 36 for restated balances including impact on opening consolidated statement of changes in equity as at 1 January 2024.*

The attached notes 1 to 37 form part of these consolidated financial statements.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Consolidated statement of cash flows (continued)

For the year ended 31 December 2025

	Notes	***2025 AED millions***	*2024 AED millions (Restated)**
OPERATING ACTIVITIES			
Profit / (loss) before tax for the year from continuing operations		**47.4**	(6.6)
Profit before tax for the year from discontinued operations	12	**159.6**	57.3
Profit before tax for the year		**207.0**	50.7
Adjustments for:			
Depreciation of property, plant and equipment	14	**38.6**	76.2
Depreciation of right of use asset	29	**14.0**	43.2
Amortisation of intangible assets	15	**5.4**	16.0
Liabilities written back	6	**(10.3)**	(2.1)
Impairment loss of intangible assets	15	**0.9**	1.5
Allowance for slow-moving and obsolete inventories	16(a)	**25.9**	76.4
Allowance for expected credit loss on receivables	19(a)	**4.7**	9.4
Provision for employees' end of service benefits	23(a)	**11.7**	12.0
Hyperinflation adjustment	35	**0.3**	1.3
Gain on modification of lease		**(0.1)**	-
Fair valuation gain on financial asset at FVTPL	17	**(1.9)**	(0.8)
Gain on disposal of a subsidiary	12(b) and (c)	**(139.7)**	(37.6)
Finance income	9	**(7.6)**	(2.6)
Finance costs	10	**31.7**	70.8
		180.6	314.4
Changes in working capital			
Trade and other receivables		**(55.5)**	(23.9)
Inventories		**(35.4)**	(48.2)
Trade payables and accruals		**43.1**	(38.9)
Cash from operations		**132.8**	203.4
Employees' end of service benefits paid	23	**(8.5)**	(9.5)
Income tax and zakat paid		**(3.4)**	(3.9)
Net cash flows from operating activities		**120.9**	190.0
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	**(35.7)**	(43.7)
Purchase of intangible assets	15	**(10.3)**	(9.4)
Proceeds from disposal of property, plant and equipment		**-**	1.1
Proceeds from disposal of subsidiaries		**754.9**	-
Transaction cost on disposal of subsidiary		**(41.4)**	-
Tax paid on disposal of a subsidiary		**(17.8)**	-
Deposits having maturities after three months and less than one year		**22.4**	(29.0)
Finance income received		**7.8**	2.6
Net cash flows from / (used in) investing activities		**679.9**	(78.4)

** Refer to note 36 and also comparative information has been re-presented due to discontinued operations.*

The attached notes 1 to 37 form part of these consolidated financial statements.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

		2025 AED millions	*2024* AED millions (Restated)*
FINANCING ACTIVITIES			
Utilization of bank overdraft and trust receipts facility	24(c)	**859.3**	777.3
Repayment of bank overdraft and trust receipts facility		**(1,007.4)**	(754.6)
Repayment of bank borrowings	24(c)	**(501.2)**	(90.0)
Repayment of principal of lease liabilities	29(b)	**(17.6)**	(51.1)
Repayment of interest on lease liabilities		**(3.0)**	(7.3)
Release of restricted cash related to term loan		**16.0**	-
Interest paid		**(32.9)**	(64.6)
Net cash used in financing activities		**(686.8)**	(190.3)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**114.0**	(78.7)
Currency translation differences		**(0.9)**	(15.8)
Cash and cash equivalents at 1 January		**122.7**	217.2
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	20	**235.8**	122.7

** Refer to note 37 and also comparative information has been re-presented due to discontinued operations.*

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

1. ACTIVITIES

Gulf Pharmaceutical Industries JULPHAR CO Public JSC is a public shareholding company (the "Company" or "Parent Company") domiciled in Digdaga - Ras Al Khaimah. It was incorporated by the Emiri decree No.5/80 issued by H.H. The Ruler of the Emirate of Ras Al Khaimah and its dependencies on 30 March 1980 and the Emiri decree No.9/80 on 4 May 1980.

The Company's registered office address is P.O. Box. 997 Ras Al Khaimah, United Arab Emirates (UAE). The Company commenced its commercial activities effective from November 1984. The Company's ordinary shares are listed on the Abu Dhabi Securities Exchange.

The principal activities of the Company and its subsidiaries (the "Group" or "Julphar") are the manufacturing and selling of medicines, drugs and various other types of pharmaceutical and medical compounds in addition to cosmetic compounds.

Information on the Group's structure is provided in note 2. Further, the Group has not purchased any shares during the year ended 31 December 2025.

The consolidated financial statements were authorised for issue in accordance with the resolution of the Board of Directors on 26 March 2026.

2. GROUP INFORMATION

These consolidated financial statements reflect the operations of the Group as at 31 December 2025. By virtue of shareholders and other agreements, the Company holds directly or indirectly a controlling interest and has the power to govern the financial and operating policies in each of the subsidiaries listed below (collectively referred to as the "Group" and individually referred to as "Group Entities"):

Serial No.	*Name of subsidiary*	*Country of Incorporation*	*Percentage of Ownership* 2025	2024	*Subsidiary activity*
Direct subsidiaries					
1.	Mena Cool Transportation F.Z.E.	United Arab Emirates	**100%**	100%	Transportation
2.	Julphar Pharmaceuticals P.L.C. (note (b))	Ethiopia	**55%**	55%	Manufacturing medicines
3.	Julphar SES L.L.C. (note (a))	Egypt	**99.8%**	99.8%	General trading
4.	Julphar Investment Limited (note (a))	United Arab Emirates	**100%**	-	Activities of holding companies
5.	Julphar Company for Trading and Distribution L.L.C. (note (a))	Egypt	**99.8%**	99.8%	General trading
6.	Mena Cool Machinery Trading (note (a))	United Arab Emirates	**100%**	100%	General trading
7.	Julphar Life L.L.C. (note (a))	United Arab Emirates	**100%**	100%	General trading
8.	Julphar Tunisie (note (a))	Tunisia	**99%**	99%	Distributor of Julphar's products in Tunisia
9.	Julphar Gulf Pharmaceuticals Kenya Limited (note (a))	Kenya	**100%**	100%	Distributor of Julphar's products in Kenya
10.	Planet Pharmacies L.L.C	United Arab Emirates	**100%**	100%	Distribution, wholesale and retail trading of medicines and cosmetic products.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

2. GROUP INFORMATION (continued)

Serial No.	*Name of subsidiary*	*Country of Incorporation*	*Percentage of Ownership* 2025	*2024*	*Subsidiary activity*
Indirect subsidiaries					
Subsidiary of Mena Cool Machinery Trading					
1.	Julphar General Trading L.L.C. (note (a))	United Arab Emirates	**100%**	100%	General trading
Subsidiary of Julphar Company for Trading and Distribution L.L.C.					
1.	Julphar Egypt Company L.L.C.	Egypt	**100%**	100%	Distributors of Julphar's products in Egypt
Subsidiary of Julphar Egypt Company L.L.C.					
1.	Julphar Plus (note (a))	Egypt	**100%**	100%	Manufacturing and distribution of medicines
Subsidiaries of Planet Pharmacies L.L.C.					
1.	Julphar Drug Store Sharjah	United Arab Emirates	**100%**	100%	Trading in medicines and medical equipment
2.	Julphar Drug Store LLC (Abu Dhabi)	United Arab Emirates	**100%**	100%	Trading in medicines and medical equipment
3.	Awafi Drug Store	United Arab Emirates	**100%**	100%	Trading in medicines and medical equipment
4.	Julphar Healthy Services LLC (d)	United Arab Emirates	**100%**	100%	Facilities management services, health treatment undertaking services and hospitals management
5.	Health First Investment LLC (d)	United Arab Emirates	**100%**	100%	Investment in commercial, industrial, and healthcare enterprises and their management.
6.	Health First Pharmacy LLC (Abu Dhabi) (d)	United Arab Emirates	**100%**	100%	Trading in medicines and medical equipment
7.	Kawakeb Al Saydaliyat Company LLC (a)	Kingdom of Saudi Arabia	**100%**	100%	Trading in medicines and medical equipment
8.	New Scientific Pharmacies LLC (d)	Sultanate of Oman	**100%**	100%	Trading in medicines and medical equipment
9.	Future Medical Co. Ltd (a)	Kingdom of Saudi Arabia	**100%**	100%	Trading in medicines and medical equipment

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

2. GROUP INFORMATION (continued)

Serial No.	Name of subsidiary	Country of incorporation	Percentage of Ownership 2025	2024	Subsidiary activity
Indirect subsidiaries (continued) *Julphar Investment Limited*					
1.	Gulf Pharmaceutical industries Julphar KSA (note (a))	Kingdom of Saudi Arabia	**100%**	-	Agent, sale of cosmetics, Export and import activities
Subsidiaries of Julphar Healthy Services					
1.	Scientific Pharmacy LLC (d)	Sultanate of Oman	**100%**	100%	Trading in medicines and medical equipment
Subsidiary of Kawakeb Al Saydaliyat Company LLC					
1.	Zahrat Al Rawdah Pharmacies Limited Liability Company (note (c))	Kingdom of Saudi Arabia	**-**	100%	Retail and wholesale trading in medicines and cosmetics
Subsidiary of Health First Investment LLC					
1.	Health First Pharmacy LLC (Sharjah) (d)	United Arab Emirates	**100%**	100%	Retail and wholesale trading in medicines and cosmetics

a) These subsidiaries are not operational, and the financial results are immaterial to the overall consolidated financial statements of the Group.

b) During the year ended 31 December 2025, the Board of Directors has renewed its intention to sell this subsidiary and thus as of 31 December 2025, management has classified the subsidiary as a disposal group held for sale (note 12). As of the reporting date, the sale of the subsidiary has not been completed, and the sale is expected to be completed during FY 2026.

c) Zahrat Al Rawdah Pharmacies Limited Company was sold during the year ended 31 December 2025 (note 12).

d) During the year ended 31 December 2025, the Board of Directors of the Group had resolved to sell these subsidiaries. Accordingly, as of 31 December 2025, management assessed that the subsidiaries and their branches met criteria for classification as a disposal group held for sale in accordance with IFRS 5 and classified them as held for sale. (note 12).

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation

The consolidated financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is also the functional currency of the Company. All values are rounded to the nearest million except where otherwise indicated.

The consolidated financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through profit or loss (note 17), financial assets measured at fair value through other comprehensive income (note 18) and derivative financial instruments measured at fair value (note 33).

The consolidated financial statements provide comparative information in respect of the previous period.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and in compliance with the applicable provisions of the Articles of Association of the Company and UAE Federal Law No. (32) of 2021, as amended.

3.3 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Non-controlling interests (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

3.4 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of new standards effective as of 1 January 2025 as mentioned below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. These new standards and interpretations are disclosed below.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.4 Changes in accounting policies and disclosures (continued)

a) New standards effective to the current year

Effective 1 January 2025, following amendments to IFRS Standards have become effective and have been applied in preparing these consolidated financial statements however, these new and amended standards do not have a significant impact on Group financial statements.

	Effective date
Lack of Exchangeability – Amendments to IAS 21	1 January 2025

b) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted, however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a material impact on the Group financial statements, for which the potential impact is currently under assessment:

	Effective date
Classification and measurement of financial instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 Presentation and Disclosures in Financial Statements	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associates or Joint Venture – Amendments to IFRS 10 and IAS 28	deferred indefinitely

3.5 Material accounting policy information

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets, including those assets that meet the definition of, and recognition criteria for intangible assets in IAS 38, and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

For the business combination achieved in stages, the Group is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognise the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Fair value measurement
The Group measures financial instruments such as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and non-financial assets such as a disposal group held for sale, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurement (continued)
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Fair value related disclosure for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in note 31.

Revenue from contracts with customers
The Group is in the business of manufacturing and selling of medicines, drugs and various other types of pharmaceutical and medical compounds in addition to cosmetic compounds. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring then to the customer.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Sale of goods
Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medicines at the customer's location.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration.

Variable consideration
If the variable consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Contracts with the sale of goods provide customers with a right to return the goods when the goods actually expire. The rights of return give rise to variable consideration.

Rights of return
The Group uses the expected value method to estimate the variable consideration. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset (and corresponding adjustment to cost of revenue) is also recognised for the right to recover the goods from the customer in relation to pharmaceutical and non- pharmaceutical items.

The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns are provided in note 3.6.

Loyalty discounts
The Group operates loyalty programme which allows retail customers to accumulate points when they purchase products in the Group's retail stores. The points can be redeemed for discounts on future purchases. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative standalone selling price and recognized as a contract liability until the points are redeemed. Revenue is recognized upon redemption of products by the customer or when the points are expired (i.e., 12 months after the initial sale). When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed at the end of each reporting period and any adjustments to the contract liability balance are charged against revenue.

Customer option that provides a material right
Free goods
Free goods are issued to customers as sales incentives. The free goods give rise to a separate performance obligation as they provide a material right to the customer that the customer would not receive without entering into that contract.

A portion of the transaction price is allocated to the separate performance obligation based on relative stand-alone selling price and recognised as deferred revenue until the free goods are provided. The Group recognises revenue for the option when those future goods or services are transferred to the customer.

Contract balances
Trade receivables
A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue from contracts with customers (continued)

Assets and liabilities arising from rights of return
Rights of return assets
A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities
A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's carrying amount.

Value added tax
Expenses and assets are recognised net of the amount of value added tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Property, plant and equipment
Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Property, plant and equipment are depreciated on a straight-line basis over the assets' estimated useful lives as follows:

	Life
Buildings	25 years
Plant and machinery	3 to 17 years
Installations	4 to 25 years
Motor vehicles	3 to 10 years
Furniture and fixtures	4 to 10 years
Tools and equipment	3 to 10 years
Leasehold improvements	5 years

Capital work-in-progress is not depreciated and is stated at cost. When ready for intended use, capital work in progress is transferred to an appropriate category of property, plant and equipment and depreciated in accordance with Group's policy.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment (continued)
The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income when the asset is derecognised.

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category consistent with the function of the intangible asset.

An intangible asset is derecognised upon disposal (i.e., at the date of the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

Research and development costs
Research and development costs are charged to the consolidated statement of profit or loss in the period in which they are incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of 5 years. Amortisation is recorded in cost of revenue. During the period of development, the asset is tested for impairment annually.

