

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

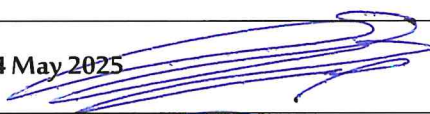
Date	14 May 2025
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar
The period of the financial statements covered by the report	Quarter 1 - 2025
Overview of the main results during the financial period	<ol style="list-style-type: none"> 1. Revenue Performance: Revenue from continuing operations in Q1- 2025 reached 359.2 mAED, representing a 6.7% growth compared to the same period last year 9.6% at constant currency), underscoring the company's sustained growth trajectory and robust financial standing. 2. Market Performance & Regional Challenges: Despite the macroeconomic and geopolitical challenges including currency devaluation in different markets, the company benefited from its diversified portfolio driving strong demand across GCC markets. 3. Gross Margin Improvement: Gross profit from continuing operations increased by approximately 7%, while the product/country mix together with operational excellence initiatives supported the gross margin to remain healthy at 43%. 4. EBITDA Growth: Reported EBITDA from continued operations grew by 9% to reach 50.9 mAED (14.2% of net sales), an increase from 46.7 mAED (13.9% of net sales) in Q1 - 2024, reflecting the company's commitment to operational excellence, margin expansion, and cost optimization. 5. The company recorded a net income from continued operations of 21.7 mAED delivering a growth of 7.2 mAED, primarily driven by operating income growth from 30.5 mAED in Q1-2024 to 36.3 mAED in Q1-2025. 6. Strengthening Financial Position: The company reduced bank borrowings significantly through prepayment of both long-term and short-term financing. Loans and other interest bearing financing tools were reduced by 383.2 mAED during the period to reach a balance of 529.9 mAED. 7. Julphar continues to make significant strides in the following areas:

	<p>a. Expanding Market Share: Sustaining growth across core markets in both private and tender sectors, with strong momentum across key GCC regions.</p> <p>b. Enhancing Operational Efficiencies: Driving cost optimization initiatives and streamlining operations to improve financial and operational performance.</p> <p>c. Advancing New Launches: Executing new product launches while strengthening and expanding the product pipeline to enhance market competitiveness.</p>																				
Securities issued during the financial period	AED nil																				
Summary of the most important non-financial events and developments during the financial period	<ul style="list-style-type: none">● Secured five (5) new product launches including insulin analogs in UAE and obtained eleven (11) product registrations in UAE and other markets.● We announced an exclusive licensing agreement with Dong-A during Q1-2025 to bring Darbepoetin biosimilar to the MENA region.																				
Summary of operational performance during the financial period	<p>Julphar continues to advance in key strategic areas:</p> <ul style="list-style-type: none">● Market Share Expansion: The company will continue to enhance its footprint in core therapeutic segments, delivering robust performance in private and tender markets across the UAE, KSA, and other GCC countries.● Operational Efficiencies & Cost Optimization: A sustained focus on enhancing operational efficiencies and managing costs effectively resulted in increasing production to meet demand while sustaining our cost base● Product Portfolio Expansion: Accelerating new product launches and pipeline development to fortify market leadership and revenue diversification.																				
Summary of profit and loss during the financial period	<table><tr><th><i>in mAED (Cont. operations)</i></th><th>Q1'25</th><th>Q1'24</th><th>YoY Change</th></tr><tr><td>Net sales</td><td>359.2</td><td>336.8</td><td>6.7%</td></tr><tr><td>Gross profit</td><td>152.9</td><td>143.4</td><td>6.6%</td></tr><tr><td>Net Income</td><td>21.7</td><td>14.5</td><td>49.7%</td></tr><tr><td>EBITDA</td><td>50.9</td><td>46.7</td><td>9.0%</td></tr></table>	<i>in mAED (Cont. operations)</i>	Q1'25	Q1'24	YoY Change	Net sales	359.2	336.8	6.7%	Gross profit	152.9	143.4	6.6%	Net Income	21.7	14.5	49.7%	EBITDA	50.9	46.7	9.0%
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Summary of financial position as at the end of the financial period	<ul style="list-style-type: none">• Total equity in Q1 – 2025 reached 948.7 mAED, compared to 809.6 mAED in December 2024, reflecting a net increase of 139.1 mAED reducing accumulated losses to reach 164.1 mAED down from 305 mAED at the beginning of the period.• This increase was primarily driven by a total net profit of 140.9 mAED (including discontinued operations).												
Summary of cash flows during the financial period	<p>1) Operating Cash Flow: The Company generated operating cash flow of in Q1 – 2025 -2.5 mAED impacted by the discontinued operations adjustments took place at the end of 2024, (Q1 2024:77mAED), while the net cash generated by all activities reached 338 mAED compared to 8.1 mAED for the same period in 2024.</p> <p>2) Investing Activities: Cash flow from investing activity amounts to 746 mAED, with the following break up:</p> <p>Proceeds from disposal of subsidiaries, net of transaction costs of 682 mAED.</p> <p>Investments in PPE and intangible assets consist of amount -8.9 mAED.</p> <p>Other financial assets of 72.9 mAED.</p> <p>3) Financing Activities: Cash flow from financing activities amounts to -405.9 mAED, with the following break- up:</p> <p>Repayment of long-term loan -336.1 mAED.</p> <p>Reducing bank over draft -47.1 mAED.</p>												