Licenses and permits
They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 5 to 20 years.

Trade names
Trade names acquired are recognised initially at fair value. Trade names are assessed to have an indefinite useful life and are assessed for impairment at least on an annual basis.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Intangible assets (continued)

Customer and supplier relations
Customer and supplier relations represent the value attributed to the long-term relationships held with existing customers and suppliers at the date of acquisition of a subsidiary and are amortised over their useful economic life. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 10 years and 15.5 years for customer relations and supplier relations respectively.

Hospital relations
Hospital relations represent the value attributed to the relationships with the hospitals and clinics for managing and operating the pharmacies within the hospitals and clinics. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 4.5 years.

Loyalty program
Loyalty program is operated by the Group to generate a base of customers to provide the Group with repeat sales over the forecast period. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 6.5 years.

Computer Software
Acquired computer software is capitalized and it amortised using the straight-line basis over the useful life of 3 years.

	Useful lives	*Amortisation method*	*Internally generated or acquired*
Licenses and permits	5 to 20 years	Amortised on a straight-line basis	Acquired
Trade name	Infinite	No amortisation	Acquired
Customer and supplier relations	10 to 15.5 years	Amortised on a straight-line basis	Acquired
Hospital relations	4.5 years	Amortised on a straight-line basis	Acquired
Loyalty program	6.5 years	Amortised on a straight-line basis	Acquired
Computer software	3 years	Amortised on a straight-line basis	Acquired

Inventories
Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials and packing materials: purchase cost on weighted average basis; and
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Normal variances are allocated between cost of sales and unsold inventory, while abnormal variances are recognised in cost of goods sold.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Raw materials and packing materials held for use in the production of inventories are not written down below cost if the final finished goods in which they are to be used is expected to be sold at or above cost.

The Group reviews the inventory quantities on hand and recognises a provision for those inventories no longer deemed to be fully recoverable. The cost of inventories may no longer be recoverable if those inventories are slow moving, discontinued, defective due to quality issues, damaged, if they become obsolete, expired, or if their selling prices or estimated forecast of product demand decline. If actual market conditions are less favourable than previously projected, or if liquidation of the inventory which is no longer deemed to be fully recoverable is more difficult than anticipated, additional provisions are recognised.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that a non-financial asset or cash-generating unit (CGU) may be impaired. In addition, goodwill and intangible assets with indefinite useful lives, or intangible assets not yet available for use, are tested for impairment annually and whenever there is an indication of impairment. For the purpose of impairment testing, assets that do not generate largely independent cash inflows are grouped together into CGUs, being the smallest identifiable group of assets that generates cash inflows largely independent of those from other assets or groups of assets.

If any such indication exists, or when annual impairment testing is required, the Group estimates the recoverable amount of the asset or CGU. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. An impairment loss is recognised when the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss. For CGUs, impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to the other assets of the CGU on a pro rata basis based on the carrying amount of each asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. At each reporting date, the Group assesses whether there is any indication that an impairment loss recognised in prior periods for an asset (other than goodwill) may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of that asset or CGU.

An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised in prior periods.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with IAS 16, in which case the reversal is recognised in other comprehensive income and increases the revaluation surplus Impairment losses recognised for goodwill are not reversed in subsequent periods.

Leases
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows.

	Life
Offices and pharmacies	5 years
Land lease	20 years

Right-of-use assets are subject to impairment.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)
Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Initial recognition and measurement (continued)
The Group's financial assets include bank balances, trade receivables other receivables, financial assets at fair value through profit or loss, financial assets fair value though other comprehensive income and other financial assets.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

Financial assets at amortised cost
This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's bank balances, trade receivables and other receivables are financial assets measured at amortised cost.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes an unquoted investment which the Group had not irrevocably elected to classify at fair value through OCI.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Dividends on investments are recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as investment income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investment under this category.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECL's at each reporting date. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected credit losses are recognised in the consolidated statement of comprehensive income.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables and accruals, bank borrowings and lease liabilities.

Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss
The Group has no financial liability classified at fair value through profit or loss.

Financial liabilities at amortised cost (bank borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of comprehensive income.

This category generally applies to bank borrowings, trade payables, accruals and lease liabilities.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)
For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Bank balances and cash
Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, bank balances and cash consist of cash and short-term deposits.

Employee's end of service benefits
Employees' benefits to non-UAE nationals' employees
Accruals are made for employees in the UAE for estimated liability for their entitlement to annual leave and leave passage as a result of services rendered up to the statement of financial position date. Provision is also made, for the end of service benefits, using actuarial techniques, due to employees in accordance with the Labour Law of the counties in which they reside for their periods of service up to the statement of financial position date.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee's end of service benefits (continued)
Employees' benefits to non-UAE nationals' employees (continued)
The accruals relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

Pension and social security policy with the UAE
The Group is a member of the pension scheme operated by the federal Pension General and Social Security Authority. Contributions for eligible UAE national employees are made and charged to the consolidated statement of profit or loss in accordance with the provisions of the applicable law. The Group has no further payment obligations once the contribution has been paid. The Group has categorized the contribution policy as defined contribution plan.

Taxes
Current tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss,
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Taxes (continued)

Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Zakat

Zakat is calculated by the Group in accordance with the Regulations of the General Authority of Zakat and Tax ("GAZT") in the Kingdom of Saudi Arabia and on an accrual basis. The provision is charged to the consolidated statement of profit or loss. Differences, if any, resulting from the final assessments are adjusted in the year of their finalisation.

Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the Parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Foreign currencies (continued)

ii) Group companies (continued)

Effective 1 July 2022, on adoption of IAS 29, the financial statements of the subsidiary, having operations in Ethiopia, has been adjusted for the effects of inflation as per the requirements of IAS 29. Hence, the subsidiary's assets, liabilities, income and expenses are expressed in AED using exchange rates prevailing at the reporting date. Refer to note 35 for the details.

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured and presented in the consolidated statement of profit or loss net of any reimbursement.

Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of UAE, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.5 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorization for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognizes in its consolidated financial statements. The Group will adjust the amounts recognised in its consolidated financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

3.6 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that may affect the reported amount of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Spare parts and consumables as inventory

The Group has determined that it has very large number of minor items of spare parts and consumables and concluded that these items are recognised as inventory. These are expensed out when consumed.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period in determining the lease term for leases of office and pharmacies with non-cancellable period of one year, such that the total lease term is considered 5 years. The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Assets held for sale and discontinued operations

During the year ended 31 December 2025, the Group has classified its 55% of shareholding of Julphar Pharmaceutical PLC ("Julphar Ethiopia"), retail operations of 100% owned subsidiary Health First Pharmacy Chain and The Scientific Pharmacy chain and distribution channel in the Sultanate of Oman as assets held for sale. The Board considered the subsidiaries to meet the criteria to be classified as held for sale and discontinued operations at that date for the following reasons:

- The subsidiaries are available for immediate sale and can be sold to the buyer in their current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification
- The management is committed to sell the asset and an active programme to locate a buyer has already been initiated.
- Retail operations in the UAE and Oman represent a separate major line of business from the Group's other operations and Ethiopia represents separate major geographical area of operations.

For more details on discontinued operations refer note 12.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

3.6 Significant accounting judgements, estimates and assumptions (continued)

Judgements (continued)

Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Group makes an assessment of the objective of a business model in which an asset is held because this best reflects the way the business is managed, and information is provided to the management. The information considered included:

- the stated policies and objectives for the financial asset and the operation of those policies in practise;
- how the performance of the financial asset is evaluated and reported to the Group's management;
- the risks that affect the performance of the business mode (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and time of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiary is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non -monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the consolidated financial statements of a Group becomes necessary. Following management's assessment, the Group's subsidiary, operating in Ethiopia have been accounted for as entities operating in hyperinflationary economies. The results, cash flows and financial positions of Ethiopian subsidiary have been expressed in terms of the measuring units current at the reporting date.

The economy of Ethiopia was assessed to be hyperinflationary during 2022, and hence hyperinflation accounting has been applied since 2022. As at 30June 2025, Ethiopia ceased to meet the criteria of a hyperinflation economy. As a result, Julphar Ethiopia discontinued applying IAS 29. In line with IAS 29, the balance at 30 June 2025 have been treated as opening balances or new deemed cost for subsequent periods and no further inflation adjustments have been made after this date.

The cumulative impact of adjusting the Group's results for the effects of hyperinflation is set out in note 35.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.6 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Allowance for net realisable value

The Group's management determines the amount of allowance for net realisable as follows:

Inventories are measured at the lower of cost and net realisable value in accordance with IAS 2 Inventories. Cost includes purchase price, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the costs necessary to make the sale.

The Group reviews inventory at each reporting date to identify items for which net realisable value is lower than cost. In line with the Group's, provisions are recognized for risks including, but not limited to:

- Obsolescence or slow-moving inventory
- Items nearing or past expiry
- Damaged, defective, or quality-rejected items
- Discontinued or delisted products
- Regulatory or legal restrictions impacting saleability
- Declines in market demand, selling prices, or changes in cost-to-sell

Allowances are assessed using expiry-based thresholds, aging analysis, and specific indicators of impairment. Items with specific indications such as damage, contamination, quality rejection, or technological reformulation are written down to their net realisable value immediately. Inventory provisions are reviewed at least quarterly and approved in accordance with the delegation of authority matrix. When inventories are expected to be utilized or sold based on the validated demand plan before expiry, no provision is recorded.

At the reporting date, allowance for net realisable value were AED 68.0 million (2024: AED 101.4 million) (note 16). Any difference between the amounts actually realised in future periods and the amounts expected will be recognised in the consolidated statement of profit or loss.

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the dividend growth mode ("DGM"). The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculations are based on available data from binding sales transactions, for similar assets or observable market prices less incremental costs of disposing of the asset and using cost approach adjusted for obsolescence that market participant buyers would consider. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The Group's management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the Group's management believes the useful lives differ from previous estimates.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.6 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses on financial assets

When measuring ECL, probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The operation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Deferred tax

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Estimating sales return liability

The Group estimates the sales return liability based on historic data of past 3 years by analysing sales return on a monthly basis and by using a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the sales return liability.

Estimating the incremental borrowing rate for lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates etc.) when available and is required to make certain entity-specific estimates (such as the Group's economic environment).

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

3.6 Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

Useful lives of intangible assets

The Group's management estimates the useful lives of intangible assets based on the period during which the assets are expected to be available for use and also estimates their recoverability to assess if there has been an impairment. The amounts and timing of recorded expenses for amortization and impairments of intangible assets for any period are affected by these estimates. The estimates are reviewed at least annually and are updated if expectations change as a result of commercial obsolescence, generic threats and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's intangible assets in the future.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

4.1 Disaggregated revenue information

	2025 AED millions	*2024 AED millions*
Gross sales	**1,507.6**	1,791.6
Less: discounts	**(71.6)**	(48.6)
Net Sales	**1,436.0**	1,743.0
Less: net sales relating to discontinued operations (note 12)	**(360.5)**	(750.8)
	1,075.5	992.2

The Group derives its revenue from sale of medicines, drugs and various other types of pharmaceuticals and medical compounds in addition to cosmetic compounds. The revenue is recognised on the basis of at "point in time" revenue recognition criteria. The geographical split of gross revenue is as follows:

	2025 AED millions	*2024 AED millions*
Geographic information		
UAE	**666.9**	576.2
Other GCC countries	**354.0**	834.9
Other countries	**415.1**	331.9
	1,436.0	1,743.0
Less: net sales relating to discontinued operations (note 12)		
UAE	**(186.2)**	(199.4)
Other GCC countries	**(163.3)**	(542.9)
Other countries	**(11.0)**	(8.5)
	1,075.5	992.2

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

4.2 Contract balances

	2025 AED millions	*2024 AED millions (restated)*
Contract assets*		
Trade receivables, net (note 19)	**516.1**	501.2

	2025 AED millions	*2024 AED millions (restated)*
Contract liabilities*		
Refund liabilities (note 25)	**63.3**	51.2
Accruals and other payables (note 25)	**64.8**	23.0
Advances from customers (note 25)	**2.7**	1.6
Commissions payable (note 25)	**16.9**	22.2
	147.7	98.0

*Includes assets and liabilities held for sale.

4.3 Performance obligations

The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 3 to 12 months from delivery in case of distribution sales and immediately on delivery for retail sales.

The Group generally grants its customers the right of return within a period of 14 days from the date of purchase only for non-medicine items in retail sales. However, the Group does not record a provision for sales returns in retail sales as these returns are insignificant to overall consolidated financial statements.

5. COST OF REVENUE

	2025 AED millions	*2024 AED millions (restated)*
Raw materials consumed and third-party purchases (note (a))	**671.3**	798.7
Salaries and wages	**89.7**	97.5
Consumption of laboratory items	**39.3**	34.3
Depreciation of property, plant and equipment (note 14(b))	**30.7**	60.9
Allowance for net realisable value (note 16)	**25.9**	55.1
Electricity and water	**20.0**	26.4
Others	**11.3**	12.9
	888.2	1,085.8
Less: cost of revenue relating to discontinued operations (note 12)	**(248.6)**	(500.7)
	639.6	585.1

a) As at 31 December 2025, this includes AED 15.3 million (2024: AED 108.1 million) which relates to retail space listing income, shelf space rental and display income which are received from suppliers in connection with the purchase of goods and are considered as a reduction of the purchased price.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

6(a) OTHER INCOME

	2025 AED millions	*2024 AED millions (restated)*
Liabilities written back (note (b))	**10.3**	2.1
Exchange gain	**0.1**	0.7
Others	**8.8**	10.3
Value added tax refund (note (a))	**-**	25.7
	19.2	38.8
Less: other income relating to discontinued operations (note 12)	**(4.5)**	(4.4)
	14.7	34.4

a) During the year ended 31 December 2024, the Company has received a Value Added Tax ("VAT") refund of AED 25.7 million form Zakat, Tax and Customs Authority ("ZATCA") relating to VAT expenses on transactions incurred from 2018 to 2023 in the Kingdom of Saudi Arabia.

b) In 2025 and 2024, the Group has written back certain liabilities which are no longer required.

6(b) OTHER EXPENSES

	2025 AED millions	*2024 AED millions (restated)*
Other provisions	-	21.3

During the year ended 31 December 2024, the Group had recognized certain specific provision related to inventories which were expected to be not realizable. As these losses are identified due to certain unforeseen events, are one-off in nature and did not arise in the normal activities of the Group. Management does not consider such one-off nature provisions for the evaluation of the Group's performance at the gross margin level and it is the Group's policy to record such one-off inventory provision.

7. SELLING AND DISTRIBUTION EXPENSES

	2025 AED millions	*2024 AED millions (restated)*
Salaries, wages and related expenditures	**161.1**	219.1
Advertisement and promotion	**66.7**	52.2
Sales expenses	**21.7**	9.7
Depreciation of right to use assets (note 29)	**14.0**	43.2
Freight charges	**11.5**	21.8
Variable lease payment recognised as rent expenses (note 29(c))	**8.5**	14.7
Product registration	**5.7**	4.2
Allowance for expected credit losses (note 19)	**4.7**	9.4
Marketing materials	**2.4**	2.9
Depreciation of property, plant and equipment (note 14(b))	**0.5**	0.6
Others	**29.2**	26.4
	326.0	404.2
Less: selling and distribution expenses relating to discontinued operations (note 12)	**(67.5)**	(183.4)
	258.5	220.8

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2025 AED millions	*2024 AED millions (Restated)*
Salaries, wages and related expenditures	**62.0**	74.4
Legal and professional	**17.8**	27.0
Amortisation of intangible assets (note 15)	**5.4**	16.0
Depreciation of property, plant and equipment (note 14(b))	**5.7**	13.1
Utilities	**4.5**	10.0
Bank charges and commission	**2.5**	4.4
Services	**3.2**	1.9
Transportation and visa charges	**0.6**	1.1
Loss on exchange	**2.1**	0.9
Value added tax expense	**0.2**	0.3
Others	**21.5**	17.6
	125.5	166.7
Less: general and administrative expenses relating to discontinued operations (note 12)	**(25.3)**	(39.1)
	100.2	127.6

9. FINANCE INCOME

	2025 AED millions	*2024 AED millions*
Interest income on fixed deposits	**7.6**	2.6

10. FINANCE COSTS

	2025 AED millions	*2024 AED millions*
Interest on bank and other loans*	**23.9**	55.1
Interest on lease liabilities (note 29(b))	**2.9**	7.3
Interest on bank overdraft	**4.4**	7.0
Amortisation of time value of money relating to interest rate cap	**0.5**	1.4
	31.7	70.8
Less: finance costs relating to discontinued operations (note 12)	**(3.4)**	(11.0)
	28.3	59.8

*This is net-off changes in fair value on hedging instrument reclassified from OCI amounting to AED 9.7 million (2024: (AED 1.4 million)).

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

11. INCOME TAX AND ZAKAT

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statement of profit or loss for the years ended 31 December 2025 and 2024 are as follows.

	2025 AED millions	*2024 AED millions*
Current tax		
In respect of corporate tax	**34.5**	6.8
Deferred tax credit		
Current year credit	**(0.8)**	(1.0)
Total income tax charge reported in the consolidated statement of profit or loss	**33.7**	5.8
Less: income tax relating to disposal of a subsidiary	**(28.5)**	-
Less: income tax expense relating to discontinued operations (note 12)	**(1.7)**	(3.1)
Income tax relating to continuing operations	**3.5**	2.7
Tax assets/liabilities:		
Provision for current tax	**17.2**	5.2
Deferred tax liabilities	**2.9**	8.3
Deferred tax assets	**-**	0.8
Movement of net deferred tax		
Net deferred tax liability balance at the beginning of the year	**7.5**	7.2
(Reversal)/additions for the year	**(1.5)**	0.3
Less: Related to assets held for sale	**(3.1)**	-
Net deferred tax liability balance at the end of the year	**2.9**	7.5

Reconciliation of effective tax rate

	Tax rate	**2025**	Tax rate	2024
Profit / (loss) before tax from continued operations		**47.4**		(6.6)
Tax using the Company's domestic tax rate	**9%**	**4.3**	9%	-
Effect of tax rates in foreign jurisdiction		**(0.7)**		2.7
Others		**(0.1)**		-
Tax expense for continued operations		**3.5**		2.7
Effective tax rate	**7.38%**		41%	

The Group's operations in countries including UAE, Egypt, Kingdom of Saudi Arabia, Sultanate of Oman and Ethiopia are subject to taxation at the rates applicable in the respective countries.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Julphar Pharmaceuticals P.L.C.

During the year ended 31 December 2021, the Board of Directors of the Company decided to sell Julphar Pharmaceuticals P.L.C. ("Julphar Ethiopia"). As at 31 December 2025, the Board of Directors has renewed its intention to sell Julphar Ethiopia. Accordingly, Julphar Ethiopia has been classified as a disposal group held for sale and as a discontinued operation.

With Julphar Ethiopia being classified as a discontinued operation, the results of Julphar Ethiopia has not been presented in the segment information (note 28). There was no write-down of carrying amount immediately before and after the classification of the disposal group as held for sale. The consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Julphar Ethiopia separately from continuing operations in 2025 and 2024.

The net cash flows from / (used in) by Julphar Ethiopia are as follows:

	2025 AED millions	*2024 AED millions*
Operating	**3.4**	(5.2)
Financing	**(1.7)**	(0.1)
Investing	**-**	(1.0)
Net cash inflow/(outflow)	**1.7**	(6.3)

Basic and diluted profit per share

Basic and diluted *profit* per share is disclosed in note 13.

The results of the discontinued operation for the year ended 31 December 2025 and 31 December 2024 are presented below:

	2025 AED millions	*2024 AED millions*
Revenue from contracts with customers	**11.0**	8.5
Cost of revenue	**(7.2)**	(4.4)
Gross profit	**3.8**	4.1
Selling, distribution and administrative expenses	**(0.1)**	(1.3)
General and administrative expenses	**(0.5)**	-
Operating profit	**3.2**	2.8
Hyperinflation adjustment (note 34)	**(0.3)**	(1.3)
Profit before tax for the year from discontinued operations	**2.9**	1.5
Income tax expense	**(0.6)**	(0.9)
PROFIT FOR THE YEAR	**2.3**	0.6

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

a) Julphar Pharmaceuticals P.L.C. (continued)

	2025 AED millions	*2024 AED millions*
PROFIT FOR THE YEAR	**2.3**	0.6
Other comprehensive loss		
Hyperinflation adjustment (note 12)	**1.9**	6.6
Currency translation differences	**(3.9)**	(10.5)
Total other comprehensive loss	**(2.0)**	(3.9)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**0.3**	(3.3)
Profit for the year attributable to:		
Equity holders of the Parent	**1.2**	0.3
Non-controlling interests	**1.1**	0.3
	2.3	0.6
Total comprehensive income/(loss) attributable to:		
Equity holders of the Parent	**0.1**	(1.8)
Non-controlling interests	**0.2**	(1.5)
	0.3	(3.3)

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

b) Diabtec L.L.C.

During the year ended 31 December 2024, the Board of Directors of the Company decided to sell Diabtec LLC. ("Diabtec"), a wholly owned subsidiary. The Company entered into a Sale and Purchase Agreement ("SPA") dated on 14 March 2024. All the legal formalities related to the divestment have been fulfilled and the sale of Diabtec was completed during the year ended 31 December 2024. Accordingly, a gain of AED 37.6 million was recorded by the Group on derecognition as at 31 December 2024. The proceeds from disposal have been received in 2025.

With Diabtec being classified as a discontinued operation, the results of Diabtec have not been presented in the segment information (note 28). The comparative consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Diabtec separately from continuing operations.

	2025 AED millions	*2024 AED millions*
Operating	**-**	-
Investing	**330.5**	-
Financing	**-**	-
Net cash inflow	**330.5**	-

Cost of revenue amounting to AED 31.3 million were incurred during the year ended 31 December 2024.

Basic and diluted profit per share
Basic and diluted *profit* per share is disclosed in note 13.

c) Zahrat Al Rawdah Pharmacies Limited Liability Company

During the year ended 31 December 2024, the Board of Directors of the Company decided to sell Zahrat Al Rawdah Pharmacies Limited Liability Company ("Zahrat"), a wholly owned subsidiary. The Company entered into a Sale and Purchase Agreement ("SPA") on 31 October 2024. The legal formalities related to the divestment have been completed on 16 February 2025 and control was lost after the legal formalities were completed. Accordingly, a gain of AED 111.2 million, net of transaction cost of AED 41.4 million and tax of AED 28.7 million, was recognised by the Group during the year ended 31 December 2025. Hence, Zahrat has been classified as a disposal group held for sale and as a discontinued operation as at 31 December 2025. The proceeds from disposal have been received during the year ended 31 December 2025.

With Zahrat being classified as a discontinued operation, the results of Zahrat have not been presented in the segment information (note 28). The comparative consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Zahrat separately from continuing operations in 2025 and 2024.

The net cash flows used in Zahrat are as follows:

	2025 AED millions*	*2024 AED millions*
Operating	**6.7**	24.1
Investing	**356.1**	(3.8)
Financing	**(3.7)**	(34.0)
Net cash inflow/(outflow)	**359.1**	(3.4)

Basic and diluted profit/(loss) per share
Basic and diluted *profit/(loss)* per share is disclosed in note 13.

**Represents activity for one-month period ended 31 January 2025 prior to the completion of the sale on 16 February 2025. There are no other significant activities that transpired between 1 to 16 February 2025.*

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

c) Zahrat Al Rawdah Pharmacies Limited Liability Company (continued)

The results of the discontinued operations of Zahrat for the year ended 31 December are presented below:

	2025 AED millions	*2024 AED millions (Restated)*
Revenue from contracts with customers	**39.0**	422.0
Cost of revenue	**(29.4)**	(246.9)
Gross Profit	**9.6**	175.1
Other income	**0.1**	3.0
Selling and distribution expenses	**(1.5)**	(117.0)
General and administrative expenses	**(6.7)**	(20.6)
Operating profit	**1.5**	40.5
Finance income	**-**	
Finance costs	**(0.7)**	(8.6)
Profit before tax for the year from discontinued operations	**0.8**	31.9
Income tax expense	**(0.2)**	(1.2)
PROFIT FOR THE YEAR	**0.6**	30.7
Gain on sale of discontinued operation, net of tax	**111.2**	-
Profit from discontinued operations	**111.8**	30.7
Other comprehensive income	-	-
Total other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**111.8**	30.7

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

d) PLANET RETAIL AND DISTRIBUTION OPERATIONS

During the year ended 31 December 2025, the Parent 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):

- The Health First Pharmacy chain in the United Arab Emirates ("UAE Operations") as disclosed in Note 2; and
- The Scientific Pharmacy chain and distribution channel in the Sultanate of Oman as disclosed in Note 2 ("Oman Operations")

The sale will exclude five pharmacies from the Health First Pharmacy chain in the United Arab Emirates, which will remain part of the Group and continue to be operated under its control after completion of the transaction. Further, there is a plan to sell the remaining five pharmacies.

As of 31 December 2025, the binding offer has been accepted by the Group, and the transaction is pending completion, subject to final regulatory approvals, customary closing conditions, and execution of the definitive agreements. Further, the control was not lost at year end.

Accordingly, the related assets and liabilities of the operations to be sold have been classified as "assets and liabilities held for sale" in the consolidated statement of financial position, in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations.

The disposal group is measured at the lower of its carrying amount and fair value less costs to sell as of the reporting date. No impairment loss has been recognized in relation to the classification as held for sale.

The financial performance of the Oman Operations to be disposed of for the year ended 31 December 2025 is presented below:

	2025 AED Millions	2024 AED Millions (Restated)
Revenue from contracts with customers	**124.3**	120.9
Cost of revenue	**(90.8)**	(87.1)
Gross Profit	**33.5**	33.8
Other income	**0.1**	0.1
Selling and distribution expenses	**(20.8)**	(19.9)
General and administrative expenses	**(5.3)**	(6.2)
Operating profit	**7.5**	7.8
Finance costs	**(1.0)**	(0.8)
Profit before tax for the year from discontinued operations	**6.5**	7.0
Income tax expense	**(0.9)**	(1.0)
PROFIT FOR THE YEAR	**5.6**	6.0
Other comprehensive income	-	-
Total other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**5.6**	6.0

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements
For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

d) PLANET RETAIL AND DISTRIBUTION OPERATIONS (continued)

	2025 AED millions	*2024 AED millions*
Operating	**7.7**	8.0
Investing	**(1.5)**	(1.2)
Financing	**(4.3)**	(4.5)
Net cash inflow	**1.9**	2.3

The financial performance of the UAE Operations to be disposed of for the year ended 31 December 2025 is presented below:

	2025 AED millions	*2024 AED millions*
Revenue from contracts with customers	**186.2**	199.4
Cost of revenue	**(121.2)**	(131.0)
Gross Profit	**65.0**	68.4
Other income	**4.3**	1.3
Selling and distribution expenses	**(45.1)**	(45.2)
General and administrative expenses	**(12.8)**	(12.3)
Operating profit	**11.4**	12.2
Finance costs	**(1.7)**	(1.6)
Profit before tax for the year from discontinued operations	**9.7**	10.6
Income tax expense	**-**	-
PROFIT FOR THE YEAR	**9.7**	10.6
Other comprehensive income	-	-
Total other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**9.7**	10.6

	2025 AED millions	*2024 AED millions*
Operating	**(7.3)**	(2.6)
Investing	**(1.2)**	(2.2)
Financing	**(2.3)**	0.4
Net cash outflow	**(10.8)**	(4.4)

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

12. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

e) The major classes of assets and liabilities of the disposal group classified as held for sale as at the year-end are as follows:

	31 December 2025				31 December 2024		
	Julphar Pharmaceuticals P.L.C AED millions	***Oman operations millions***	***UAE Transaction companies millions***	***Total AED millions***	*Julphar Pharmaceuticals P.L.C AED millions*	*Zahrat Al Rawdah Pharmacies L.L.C. AED millions*	*Total AED Millions*
ASSETS							
Property, plant and equipment	**10.6**	**4.2**	**3.7**	**18.5**	9.1	22.9	32.0
Right of use assets	**-**	**14.8**	**40.2**	**55.0**	-	127.7	127.7
Intangible assets	**-**	**8.6**	**39.5**	**48.1**	-	53.4	53.4
Inventories	**9.6**	**43.4**	**32.3**	**85.3**	11.2	161.4	172.6
Deferred tax asset	**-**	**0.5**	**-**	**0.5**	-	-	-
Trade and other receivables	**0.8**	**31.5**	**19.9**	**52.2**	1.3	47.8	49.1
Bank balances and cash	**6.2**	**-**	**-**	**6.2**	5.7	7.9	13.6
Assets held for sale	**27.2**	**103.00**	**135.6**	**265.8**	27.3	421.1	448.4
LIABILITIES							
Provision for employees' end of service benefits	**-**	**4.3**	**5.6**	**9.9**	-	13.1	13.1
Deferred tax liability	**-**	**-**	**3.6**	**3.6**	-	-	-
Lease liabilities	**-**	**13.3**	**37.5**	**50.8**	-	114.9	114.9
Trade payables and accruals	**3.0**	**31.4**	**3.2**	**37.6**	3.4	33.0	36.4
Current tax liabilities	**0.5**	**1.0**	**-**	**1.5**	0.5	7.0	7.5
Liabilities directly associated with assets held for sale	**3.5**	**50.0**	**49.9**	**103.4**	3.9	168.0	171.9
Net assets directly associated with assets held for sale	**23.7**	**53.0**	**85.7**	**162.4**	23.4	253.1	276.5
Less: net assets attributable to non-controlling interest	**(10.7)**	**-**	**-**	**(10.7)**	(10.5)	-	(10.5)
Group's share of net assets directly associated with disposal group	**13.0**	**53.0**	**85.7**	**151.7**	12.9	253.1	266.0

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

13. BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE (EPS)

a) Basic EPS is calculated by dividing the loss for the year attributable to equity holders of the Parent by the weighted average number of outstanding shares during the year.

	2025 AED millions	*2024 AED millions (restated)*
Profit/(loss) for the year attributable to the equity holders of the Parent:		
Continuing operations	**43.9**	(9.3)
Discontinued operations	**128.3**	53.9
Profit for the year attributable to the equity holders of the Parent	**172.2**	44.6
Weighted average number of shares	**1,155.3**	1,155.3
Basic profit per share attributable to the equity holders of the Parent (in UAE fills)	**14.91**	3.86
Basic profit/(loss) per share from continuing operations attributable to the equity holders of the Parent (in UAE fills)	**3.80**	(0.80)

b) To calculate EPS for discontinued operations, the weighted average number of shares is as per the table above. The following table provides the profit amount used:

	2025 AED millions	*2024 AED millions (restated)*
Profit for the year attributable to the equity holders of the Parent from discontinued operations	**128.3**	53.9
Basic profit per share from discontinued operations attributable to the equity holders of the Parent (in UAE fills)	**11.11**	4.67

c) The Group does not have any potential equity shares and accordingly the basic and diluted earnings per share is the same.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

14. PROPERTY PLANT AND EQUIPMENT

	Land AED millions	*Buildings AED millions*	*Plant and machinery AED millions*	*Installations AED millions*	*Motor vehicles AED millions*	*Furniture and fixtures AED millions*	*Tools and equipment AED millions*	*Leasehold improvements AED millions*	*Capital - work-in progress AED millions*	*Total AED millions*
Cost										
At 1 January 2024	3.7	508.1	1,118.4	140.5	33.3	46.4	12.6	22.2	20.3	1,905.5
Additions	-	0.2	4.3	0.7	0.5	2.2	2.7	2.9	30.2	43.7
Transfer from CWIP	-	0.6	4.5	0.4	-	0.8	0.2	-	(6.5)	-
Disposals	-	-	(0.7)	-	(1.7)	(0.1)	-	-	-	(2.5)
Write offs	-	-	-	-	-	(0.7)	(0.8)	(1.0)	(0.2)	(2.7)
Derecognized on disposal of a subsidiary	-	(140.7)	(459.3)	(1.5)	-	(0.5)	-	-	(2.1)	(604.1)
Reclassified to assets held for sale	-	-	-	-	(0.2)	(26.5)	(5.8)	(5.6)	-	(38.1)
Exchange differences	-	-	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2024	**3.7**	**368.2**	**667.2**	**140.1**	**31.9**	**21.6**	**8.8**	**18.5**	**41.7**	**1,301.7**
Additions	-	1.2	13.6	4.1	0.2	3.4	-	0.6	11.2	34.3
Transfer from CWIP	-	0.9	4.8	3.7	-	0.6	0.2	-	(10.2)	-
Disposals	-	-	(0.2)	(0.4)	-	(0.1)	-	-	-	(0.7)
Write offs	-	-	-	-	(0.7)	-	-	-	-	(0.7)
Reclassified to assets held for sale	-	-	-	-	(1.7)	(6.9)	(5.9)	(2.2)	(0.2)	(16.9)
Exchange differences	-	-	-	-	-	-	0.1	-	-	0.1
At 31 December 2025	**3.7**	**370.3**	**685.4**	**147.5**	**29.7**	**18.6**	**3.2**	**16.9**	**42.5**	**1,317.8**

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

14. PROPERTY PLANT AND EQUIPMENT (continued)

	Land AED millions	*Buildings AED millions*	*Plant and machinery AED millions*	*Installations AED millions*	*Motor vehicles AED millions*	*Furniture and fixtures AED millions*	*Tools and equipment AED millions*	*Leasehold improvements AED millions*	*Capital - work-in progress AED millions*	*Total AED millions*
Depreciation and impairment										
At 1 January 2024	-	301.2	825.8	127.9	30.7	23.8	6.4	16.1	-	1,331.9
Charge for the year (note (b))	-	17.5	43.8	3.4	1.0	3.9	3.3	3.3	-	76.2
Disposals	-	-	(0.7)	-	(1.5)	(0.1)	-	-	-	(2.3)
Write offs	-	-	-	-	-	(0.3)	(0.8)	(0.7)	-	(1.8)
Derecognized on disposal of a subsidiary	-	(58.6)	(282.3)	(1.2)	-	(0.5)	-	-	-	(342.6)
Reclassified to assets held for sale	-	-	-	-	(0.1)	(10.6)	(2.4)	(2.1)	-	(15.2)
Exchange differences	-	-	-	-	-	-	(0.1)	-	-	(0.1)
At 31 December 2024	-	260.1	586.6	130.1	30.1	16.2	6.4	16.6	-	1,046.1
Charge for the year (note (b))	-	11.5	20.2	3.4	0.8	2.0	0.6	0.1	-	38.6
Disposals	-	-	(0.2)	(0.4)		(0.1)	-	-	-	(0.7)
Write offs	-	-	-	-	(0.7)	-	-	-	-	(0.7)
Reclassified to assets held for sale	-	-	-	-	(1.2)	(1.8)	(4.9)	(1.1)	-	(9.0)
Exchange differences	-	-	-	-	0.2	-	-	-	-	0.2
At 31 December 2025	**-**	**271.6**	**606.6**	**133.1**	**29.2**	**16.3**	**2.1**	**15.6**	**-**	**1,074.5**
Net book value:										
At 31 December 2025	**3.7**	**98.7**	**78.8**	**14.4**	**0.5**	**2.3**	**1.1**	**1.3**	**42.5**	**243.3**
At 31 December 2024	3.7	108.1	80.6	10.0	1.8	5.4	2.4	1.9	41.7	255.6

a) Certain property, plant and equipment of the Group are mortgaged against bank facilities (note 24).

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

14. PROPERTY PLANT AND EQUIPMENT (continued)

b) The above depreciation charge has been allocated in the consolidated statement of income as follows:

	2025 AED millions	*2024 AED millions*
Cost of revenue (note 5)	**30.7**	60.9
General and administrative expenses (note 8)	**5.7**	13.1
Selling and distribution expenses (note 7)	**0.5**	0.6
Research and development costs	**1.7**	1.6
	38.6	76.2

c) The factory and its related buildings of the Parent Company are constructed on plots of land amounting to AED 3.7 million (2024: AED 3.7 million) which are owned by the Government of Ras Al Khaimah.

d) Capital work-in-progress mainly includes significant modification/enhancement of plant and machinery of the Parent Company and newly incorporated subsidiary in Kingdom of Saudi Arabia.

15. INTANGIBLE ASSETS

	Licenses and permits (note (c)) AED millions	*Trade name (note (a)) AED millions*	*Supplier relations AED millions*	*Customers relations AED millions*	*Loyalty program AED millions*	*Hospital relations AED millions*	*Others AED millions*	*Total AED millions*
Cost:								
At 1 January 2024	40.1	53.2	26.8	35.6	22.2	35.5	7.7	221.1
Additions	9.4	-	-	-	-	-	-	9.4
Reclassified to assets held for sale (note 12(e))	-	(33.3)	-	-	(22.2)	(35.5)	-	(91.0)
At 31 December 2024	49.5	19.9	26.8	35.6	-	-	7.7	139.5
Additions	10.3	-	-	-	-	-	-	10.3
Reclassified to assets held for sale (note 12(e))	-	(19.9)	(10.7)	(35.6)	-	-	-	(66.2)
Foreign currency translation difference	(1.0)	-	-	-	-	-	-	(1.0)
At 31 December 2025	**58.8**	**-**	**16.1**	**-**	**-**	**-**	**7.7**	**82.6**
Accumulated amortisation:								
At 1 January 2024	28.1	-	4.3	9.0	8.5	19.7	7.7	77.3
Charge for the year (note 8)	1.3	-	1.7	3.6	2.8	6.6	-	16.0
Impairment loss for the year (note (b))	1.5	-	-	-	-	-	-	1.5
Reclassified to assets held for sale (note 12(e))	-	-	-	-	(11.3)	(26.3)	-	(37.6)
Foreign currency translation difference	1.0	-	-	-	-	-	-	1.0
At 31 December 2024	31.9	-	6.0	12.6	-	-	7.7	58.2
Charge for the year (note 8)	1.2	-	1.5	2.7	-	-	-	5.4
Impairment loss for the year (note (b))	0.9	-	-	-	-	-	-	0.9
Reclassified to assets held for sale (note 12 (e))	-	-	(2.8)	(15.3)	-	-	-	(18.1)
Foreign currency translation difference	0.1	-	-	-	-	-	-	0.1
At 31 December 2025	**34.1**	**-**	**4.7**	**-**	**-**	**-**	**7.7**	**46.5**
Net book value:								
At 31 December 2025	**24.7**	**-**	**11.4**	**-**	**-**	**-**	**-**	**36.1**
At 31 December 2024	17.6	19.9	20.8	23.0	-	-	-	81.3

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

15. INTANGIBLE ASSETS (continued)

a) In 2021, the Group acquired an additional 60% in Planet Pharmacies LLC ("Planet") and the Group consequently recognised certain trade names with an indefinite useful life. During the year ended 31 December 2025, trade name has been reclassified as held for sale.

b) During the year ended 31 December 2025, impairment loss of AED 0.9 million (2024: AED 1.5 million) was recognized against certain intangible assets. This was recognized as part of research and development expenditures.

c) Includes AED 1 million (2024: AED 2.2 million) which relates to development costs that were capitalized.

16. INVENTORIES

	2025 AED millions	*2024 AED millions (Restated)*
Finished goods	**350.3**	512.8
Raw materials (note (b))	**84.8**	92.6
Packing materials (note (b))	**46.6**	50.2
Spare parts	**35.1**	34.4
Work-in-progress	**14.3**	10.2
Consumables	**18.9**	23.3
Goods in transit	**4.2**	12.5
	554.2	736.0
Less: allowance for net realisable value (note (a))	**(68.0)**	(101.4)
	486.2	634.6
Less: inventories attributable to assets held for sale (note 12(e))	**(85.3)**	(172.6)
	400.9	462.0

a) The movement in the Group's allowance for net realisable value of inventories is as follows:

	2025 AED millions	*2024 AED millions (Restated)*
At 1 January	**101.4**	65.1
Charge during the year (note 5 and note 6(b))	**25.9**	76.4
Written-off during the year	**(36.2)**	(40.1)
Derecognised on disposal of subsidiary	**(23.1)**	-
At 31 December*	**68.0**	101.4

* Allowance for net realisable value of inventories include AED 11.8 million (31 December 2024: AED 27.5 million) against inventories attributable to assets held for sale.

b) Inventories charged to cost of revenue amounted to AED 710.6 million (2024: AED 833.0 million) (note 5).

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

The financial asset at fair value through profit or loss is denominated in AED and is held for trading in the UAE market amounting to AED 23.2 million (2024: AED 21.3 million).

Movements in financial assets at fair value through profit and loss are as follows:

	2025 AED millions	*2024 AED millions*
At 1 January	**21.3**	20.5
Unrealized gain on revaluation for the year	**1.9**	0.8
	23.2	21.3

Investment in unquoted equity security represents investment in an entity which is engaged in manufacturing of packing materials. The Group has 7.25% equity investment in the entity. Management has performed a valuation and recorded the investment at fair value. Fair value has been computed using dividend growth model (31 December 2024: dividend growth model). They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (note 31).

18. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

	2025 AED millions	*2024 AED millions*
Fair value of financial assets at FVTOCI	**0.2**	0.2

Movements in fair value of financial asset at FVTOCI during the year are as follows:

	2025 AED millions	*2024 AED millions*
At 1 January	**0.2**	0.3
Unrealized loss on revaluation for the year	**-**	(0.1)
At 31 December	**0.2**	0.2

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

18. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI) (continued)

As of 31 December 2025, the Group has a negative fair value reserve of AED 7.1 million (2024: AED 7.1 million).

Investment in quoted equity security represents investment in an entity which is engaged in development of innovative medicines to combat cardiovascular diseases. The Group holds non-controlling interests of 2.2% in the entity. The investment was irrevocably designated at fair value through OCI as the Group considers the investment to be strategic in nature. They are classified as level 1 fair values in the fair value hierarchy (note 30).

19. TRADE AND OTHER RECEIVABLES

	2025 AED millions	*2024 AED millions (Restated)*
Trade receivables	**661.4**	654.0
Less: allowance for expected credit losses (note (a))	**(145.3)**	(152.8)
	516.1	501.2
Advances to suppliers	**20.1**	25.8
Value added tax receivable	**10.4**	17.9
Prepayments	**9.0**	14.1
Rebates, commission and discount receivable from suppliers	**0.7**	3.3
Other receivables	**25.9**	16.9
Receivable from divestment of a subsidiary (note 12(b))	**-**	330.5
	582.2	909.7
Less: trade and other receivables attributable to assets held for sale (note 12(e))	**(52.2)**	(49.1)
	530.0	860.6

a) Movement in the allowance for expected credit losses during the year was as follows:

	2025 AED millions	*2024 AED millions*
At 1 January	**152.8**	180.1
Charge for the year (note 7)	**4.7**	9.4
Derecognized on disposal of subsidiary	**(5.1)**	-
Written off during the year	**(7.1)**	(36.7)
At end of the year	**145.3**	152.8
Less: provision for expected credit losses attributable to assets held for sale	**(14.1)**	(6.5)
	131.2	146.3

b) Information regarding trade receivable is given in credit risk (note 30).

c) A provision has been made for the estimated impairment amounts of trade receivables of AED 145.3 million (2024: AED 152.8 million). This provision has been determined based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

19. TRADE AND OTHER RECEIVABLES (continued)

d) The ageing analysis of trade receivables is as follows:

31 December 2025	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Current (not past due)	**4.5%**	**464.0**	**(20.7)**	**443.3**
1-90 days past due	**2.7%**	**40.3**	**(1.1)**	**39.2**
91-180 days past due	**6.7%**	**8.9**	**(0.6)**	**8.3**
181-360 days past due	**23.9%**	**8.8**	**(2.1)**	**6.7**
More than 360 days past due	**86.7%**	**139.4**	**(120.8)**	**18.6**
		661.4	**(145.3)**	**516.1**

31 December 2024	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
Current (not past due)	5.8%	436.0	(25.1)	410.9
1- 90 days past due	5.4%	44.1	(2.4)	41.7
01-180 days past due	3.1%	9.8	(0.3)	9.5
181-360 days past due	28.8%	13.2	(3.8)	9.4
More than 360 days past due	80.3%	150.9	(121.2)	29.7
		654.0	(152.8)	501.2

e) The Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The carrying amounts of the Group's trade and other receivables are denominated in AED, USD and EGP.

f) The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables. The other classes within trade and other receivables do not contain impaired assets.

20. CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS

	2025 AED millions	*2024 AED millions (Restated)*
Current accounts	**164.4**	120.1
Short term bank deposits	**85.8**	38.2
Cash in hand	**1.4**	2.6
	251.6	160.9
Less: term deposits having maturities after three months and less than one year	**(15.8)**	(38.2)
Cash and cash equivalents for the statement of cash flows	**235.8**	122.7
Less: bank balances and cash attributable to assets held for sale (note 12(e))	**(6.2)**	(13.6)
Cash and cash equivalent in the statement of financial position	**229.6**	109.1

21. SHARE CAPITAL

	2025 AED millions	*2024 AED millions*
Authorised, issued and fully paid		
1,155,227,811 ordinary shares (2024: 1,155,227,811 ordinary shares at par value of AED 1	**1,155.3**	1,155.3

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

22. STATUTORY RESERVE

In accordance with the Articles of Association of the Company and certain subsidiaries ("the entities") of the Group and the provisions of UAE Federal Law No. (32) of 2021, 10% of the net profit for the year, has been transferred to a statutory reserve. Such transfers may be discontinued when the reserve equals 50% of the paid-up share capital of these entities. This reserve is non-distributable except in certain circumstances as permitted by the abovementioned Law.

23. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

Movement in the provision for employees' end of service indemnity is as follows:

	2025 AED millions	*2024 AED millions (Restated)*
At 1 January	**84.8**	79.4
Current service cost (note (a))	**7.9**	8.4
Interest cost (note (a))	**3.8**	3.6
Benefits paid during the year	**(8.5)**	(9.5)
Actuarial loss (note (b))	**4.1**	2.9
Derecognised on disposal of subsidiary	**(13.6)**	-
	78.5	84.8
Less: provision for employees' end of service benefits attributable to liability directly associated to assets held for sale (note 12(e))	**(9.9)**	(13.1)
At 31 December	**68.6**	71.7

a) Expenses recognized in consolidated statement of comprehensive income:

	2025 AED millions	*2024 AED millions*
Current service cost	**7.9**	8.4
Interest cost	**3.8**	3.6
At 31 December	**11.7**	12.0

b) Expenses recognized in consolidated statement of other comprehensive income:

	2025 AED millions	*2024 AED millions*
Actuarial loss	**4.1**	2.9

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

23. PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant, would have affected the defined benefit obligation by the amounts below.

	31 December 2025		31 December 2024	
	Increase	**Decrease**	Increase	Decrease
Discount rate (0.5%)	**2.9**	**(3.1)**	2.4	(2.6)
Salary increase rate (0.5%)	**(2.0)**	**1.8**	(2.7)	2.5
Withdrawal rate (10%)	**(0.3)**	**1.7**	(0.4)	0.3
Life expectancy (1 year)	**1.5**	**(0.1)**	(0.1)	0.1

In accordance with the provisions of IAS 19, the management has carried out an exercise to assess the present value of its obligations as at 31 December 2025 and 2024 using actuarial techniques, in respect of employees' end of service benefits payable under the UAE labour Law and the Laws applicable in the countries in which the Group operates, for their periods of service up to the reporting date.

Under this method, an assessment has been made of the employees' expected service life with the Group and the expected basic salary at the date of leaving the service. Future salary increases have been estimated on a basis consistent with the natural progression of an employees' salary in line with the Group's salary scales, past experience and market conditions. As part of their assessment, management assumes an average increment / promotion cost and the expected liability at the date of leaving the service by discounted the liability to its net present value using an appropriate discount. The discount rate used for the purpose of actuarial valuation was 4.5% to 19.2% (2024: 5.2% to 20.4 %) per annum, salary increase rate was 2% to 3% (2024: 2% to 3%) per annum, retirement age: 60 years.

24. BANK BORROWINGS

	Interest rate(%)	*Maturity*	***2025 AED millions***	*2024 AED millions*
Current interest bearing bank borrowings				
Bank overdraft	3m EIBOR+2.0%	On demand	**-**	148.1
Term loans – current portion	3m EIBOR+2.5%	Within 1 year	**-**	152.5
Total current interest bearing loans and borrowings			**-**	300.6
Non-current interest bearing bank borrowings				
Term loan	3m EIBOR+2.5%	28 April 2030	**263.8**	612.5
Total interest-bearing bank borrowings			**263.8**	913.1

During the year 2021, the Parent Company entered into a syndicated loan arrangement with a consortium of local banks for a syndicated facility which comprises of Ijarah Term Loan Facility of AED 180 million, Conventional Working Capital Finance Facility of AED 260 million and Conventional Term Loan Facility of AED 720 million with total facility size of AED 1.16 billion.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

24. BANK BORROWINGS (continued)

The drawdown term loan of AED 900 million (AED 180 million from Ijarah Facility and AED 720 million from Conventional Facility) is payable in quarterly instalments which started from 30 July 2023. Further in previous year, on 29 April 2024, an approved deferment of loan repayment was received from the local banks regarding the Company's syndicated loan wherein 2024 quarterly loan repayments of April, July and October 2024 were deferred and were paid on 31 December 2024.

During the year ended 31 December 2025, the amount of AED 501 million has been prepaid to the banks as per the agreed terms following the collection of divestment proceeds in relation to Diabtec LLC and Zahrat. The early loan repayment did not qualify as a loan modification as per the requirements of IFRS 9 and no modification gain/loss was recorded.

The Group has obtained AED 1.16 billion banking facilities against the following securities:

- Negative pledge over all assets except or otherwise specified as permitted assets.
- Assignment of insurance policy over its business and assets (including Secured Assets and the assets that represent Ijara Assets from time to time).
- Assignment of receivables of key customers up to 75% and undertaking to route them annually through Obligor's collection account with the Bank.
- General Mortgage over entire property, plant and equipment and inventory.
- Corporate guarantee of a subsidiary

The Group's syndicated loan agreement is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios on an annual basis as below:

- Finance service ratio of less than 1.4 (1.05 till 2024)
- Minimum equity of AED 850 million
- Debt to equity ratio of less than 1.75

The Group expects to comply with the covenants within 12 months after the reporting date.

c)Movement in borrowings is as follows:

	2025 AED millions	*2024 AED millions*
At the beginning of the year	**913.1**	980.4
Add: utilisation overdraft and trust receipts facility	**859.3**	777.3
Less: repayment of overdraft and trust receipts facility	**(1,007.4)**	(754.6)
Less: loans repaid during the year	**(501.2)**	(90.0)
At the end of the year	**263.8**	913.1

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

25. TRADE PAYABLES AND ACCRUALS

	2025 AED millions	*2024 AED millions (Restated)*
Accounts payable	**156.2**	182.9
Accruals and other payables (note 4)	**64.8**	23.0
Refund liabilities (note 4)	**63.3**	51.2
Accrued expenses	**36.9**	48.4
Commissions payable (note 4)	**16.9**	22.2
Employee benefits payable	**35.8**	42.5
Advances from customers (note 4)	**2.7**	1.6
Others	**13.9**	21.9
Advance against sale of subsidiary (note (a))	-	40.2
	390.5	433.9
Less: trade payables and accruals attributable to liability directly associated to assets held for sale (note 12(e))	**(37.6)**	(36.4)
	352.9	397.5

a) Represents the cash received against the divestment of Zahrat Al Rawda Pharmacies LLC (note 12). This amount is restricted for utilization (note 36).

26. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Company's major shareholders, key management personnel, subsidiaries, associates, directors, and other businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates"). In the normal course of business, the Group has various transactions with its related parties. Pricing policies and terms of these transactions are approved by the Group's management, or its Board of Directors.

a) Compensation of key management personnel of the Group

The remuneration of the key management personnel of the Group is as follows:

	2025 AED millions	*2024 AED millions*
Short-term benefits	**13.0**	14.7
Post-employment and other long-term benefits	**1.0**	3.4
Director's remuneration	**3.9**	1.8
	17.9	19.9

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

27. COMMITMENTS AND CONTINGENT LIABILITIES

	2025 AED millions	*2024 AED millions*
Capital commitments	**15.6**	23.6
Letters of credit	**7.8**	11.3
Letters of guarantee	**22.8**	26.0

28. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and the following reportable segments:

a. Manufacturing
b. Trading
c. Investments
d. Others

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Board of Directors is also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components (i.e. combination of all products and services) by distribution and by region.

The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors rely mainly on the revenue and net profit information that contains lower level components. Hence, the segment information provided is primarily to the net profit level of the Group.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

28. SEGMENT INFORMATION (continued)

	2025						2024					
	Manufacturing AED millions	***Trading AED millions***	***Investments AED millions***	***Other segments AED millions***	***Inter segment revenue** AED millions***	***Total AED millions***	*Manufacturing AED millions*	*Trading AED millions*	*Investments AED millions*	*Other segments AED millions*	*Inter segment revenue** AED millions*	*Total AED millions*
Segment revenue	**913.1**	**432.6**	**-**	**-**	**(270.2)**	**1,075.5**	814.7	416.7	-	-	(239.2)	992.2
Segment result*	**32.8**	**27.4**	**4.4**	**(20.7)**	**-**	**43.9**	23.9	20.7	3.3	(57.2)	-	(9.3)
Depreciation expense of property, plant and equipment	**35.7**	**1.8**	**-**	**-**	**-**	**37.5**	63.9	2.3	-	-	-	66.2
Amortization Expense	**1.2**	**1.0**	**-**	**-**	**-**	**2.2**	1.3	3.0	-	-	-	4.3
Impairment of intangible assets	**0.9**	**-**	**-**	**-**	**-**	**0.9**	1.5	-	-	-	-	1.5

	2025					2024				
	Manufacturing AED millions	***Trading AED millions***	***Investments AED millions***	***Other segments AED millions***	***Total AED millions***	*Manufacturing AED millions*	*Trading AED millions*	*Investments AED millions*	*Other segments AED millions*	*Total AED millions*
Segment current assets	**427.3**	**503.6**	**23.2**	**265.4**	**1,219.5**	608.7	606.5	21.3	223.5	1,460.0
Segment non-current assets	**271.5**	**22.8**	**0.2**	**-**	**294.5**	276.8	132.0	0.2	-	409.0
Segment current liabilities	**275.5**	**97.7**	**-**	**-**	**373.2**	219.2	199.5	-	300.6	719.3
Segment non-current liabilities	**61.5**	**18.1**	**-**	**263.8**	**343.4**	61.5	60.7	-	612.5	734.7

* Represents profit/loss for the year from continuing operations.

** Represents inter-segment revenue from manufacturing to trading.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

28. SEGMENT INFORMATION (continued)

Information by geographical region

In accordance with IFRS 8, non-current assets below are based on the geographical location in which the Group holds assets. In accordance with IFRS 8, the non-current assets reported below exclude financial instruments.

	31 December 2025				
	Total AED millions	***UAE AED millions***	***Oman AED millions***	***Saudi Arabia AED millions***	***Others AED millions***
Non-current assets					
Property, plant and equipment	243.3	243.1	-	-	0.2
Right of use assets	11.2	8.1	-	3.1	-
Intangible assets	36.1	36.1	-	-	-

	31 December 2024				
	Total AED millions	*UAE AED millions*	*Oman AED millions*	*Saudi Arabia AED millions*	*Others AED millions*
Non-current assets					
Property, plant and equipment	255.6	251.5	3.9	-	0.2
Right of use assets	58.4	43.9	14.4	-	0.1
Intangible assets	81.3	69.9	8.8	-	2.6

The Group has sales to one customer whose sales individually are more than 10% of the total external sales. Total amount of sales for the year ended 31 December 2025 to this customer amounts to AED 231.7 million (2024: Top 1 customer AED 203.2 million). These revenues are included under manufacturing segment.

There are no other non-current assets included in “Others” which are more than 10% of the total segment non-current assets. There are no sales in "Others" in 2025 (2024: AED nil) which is more than 10% of the total sales.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group has lease contracts for various offices, pharmacies and factory building. Leases for office and pharmacies have lease terms of 5 and land lease of 20 years. The Group’s obligations under its leases are secured by the lessor’s title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

a) Set out below are the carrying amounts of right-of-use assets recognised and the movement during the year are as follow:

	2025 AED millions	*2024 AED millions*
At 1 January	**58.4**	135.5
Additions	**8.0**	41.9
Remeasurement	**14.2**	54.4
Derecognized on lease termination	**(0.3)**	(2.4)
Depreciation (note 7)	**(14.0)**	(43.2)
Reclassified to assets held for sale (note 12(e))	**(55.0)**	(127.7)
Exchange difference	**(0.1)**	(0.1)
	11.2	58.4

b) Set out below are the carrying amounts of lease liabilities and the movement during the year are as follow:

	2025 AED millions	*2024 AED millions (restated)*
At 1 January	**57.9**	130.2
Additions	**8.0**	41.9
Remeasurement	**14.2**	54.4
Accretion of interest (note 10)	**2.9**	7.3
Derecognized on lease termination	**(0.4)**	(2.6)
Payments	**(20.6)**	(58.4)
Reclassified to assets held for sale (note 12 (e))	**(50.8)**	(114.9)
	11.2	57.9
Classified into:		
Current	**3.1**	15.7
Non-current	**8.1**	42.2
At 31 December	**11.2**	57.9

29. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

c) The following are the amounts recognised in consolidated statement of comprehensive income:

	2025 AED millions	*2024 AED millions*
Depreciation expense of right-of-use assets (note 7)	**14.0**	43.2
Interest expense on lease liabilities included in finance costs (note 10)	**2.9**	7.3
Variable lease payment recognised as rent expenses (note 7)	**8.5**	14.7
	25.4	65.2

The Group had total cash outflows of AED 20.6 million in the year ended 31 December 2025 (2024: AED 58.4 million) and variable lease payment of AED 8.5 million (2024: AED 14.7 million) which relates to payment of lease liabilities including finance expenses component. The weighted average incremental borrowing rate is used at the rate of 5% per annum as at 31 December 2025 (2024: 5% per annum).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The maturity analysis of lease liabilities are disclosed in note 30.

30. RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Group's management.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include bank borrowings, trade and other payables, trade receivables, bank balances and other receivables and investments in equity instruments.

The sensitivity analysis in the following sections relate to the position as at 31 December in 2025 and 2024.

The sensitivity of the relevant consolidated statement of profit or loss item or equity is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2025 and 2024.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's un-hedged debt obligations with floating interest rates and financial assets of the Group are based on fixed rates and hence there is no exposure to interest rate risk.

The following table demonstrates the sensitivity of the consolidated statement of profit or loss to reasonably possible changes in interest rates, with all other variables held constant.

30. RISK MANAGEMENT (continued)

Market risk (continued)

a) Interest rate risk (continued)

The sensitivity of the consolidated statement of profit or loss is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial liabilities held at 31 December 2025 and 31 December 2024. The effect of a decrease in interest rates on the variable rate instruments (excluding hedged debt obligations) is expected to be equal and opposite to the effect of the increases as shown below:

	Bank and other borrowings AED millions	*Increase/ decrease in basis points*	*Effect on results for the year AED millions*
2025			
Variable-rate instruments	**263.8**	**+50**	**1.3**
		-50	**(1.3)**
Interest rate swaps	**170.1**	**+50**	**(0.9)**
		-50	**0.9**
2024			
Variable-rate instruments	913.1	+50	4.6
		-50	(4.6)
Interest rate swaps	**450.0**	**+50**	**(2.3)**
		-50	**2.3**

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities.

The Group manages its currency risk by regularly assessing current and expected foreign currency exchange rate movements and Group's foreign currencies payable.

Foreign exchange risk arises on sales, purchases and recognised assets or liabilities that are primarily denominated in a currency that is not entity's functional currency.

The financial instruments of the Group are mainly denominated in AED, Egyptian Pound (EGP), Euro (EURO), Pound Sterling (GBP) and Saudi Riyal (SAR). In respect of monetary assets and liabilities in AED, OMR, and SAR, there is no risk involved presently as AED is pegged to USD and SAR is informally pegged to USD.

The table below demonstrates the sensitivity to a reasonable possible change of the AED currency rate against the foreign currencies, with all other variables held constant, on the consolidated statement of comprehensive income (due to changes in the fair value of currency sensitive monetary assets and liabilities).

	Gross exposure AED millions	*Increase/ decrease exchange rate to AED*	*Effect on results for the year AED millions*
2025			
Euro	**6.6**	**+5%**	**0.3**
		-5%	**(0.3)**
2024			
Euro	**18.0**	**+5%**	**0.9**
		-5%	**(0.9)**

The effect of decreases in currency rates is not material to the consolidated financial statements as at 31 December 2025 and 2024.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

30. RISK MANAGEMENT (continued)

c) Price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. However, the Group is not exposed to price risk since it has immaterial listed equity securities at the reporting date.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on its bank balances and receivables as follows.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 3 -12 months and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies is disclosed in note 3.6.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of these receivables. To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For forward looking factor, long term macroeconomic factor has not been considered as the maturity of invoices is typically less than one year and accordingly historical rates are adjusted only on the basis deterioration in the future economic conditions.

The collateral factored through loss given default estimates and hence are not used to adjust exposure while computing expected credit loss. The Group limits its exposure to credit risk by investing with counterparties that have credible market reputation. The Group's management does not expect any significant counterparty to fail to meet its obligations.

Financial instruments and cash deposit

Credit risk from balances with banks and other financial institutions is managed by the Group by investing surplus funds only with approved and reputable counterparties and within credit limits assigned to each counterparty. Bank deposits, and term deposits are limited to high-credit-quality financial institutions. Accordingly, the ECL as at the reporting date against bank balances is minimal. Credit risk on other financial assets are assessed to be minimal based on historical default and the fact that they are held with counterparties with creditworthiness evaluated to be good by the Company's internal process. The Group maintains bank balances and deposits with reputable financial institutions, including Abu Dhabi Commercial Bank (A+), Mashreq Bank (A), National Bank of Ras Al Khaimah (RAKBANK) (BBB+/A3), Arab Bank (BBB+ to A- range) and HSBC Holdings plc (A to AA- range), based on ratings assigned by internationally recognized agencies. These ratings indicate that the banks fall within the investment grade category, with the majority in the 'A' category or above. Accordingly, management considers the credit risk associated with these balances to be low.

Other receivables

With respect to credit risk arising from other financial assets including deposits and other receivables, the Group's exposure to credit risk arises from default of the counter party with a maximum exposure equal to the carrying amount of these assets.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

30. RISK MANAGEMENT (continued)

c) Price risk

Credit risk (continued)

Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure that adequate liquidity is maintained. The maturity profile of the liabilities at the reporting date based on contractual repayment arrangements was as follows:

2025

	Less than 1 year AED millions	*1 to 5 years AED millions*	*More than 5 years AED millions*	*Total AED millions*
Trade payables and accruals*	**324.5**	**-**	**-**	**324.5**
Bank borrowings	**-**	**281.8**	**-**	**281.8**
Lease liabilities	**3.1**	**7.7**	**1.7**	**12.5**
	327.6	**289.5**	**1.7**	**618.8**

2024 (restated)

	Less than 1 year AED millions	*1 to 5 years AED millions*	*More than 5 years AED millions*	*Total AED millions*
Trade payables and accruals*	340.9	-	-	340.9
Bank borrowings	321.1	651.5	2.7	975.3
Lease liabilities	44.1	98.0	-	142.1
	706.1	749.5	2.7	1,458.3

* *Amounts exclude refund liabilities and advances from customers.*

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less bank balances and cash. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratio at the year end was as follows:

	2025 AED millions	*2024 AED millions*
Bank borrowings	**263.8**	913.1
Less: bank balances and cash	**(245.4)**	(147.3)
Net debt	**18.4**	765.8
Total equity	**959.8**	799.2
Net debt to equity ratio (times)	**0.02**	0.96

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

30. RISK MANAGEMENT (continued)

Capital management (continued)

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the banks and other borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

31. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the fair value of financial assets and financial liabilities are not materially different from their carrying values at reporting date since assets and liabilities not already measured at fair value have either short-term maturities or in the case of borrowings are frequently repriced and the prevalent interest rates reflect risks associated with the borrowings.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the annual consolidated financial statements for the year ended 31 December 2024.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period.

The following table gives information about how the fair values of these financial assets are determined:

	Fair value as at				***Significant unobservable input***	
	2025 AED millions	*2024 AED millions*	***Fair Value hierarchy***	***Valuation techniques and key inputs***	***31 December 2025***	*31 December 2024*
Financial assets						
Unquoted equity investments – FVTPL	**23.2**	21.3	Level 3	Inputs other than quoted prices included within level 3 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)	- Weighted average cost of capital - Growth rate	- Weighted average cost of capital - Growth rate
Quoted equity investments – FVOCI	**0.2**	0.2	Level 1	Quoted prices (unadjusted in active) markets for identical assets or liabilities	- None	- None
	23.4	21.5				

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

31. FAIR VALUE MEASUREMENTS (continued)

	Fair value as at				***Significant unobservable input***	
	31 December 2025 AED millions	*31 December 2024 AED millions*	***Fair Value hierarchy***	***Valuation techniques and key inputs***	***31 December 2025***	*31 December 2024*
Derivative financial instrument						
Interest rate cap	**3.7**	12.7	Level 2	Discounted Cash flow Key Inputs- Notional amount, Fixed rates, forward curve rates	N/A	N/A

Fair value hierarchy

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table shows the valuation techniques used in measuring level 2 and level 3 fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Type	**Valuation techniques**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Financial assets Unquoted equity investments – FVTPL	Gordon's growth model	• Weighted average cost of capital (13%) (31 December 2024: 11%) • Expected maintainable dividend AED 2.5 million (31 December 2024 AED 2.5 million) • Growth rate (2%) (31 December 2024 2.5%)	• An increase in the weighted cost of capital (R) will reduce the fair value. • An increase in long-term growth rate (g) will increase the fair value • The relationship between R and g is inverse and critical – if R is close to g, small changes in either input cause large changes in fair value. • Expected maintainable dividend has a direct relationship with fair value – higher dividends increase fair value proportionately.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

31. FAIR VALUE MEASUREMENTS (continued)

	AED millions Increase	*AED millions decrease*
31 December 2025		
Weighted average cost of capital (1% Movement)	**(2.3)**	**2.3**
Long-term growth rate (0.5% Movement)	**1.2**	**(1.2)**
Dividend income (5% movement)	**1.1**	**(1.1)**
	AED millions Increase	*AED millions decrease*
31 December 2024		
Weighted cost of capital (1% Movement)	(2.1)	2.1
Long-term growth rate (0.5% Movement)	1.3	(1.3)
Dividend income (5% movement)	1.0	(1.0)

32. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Portion of equity interest held by non-controlling interests:

Name	*Place of incorporation and operation*	*2025 Percentage of ownership*	*2024 Percentage of ownership*
Julphar Pharmaceuticals PLC	Ethiopia	**55.0%**	55.0%

	2025 AED millions	*2024 AED millions*
Accumulated balances of material non-controlling interests:		
Julphar Pharmaceuticals PLC (note 12(e))	**10.7**	10.5
Profit allocated to material non-controlling interests:		
Julphar Pharmaceuticals PLC (note 12(a))	**1.1**	0.3

The summarised financial information is disclosed in note 12.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

33. DERIVATIVE FINANCIAL INSTRUMENT

During 2021, the Group entered into an Interest Rate Cap ("IR Cap") agreement to hedge its exposure to variability in cash flows arising from interest payments on syndicated loans obtained from local banks.

The IR Cap was designated as a cash flow hedge to economically limit the Group's exposure to increases in floating interest rates on its term loans. Under the terms of the arrangement, the Group continues to pay a floating rate of interest; however, the interest cost is effectively capped at a pre-determined rate on the hedged notional amount.

During the year ended 31 December 2025, the Company repaid AED 501 million of its underlying syndicated borrowings. As a result of this repayment, hedge accounting was discontinued for interest rate swaps with a corresponding notional amount of AED 250.2 million. Consequently, the proportion of the Company's borrowings effectively covered by hedge accounting decreased from approximately 100.0% to 37.8% as at 31 December 2025.

There remains an economic relationship between the hedged item and the hedging instrument, as the critical terms of the interest rate cap (including notional amount, maturity, and reset dates) continue to align with those of the underlying borrowings. The Group continues to apply a hedge ratio of 1:1 for hedge accounting purposes, consistent with its risk management strategy.

To assess hedge effectiveness, the Group applies the hypothetical derivative method and compares changes in the fair value of the hedging instrument with changes in the fair value of the hedged item attributable to the hedged risk. The hedge ineffectiveness can arise from:

- Different interest rate curve applied to discount the hedged item and hedging instrument
- Differences in timing of cash flows of the hedged item and hedging instrument
- The counterparties' credit risk differently impacting the fair value movements of the hedging instrument and hedged item

For the purpose of hedge accounting, IRS is classified as cash flow hedge. The fair value and notional amount of the hedge are as follows:

	2025		*2024*	
	Positive Fair value AED Millions	***Notional amount AED millions***	*Positive fair value AED millions*	*Notional amount AED millions*
Interest rate cap	**3.7**	**231.7**	12.7	450.0

The interest rate cap is assessed to be effective and as at 31 December 2025, an unrealized loss of AED 0.5 million (2024: unrealized loss of AED 8.9 million) has been included in equity as cash flow hedge reserve.

The amount shown as cash flow hedge reserve under equity as at 31 December 2025 of AED 1.9 million (2024: AED 12.1 million) is mainly expected to affect profit or loss during the period until maturity of interest rate cap.

Due to ineffectiveness of hedge an amount of AED 6.9 million was recognised in the consolidated statement of profit or loss. Further, a loss of AED 2.8 million (2024: a gain of AED 1.4 million) was recycled from other comprehensive income and netted from finance costs of the bank loan.

34. IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES ('IAS 29')

As at 30 June 2025, Ethiopia ceased to meet the criteria of a hyperinflationary economy. As a result, Julphar Ethiopia discontinued applying IAS 29 from this date. In line with IAS 29, the balances at 30 June 2025 have been treated as the opening balances or new deemed cost for subsequent periods, and no further inflation adjustments have been made after this date.

During the year ended 31 December 2025, the profit for the Group was AED 173.3 million (31 December 2024: AED 44.9 million). Overall, the hyperinflation adjustment results in a loss of AED 0.3 million (2024: AED 1.3 million loss).

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

35. RESTRICTED CASH

a) Includes AED Nil (2024: AED 40.2) restricted from being exchanged and received against the divestment of Zahrat (note 25(a)).

b) Includes AED 20.0 million (2024: AED 36.0 million) restricted from being exchanged and to be used to settle a quarterly installment of Term Loan and its related interests.

36. Prior year adjustments

a) As at 31 December 2024, lease liabilities amounting to AED 33.7 million were incorrectly classified as current and have been reclassified to non-current lease liabilities in the comparative information.

b) As at 1 January 2024 and 31 December 2024, bank deposits with an original maturity of more than three months, amounting to AED 9.2 million and AED 38.2 million respectively, were reclassified from cash and cash equivalents to short term deposits.

c) During the current year, management identified an error relating to the elimination of intercompany discount. This error resulted in an understatement of inventory by AED 10.1 million, an overstatement of trade and other receivables by AED 64.5 million, and an understatement of accumulated losses by AED 54.4 million as at 31 December 2024. Of these amounts, AED 5.0 million relating to inventory, AED 43.8 million relating to trade and other receivables, and AED 38.8 million relating to accumulated losses pertain to periods prior to 1 January 2024.

Accordingly, management adjusted the opening balances as at 1 January 2024 by increasing inventory by AED 5.0 million, decreasing trade and other receivables by AED 43.8 million, and decreasing accumulated losses by AED 38.8 million. The remaining impact relating to the year ended 31 December 2024 has been recognized by increasing inventory by AED 5.1 million, decreasing trade and other receivables by AED 20.6 million, and increasing accumulated losses and increasing cost of revenue by AED 15.5 million.

d) During the current year, management identified a prior period error in the calculation of unrealised profit relating to unsold inventories and incorrect cost per unit as at 31 December 2024 and 2023. This error resulted in an understatement of inventory and a corresponding overstatement of accumulated losses.

The impact of this error relating to periods prior to 1 January 2024 amounted to AED 27.6 million and has been corrected by increasing the opening balance of inventory as at 1 January 2024 by AED 27.6 million, with a corresponding decrease in accumulated losses. The same error had an opposite impact on the year ended 31 December 2024, whereby cost of revenue was understated by AED 5.6 million with a total impact of AED 22 million on accumulated losses and inventory. To correct this, management has increased cost of revenue by AED 5.6 million, with a corresponding decrease in inventory.

e) During the current year, it was identified that a net realisable value (NRV) assessment had not been applied to certain unsold inventories in prior years. This resulted in an overstatement of inventory and a corresponding understatement of accumulated losses. As at 1 January 2024 and 31 December 2024, inventory was overstated by AED 4.4 million, with a corresponding understatement of accumulated losses by the same amount.

f) During the current year, management identified that the refund liability recorded by the Company was not reversed for inventory that remained unsold and held by its subsidiary as at 31 December 2024 and 2023. This resulted in an overstatement of the refund liability and a corresponding overstatement of accumulated losses. As at 31 December 2024, the refund liability was overstated by AED 5.5 million, of which AED 4.9 million relates to periods prior to 1 January 2024 and AED 0.6 million relates to the year ended 31 December 2024. Accordingly, accumulated losses as at 1 January 2024 have been decreased by 4.9 million and cost of revenue for the year ended 31 December 2024 was decreased by AED 0.6 million.

g) During the current year, management identified a prior period error relating to inventory costing. As at 31 December 2024, the Group measured finished goods using standard costs without appropriately adjusting them to approximate actual costs, contrary to the requirements of IAS 2. As a result, for the year ended 31 December 2024, inventory was understated by AED 20.5 million and cost of revenue was overstated by the same amount. The Group has corrected this error retrospectively. Accordingly, inventory as at 31 December 2024 has been increased by AED 20.5 million, with a corresponding decrease in cost of revenue for the year then ended.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

36. Prior year adjustments (continued)

h) During the current year, management identified that the statutory reserve required under the UAE Commercial Companies Law had not been transferred in prior years. As a result, statutory reserves were understated and accumulated losses were understated. The Group has corrected this error retrospectively. Accordingly, the balance of statutory reserves as at 1 January 2024 and as at 31 December 2024 has been increased by AED 3.9 million and AED 3.1 million, respectively, with a corresponding increase in accumulated losses.

i) During the current year, management identified a prior period error in the end-of-service benefits (EOSB) provision carried forward from 2023, which resulted in an overstatement of the EOSB liability as at 1 January 2024 and 31 December 2024. The overstatement amounted to AED 4.6 million and relates to actuarial amounts that had been incorrectly recognized in other comprehensive income (OCI) for the year ended 31 December 2023. The Group has corrected this error retrospectively. Accordingly, the balance of the EOSB liability as at 1 January 2024 and 31 December 2024 has been reduced by AED 4.6 million, with a corresponding decrease in accumulated losses.

j) During the current year, management identified a prior period error relating to a rebate accrual that had been incorrectly eliminated against accumulated losses in 2022. This resulted in an understatement of the rebate accrual and an overstatement of accumulated losses by AED 4.3 million as at 1 January 2024. The Group has corrected this error retrospectively. Accordingly, the opening balance of the rebate accrual as at 1 January 2024 has been increased by AED 4.3 million, with a corresponding increase in accumulated losses.

k) As at December 2024, management identified an error in earnings-per-share (EPS) calculation presented in the consolidated statement of profit or loss and the related disclosures due to gain on disposal of subsidiary included in continued operations for the computation of EPS. The error relates to incorrect presentation and allocation of EPS relating to discontinued operations within continuing operations and does not affect the Group's consolidated profit. Earnings per share amounting to AED 5.46 fills have been reclassified from continued to discontinued operations.

l) For the year ended 31 December 2024:

- depreciation on right of use assets amounting to AED 0.9 million related to continued operations and AED 16.2 million related to discontinued operations were reclassified from general and administrative expenses to selling and distribution expenses;
- provision for net realizable value of inventory amounting to AED 11.7 million were reclassified from selling and distribution expenses to cost of revenue;
- transportation expense amounting to AED 6.8 million were reclassified from cost of revenue to selling and distribution expenses;
- Provision expense related inventory amounting to AED 21.3 million was reclassified from other income to other expenses;
- Marketing expenses amounting to AED 3.6 million were reclassified from selling and distribution expenses to cost of revenue;
- rental fee income amounting to AED 1.3 million reclassified from cost of revenue to other income;
- research and development expenses (including related depreciation) included in selling and distribution expenses amounting to AED 24.5 million have been presented as separate expense item on the face of statement of profit or loss, and
- Depreciation relating to continuing operations amounting to AED 9 million was incorrectly included in discontinued operations.

m) For the year ended 31 December 2024:

- Restricted cash amounting to AED 40.2 million was adjusted between investing and operating activities.

- Currency translation differences pertaining to operating activities amounting to AED 14.8 million were reclassified to operating activities.

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

36. Prior year adjustments (continued)

Consolidated statement of financial position

As at 1 January 2024	Note reference	As previously reported AED millions	Adjustments AED millions	As adjusted AED millions
Non-current assets		872.6	-	**872.6**
Current assets				
Inventories	(c), (d), (e)	661.7	28.2	**689.9**
Trade and other receivables	(c)	621.9	(43.8)	**578.1**
Short term deposits	(b)	-	9.2	**9.2**
Others		297.7	(9.2)	**288.5**
Total current assets		1,581.3	(15.6)	**1,565.7**
Total assets		2,453.9	(15.6)	**2,438.3**
Equity				
Accumulated losses	(c), (d), (e), (f), (h), (i), (j)	(346.7)	(14.3)	**(361.0)**
Statutory reserve	(h)	185.5	3.9	**189.4**
Others		967.4	-	**967.4**
Total equity		806.2	(10.4)	**795.8**
Non-current liabilities				
Lease liabilities		91.6	-	**91.6**
Provision for end of service benefits	(i)	84.0	(4.6)	**79.4**
Other non-current liabilities		773.0	-	**773.0**
Total non- current liabilities		948.6	(4.6)	**944.0**
Current liabilities				
Trade payables and accruals	(f), (j)	427.7	(0.6)	**427.1**
Lease liabilities		38.6	-	**38.6**
Other current liabilities		232.8	-	**232.8**
Total current liabilities		699.1	(0.6)	**698.5**
Total liabilities		1,647.7	(5.2)	**1,642.5**
Total equity and liabilities		2,453.9	(15.6)	**2,438.3**

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

36. Prior year adjustments (continued)

Consolidated statement of financial position

31 December 2024	Note reference	As previously reported AED Millions	Adjustments AED Millions	As adjusted AED Millions
Non-current assets		409.0	-	**409.0**
Current assets				
Inventories	(c), (d), (e), (g)	413.7	48.3	**462.0**
Trade and other receivables	(c)	925.1	(64.5)	**860.6**
Cash and cash equivalents	(b)	147.3	(38.2)	**109.1**
Short term deposits	(b)	-	38.2	**38.2**
Other current assets		545.9	-	**545.9**
Total current assets		2,032.0	(16.2)	**2,015.8**
Total assets		2,441.0	(16.2)	**2,424.8**
Equity				
Statutory reserve	(h)	185.5	7.0	**192.5**
Accumulated losses	(c), (d), (e), (f), (g), (h), (i), (j)	(305.0)	(17.4)	**(322.4)**
Other equity components		929.1	-	**929.1**
Total equity		809.6	(10.4)	**799.2**
Non-current liabilities				
Provision for employees' end of service benefits	(i)	76.3	(4.6)	**71.7**
Lease liabilities	(a)	8.5	33.7	**42.2**
Other non-current liabilities		620.8		**620.8**
Total non- current liabilities		705.6	29.1	**734.7**
Current liabilities				
Trade payables and accruals	(f), (j)	398.7	(1.2)	**397.5**
Lease liabilities	(a)	49.4	(33.7)	**15.7**
Other current liabilities		477.7	-	**477.7**
Total current liabilities		925.8	(34.9)	**890.9**
Total liabilities		1,631.4	(5.8)	**1,625.6**
Total equity and liabilities		2,441.0	(16.2)	**2,424.8**

Gulf Pharmaceutical Industries JULPHAR CO Public JSC

Notes to the consolidated financial statements

For the year ended 31 December 2025

/

36. Prior year adjustments (continued)

Consolidated statement of profit or loss

For the year ended 31 December 2024	Reference	As previously reported AED Millions	Re-presented to discontinued operations AED Millions	Adjustments to discontinued operations AED Millions	Reclassification AED Millions	As adjusted AED Millions
Revenue		1,312.50	(320.3)	-	-	**992.2**
Cost of revenue	(c), (d) , (f) ,(g), (l)	(793.4)	218.1	-	(9.8)	**(585.1)**
Selling and distribution expenses	(l)	(301.8)	65.1	(16.2)	32.1	**(220.8)**
Research and development expenses	(l)	-	-	-	(24.5)	**(24.5)**
General and administrative expenses	(l)	(154.2)	18.5	7.2	0.9	**(127.6)**
Other income	(l)	13.2	(1.4)	-	22.6	**34.4**
Other expenses	(l)	-	-	-	(21.3)	**(21.3)**
Finance costs		(62.2)	2.4	-	-	**(59.8)**
Income tax and Zakat		(3.7)	1.0	-	-	**(2.7)**
Others	(l)	43.5	-	-	-	**43.5**
(Loss) / profit for the year from discontinued operations		(9.0)	16.6	9.0	-	**16.6**
Profit for the year		44.9	-	-	-	**44.9**

The impact on total profit for 2024 is nil; however, the statement of profit or loss has been restated to reflect the reclassification adjustments.

Consolidated statement of cash flows

31 December 2024	Reference	As previously reported AED Millions	Adjustments AED Millions	As adjusted AED Millions
Net cash flows from operating activities	(m)	245.0	(55.0)	**190.0**
Net cash flows from investing activities	(m)	(118.6)	40.2	**(78.4)**
Net cash used in financing activities		(190.3)	-	**(190.3)**
Currency translation differences	(m)	(30.6)	14.8	**(15.8)**

Gulf Pharmaceutical Industries JULPHAR CO Public JSC
Notes to the consolidated financial statements
For the year ended 31 December 2025

37. SUBSEQUENT EVENTS

Subsequent to the reporting date, geopolitical tensions in the region have escalated. Management has assessed this event in accordance with IAS 10 Events after the Reporting Period and concluded that it represents a non-adjusting event as it does not provide evidence of conditions that existed at the reporting date.

The Group has performed an initial assessment of the potential impact of the ongoing conflict on its operations, financial position, and cash flows. The Group's exposure primarily relates to:

- sales to certain regional markets,
- sourcing of raw materials, and
- logistics and distribution channels.

Based on the information available at the date of approval of these financial statements:

- certain export markets may experience temporary demand disruption,
- supply chain constraints may lead to increased procurement and freight costs, and
- there may be delays in collections from customers in affected regions.

However, as of the reporting date and up to the date of approval of these financial statements, the Group has not experienced any significant disruptions to its operations or financial performance that would require adjustments to the carrying amounts of assets and liabilities.

Due to the evolving nature of the situation, the financial impact cannot be reliably estimated at this stage. Management continues to closely monitor developments and will take appropriate actions to mitigate potential risks.

APPENDICES

Stakeholder map

Stakeholder group	Channels of engagement	Focus area
Patients	Interactions facilitated by patient advocacy groups	Quality production and quality care; Access to health and medicines
Employees	Annual employee satisfaction surveys; roundtable conferences; reviews of performance metrics; training events; town hall meetings; team meetings	Improvement in employee engagement; Workforce analytics; Training and development; Emissions, effluents, and waste; Diversity, inclusion and equal opportunity; Data privacy and security; Employee health, safety, and well-being
Regulators	Collaborative participation and discussion on public policy	Accessibility of health and medications; National development; Quality manufacturing and patient safety; Corporate governance; Emiratization; Environmental impacts; Socio-economic impacts
Healthcare Industry	Contribution to industry associations	Quality production and patient well-being; Pricing; Pandemic readiness and disaster relief
Non-profit organization	Cooperation with community partners and collaboration with respect to social and environmental initiatives	Addressing the environmental and socioeconomic impacts of operations; emissions, effluents, and waste; Community development campaigns and workshops; CSR activities
Global health leaders	Interactions with global health governance organizations; participation in global health congresses and meetings	Accessibility, affordability and availability of quality healthcare; Pandemic preparedness and catastrophe relief; Climate action and resilience; Patient safety and high-quality production; Responsible supply chain
Customers	Tenders; questionnaires; surveys; audits	Transparent and agile supply chain management; Quality manufacturing, patient safety; Excellence in service and high-quality products
Suppliers	Questionnaires and audits	Management of environmental matters such as waste management and low carbon emissions; Business ethics; Responsible human rights practices; Transparent and agile supply chain; Data privacy and security; High-quality raw materials
Investors	Investor outreach; presentations and conferences; regular meetings with various investor groups; participation in ESG rankings and ratings	Intellectual property; Corporate governance; Climate action and resilience; Business ethics; Anti-bribery and corruption; Access to health and medicines; Pricing

Material topics definitions

Material topic	Description
Climate change and energy management	Refers to how a company manages its contribution to climate change through energy use, greenhouse gas and air emissions, and how it identifies, mitigates, and adapts to climate-related transition and physical risks across its operations and value chain.
Water and wastewater management	Refers to how a company manages water withdrawal, consumption, and discharge, including the treatment of wastewater and chemical effluents, to minimize impacts on water resources, ecosystems, and local communities, particularly in water-stressed regions.
Waste and hazardous materials management	Refers to how a company handles, stores, treats, and disposes of waste and hazardous materials, including pharmaceutical, chemical, and laboratory waste, to prevent environmental contamination and ensure regulatory compliance and safe operations.
Talent attraction, retention and workforce stability	Refers to how a company attracts, develops, motivates, and retains a skilled and stable workforce through competitive employment practices, career opportunities, inclusive workplace culture, and employee engagement. This includes supporting local and national workforce development requirements across the different geographies in which the company operates, such as nationalization and localization initiatives, skills transfer, and long-term workforce planning in highly specialized and competitive markets.
Occupational health, safety and employee wellbeing	Refers to how a company protects the physical and mental health, safety, and wellbeing of its workforce by managing occupational risks, ensuring safe working conditions, and promoting employee wellbeing across all operations.
Diversity and equal opportunity	Refers to how a company promotes equal opportunity, inclusion, and non-discrimination across recruitment, development, and advancement, ensuring a diverse workforce regardless of gender, nationality, ethnicity, or other characteristics.
Training, upskilling and workforce development	Refers to how a company invests in employee training, continuous learning, and skills development to build capabilities, support innovation, and ensure long-term workforce readiness.
Ethical marketing and responsible selling practices	Refers to how a company promotes and sells its pharmaceutical products responsibly, transparently, and ethically, including the conduct of pharmaceutical representatives, responsible engagement with healthcare professionals, and ethical product launch activities. This includes compliance with applicable laws and industry codes, avoidance of misleading promotional practices, and prioritization of patient safety and trust.

Material topic	Description
Product quality, safety and pharmacovigilance	Refers to how a company ensures the quality, safety, and efficacy of its products throughout their lifecycle, including manufacturing controls, quality assurance, pharmacovigilance, and monitoring of adverse events to protect patient health.
Community engagement and positive social impact	Refers to how a company contributes positively to society and local communities through social investment, health initiatives, education, partnerships, and programs that support public health and socio-economic development.
Customer and healthcare professionals' engagement	Refers to how a company manages relationships with customers and healthcare stakeholders, including healthcare professionals, institutions, and partners, through transparent communication, high service quality, responsible engagement, and timely responsiveness to needs, inquiries, and feedback across the product lifecycle.
Human rights and labor management	Refers to how a company respects and protects human rights across its operations and value chain, including ethical clinical trial conduct, informed consent, fair labor practices, and prevention of forced or child labor.
Access to medicine and affordability	Refers to how a company ensures patients' access to safe, effective, and affordable medicines through responsible pricing, supply continuity, market access strategies, and collaboration with healthcare systems and regulators.
Corporate governance and business ethics	Refers to how a company is directed and controlled through effective governance structures, ethical leadership, transparency, and policies that promote integrity, accountability, and responsible decision-making.
Responsible and resilient supply chain management	Refers to how a company manages its supply chain responsibly, including supplier selection and oversight, ethical sourcing, resilience, and continuity of supply, particularly for critical medicines, active pharmaceutical ingredients (APIs), and key raw materials.

ADX alignment table

Metric	Indicator	Standard Alignment	Section in the report/direct answer
E1. Environmental Operations	E1.1) Does your company follow a formal Environmental Policy? Yes/No E1.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No E1.3) Does your company use a recognized energy management system? Yes/No	GRI, GCC ESG Metrics,	45,55, 58,84
E2. Water Usage	E2.1) Total amount of water consumed E2.2) Total amount of water reclaimed	GRI, GCC ESG Metrics,	61, 62
E3. Waste Generation	E3.1) Total waste generated per waste type E3.2) Percentage of waste recycled, per waste type	GRI,	58
E4. Energy Usage	E4.1) Total amount of energy directly consumed E4.2) Total amount of energy indirectly consumed	GRI, GCC ESG Metrics,	55
E5. Energy Intensity	E5.1) Total direct energy usage per output scaling factor	GRI, GCC ESG Metrics,	56
E6. Energy Mix	E6.1) Percentage: Energy usage by generation type	GRI, GCC ESG Metrics,	N/A

E7. GHG Emissions	E7.1) Total amount in CO2 equivalents, for Scope 1	GRI, IFRS S-2, GCC ESG Metrics, 13 CLIMATE ACTION	56
	E7.2) Total amount, in CO2 equivalents, for Scope 2 (if) applicable		
	E7.3) Total amount, in CO2 equivalents, for Scope 3 (if) applicable		N/A
E8. Emissions Intensity	E8.1) Total GHG emissions per output scaling factor	GRI, IFRS S-2, GCC ESG Metrics, 13 CLIMATE ACTION	
	E8.2) Total non-GHG emissions per output scaling factor		
E9. Climate Strategy	E9.1) Describe the climate-related risks and opportunities that could reasonably be expected to affect your organisation's prospects. Also explain, for each climate-related risk your organisation has identified, whether your organisation considers the risk to be a climate-related physical risk or transition risk.	IFRS S-2, 13 CLIMATE ACTION	Julphar has not yet identified, assessed, or integrated climate-related risks and opportunities into its strategy, operations, or financial planning.
	E9.2) Describe the current and anticipated impacts of climate-related risks and opportunities on your organisation's business model and value chain.		
	E9.3) How has your organisation responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including the plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation?		
	E9.4) What are the current effects (during the reporting period) of climate-related risks and opportunities on your organisation's financial position, financial performance and cash flows for the reporting period (current financial effects)?		
E10. Climate Related Risks and Opportunities	E10.1) Describe the processes and policies your organisation uses to identify, assess, prioritise, and monitor climate-related risks, and the inputs and parameters used in these processes.	IFRS S-2, 13 CLIMATE ACTION	Julphar has not yet established formal processes, policies, or scenario analysis related to climate-related risks and opportunities.
	E10.2) Whether and how does your organisation use climate-related scenario analysis to inform the identification of climaterelated risks?		
E11. Climate Governance	E11.1) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of climate-related risks and opportunities?	IFRS S-2, 13 CLIMATE ACTION	Julphar's leadership oversees overall strategy and risk management; however, specific governance structures and processes for climate-related risks and opportunities have not yet been established.
	E11.2) How does the body or individual consider climate-related risks and opportunities when overseeing your organisation's strategy?		
	E11.3) Are performance metrics related to climate targets included in remuneration policies? If so, how?		
	E11.4) Has your organisation delegated the role of overseeing climate-related risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?		

E12. Climate Targets	E12.1) Disclose any quantitative and qualitative climate-related targets to monitor progress towards strategic goals, incl. any GHG emissions targets. Specify the metric used to set the target.	IFRS S-2,	Julphar has not established formal climate-related targets; however, examples of emissions reduction initiatives are outlined in the Sustainability Report (see pages 55 - 57).
S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median Full Time Equivalent (FTE) total compensation	GRI, GCC ESG Metrics	36
	S1.2) Does your company report this metric in regulatory filings? Yes/No		No
S2. Gender Pay Ratio	S2.2) Ratio: Median male compensation to median female compensation	GRI, GCC ESG Metrics	36
S3. Employee Turnover	S3.1) Percentage: Year-over year change for full-time employees	GRI, GCC ESG Metrics	31
	S3.2) Percentage: Year-over year change for part-time employees		31
	S3.3) Percentage: Year-over year change for contractors/consultants		N/A
S4. Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	GRI, GCC ESG Metrics	38
	S4.2) Percentage: Entry- and mid-level positions held by men and women		38
	S4.3) Percentage: Senior and executive-level positions held by men and women		38
S5. Temporary Worker Ratio	S5.1) Percentage: Total	GRI, GCC ESG Metrics	31
	enterprise headcount held by		N/A
S6. Nationalisation	S6.1) Percentage of national employees, per employment category	GRI, GCC ESG Metrics	39,40
S7. Non-Discrimination	S7.1) Does your company follow non-discrimination policy? Yes/No	GRI, GCC ESG Metrics	33

S8. Health, Safety and Wellbeing	S8.1) Does your company follow an occupational health and/or health & safety policy? Yes/No	GRI, GCC ESG Metrics	45
S9. Injury Rate	S9.1) Percentage: Frequency Metrics of injury events relative to total workforce time	GRI, GCC ESG Metrics	45
S10. Child and Forced Labor	S10.1) Does your company follow a child and/or forced labour policy? Yes/No	GRI, GCC ESG Metrics	Julphar complies with applicable labour laws, opposes child and forced labour, and expects the same standards across its operations and business partners.
	S10.2) If yes, does your child and/or forced labour policy also cover suppliers and vendors? Yes/No		
S11. Human Rights	S11.1) Does your company follow a human rights policy? Yes/No	GRI, GCC ESG Metrics	Julphar complies with applicable labour laws and upholds human rights principles across its operations and business partners.
	S11.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No		
S12. Community Investment	S12.1) Amount invested in the community, as a percentage of company revenues.	GRI, GCC ESG Metrics	N/A
G1. Board Independence	G1.1) Does company prohibit CEO from serving as board chair? Yes/No	GCC ESG Metrics	The roles of CEO and Board Chair at Julphar are held by separate individuals.
	G1.2) Percentage: Total board seats occupied by independent board members		70 - 72
G2. Board Diversity	G2.1) Percentage: Total board seats occupied by men and women	GRI, GCC ESG Metrics	70 - 72
	G2.2) Percentage: Committee chairs occupied by men and women		75 - 80
G3. Supplier Code of Conduct	G3.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/No	GRI, GCC ESG Metrics,	26
	G3.2) If yes, what percentage of your suppliers have formally certified their compliance with the code		

G4. Ethics and Prevention of Corruption	G4.1) Does your company follow an Ethics and/or Prevention of Corruption policy? Yes/No	GRI, GCC ESG Metrics,	41
	G4.2) If yes, what percentage of your workforce has formally certified its compliance with the policy		
G5. Data Privacy	G5.1) Does your company follow a Data Privacy policy? Yes/No	GRI, GCC ESG Metrics	Yes
	G5.2) Has your company taken steps to comply with GDPR rules? Yes/No		No
G6. Sustainability Strategy	G6.1) Describe the sustainability-related risks and opportunities that could reasonably be expected to affect your organisation's prospects.	IFRS S-1	Julphar has updated its materiality assessment to consider sustainability-related risks and opportunities and is gradually incorporating these considerations into its risk management and strategic processes.
	G6.2) Describe the current and anticipated impacts of sustainability-related risks and opportunities on your organisation's business model and value chain.		
	G6.3) Describe how your organisation responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making.		
	G6.4) Describe the current and anticipated effects (during the reporting period) of sustainability-related risks and opportunities on your organisation's business model, financial position, performance, and cash flows. How are these risks considered in financial planning (current financial effects)?		
G7. Sustainability Risks Management	G7.1) Describe the processes and policies your organisation uses to identify, assess, prioritise, and monitor sustainability-related risks, and the inputs and parameters used in these processes.	IFRS S-1	Julphar considers sustainability-related risks within its updated materiality assessment and is in the early stages of integrating these into its broader risk management processes.
	G7.2) How are the processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities integrated into and informing your organisation's overall enterprise risk management process?		
G8. Sustainability Governance	G8.1) Which governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) is responsible for oversight of sustainability related risks and opportunities?	IFRS S-1	Julphar's executive management oversees sustainability-related matters as part of overall strategy and risk management, but no formal dedicated governance structures is in place.
	G8.2) How does the body or individual consider sustainability-related risks and opportunities when overseeing your organisation's strategy?		
	G8.3) Are performance metrics related to these targets included in remuneration policies? If so, how?		Performance metrics are not linked to sustainability targets.
	G8.4) Has your organisation delegated the role of overseeing sustainabilityrelated risks and opportunities to a specific management-level position or committee, and how is oversight over this role or committee exercised?		
G9. Sustainability Targets	G9.1) What metrics does your organisation use to measure and monitor each sustainability-related risk or opportunity identified above?	IFRS S-1	Julphar uses specific metrics aligned to each sustainability KPI to monitor relevant material topics.

G10. Disclosure Practices	G10.1) Does your company publish a sustainability report? Yes/No		Yes
	G10.2) Does your company publish a GRI, IFRS, CDP, SASB, IIRC, or UNGC based report?		3
G11. External Assurance	G11.1) Are your sustainability disclosures assured or verified by a third-party audit firm? Yes/No	GRI, GCC ESG Metrics	No
I1. Sustainability Reporting	I1.1) Does your company publish a sustainability report? Yes/No	GRI, IFRS S-1 UNGC	Yes
I2. ESG Ratings	I2.1) Has your company received an ESG rating (solicited or unsolicited)? Yes/No	MSCI, ESG Invest, Sustainalytics, S&P, etc.	Yes
	I2.2) If yes, provide the latest overall ESG score.		
I3. Stakeholder Engagement	I3.1) Does your company engage with stakeholders on ESG/sustainability topics? Yes/No	GRI, IFSR S-1 UNGC	Yes
	I3.2) If yes, report on frequency and effectiveness of engagement.		135

Julphar

الخليج للصناعات الدوائية
Gulf Pharmaceutical Industries