	<p>Repayment of lease liabilities -4.6 mAED.</p> <p>Financing costs of -18.1 mAED.</p>
<p>Expectations for the sector and the company's role in these expectations</p>	<ol style="list-style-type: none"> 1) The MEA pharmaceutical market reached \$35.3 B value and 8.7 B Units. 2) Value sales growth has been at 15.0% PPG (11.2% CAGR). Volume sales have increased by 0.5% PPG (2.1% CAGR). 3) Market Segmentation: <ul style="list-style-type: none"> • Retail channel dominates the MEA Region with 68.2% (\$24.08 B) share in value sales with 15.4% PPG. In volume share of 81.9% (7.1 B Units) with 2.44% PPG. • Hospital channel sales grew 14% PPG in value, but volume declined by -7.4% PPG. 4) Future Market Projections (2028): <ul style="list-style-type: none"> • The global pharmaceutical market is projected to reach \$2.27 T by 2028, with a CAGR of 7.4% (2023–2028). • The MEA pharmaceutical market is expected to reach \$63.3 B (CAGR: 7.7% in ME, 5.7% in Africa). <p>Source: IQVIA Data Middle East & Africa Pharmaceutical Market Insights (September 2024)</p>
<p>Expectations regarding the economy and its impact on the company and the sector</p>	<ul style="list-style-type: none"> • As per the IMF's World Economic Outlook, the real GDP of the UAE is projected to increase by 4.0% in 2025, followed by a 5.0% growth in 2026. • This economic growth is expected to catalyze pharmaceutical sector growth, fostering greater healthcare investments and a stronger demand for pharmaceutical products.
<p>Future plans for growth and changes in operations in future periods</p>	<p>Julphar continues to advance its long-term strategic priorities, including:</p> <ol style="list-style-type: none"> 1) Expanding market share in strategic markets. 2) Accelerating in-house R&D efforts and fostering strategic alliances to enhance the product portfolio. 3) Launching new products in core therapeutic areas to drive growth and market competitiveness. 4) Investment in new pharma and biotech manufacturing facility in the Kingdom of Saudi Arabia.

<p>The size and impact of current and projected capital expenditures on the company</p>	<p>To drive long-term value creation and operational excellence, the company remains focused on:</p> <ol style="list-style-type: none"> 1. Research & Development: Expanding and enriching the product portfolio through R&D investments. 2. Manufacturing Facility Enhancements: Upgrading existing production facilities to maintain high-quality standards and improve operational efficiency. <p>The company invested in Q1 2025 8.9 mAED in capital expenditures, which included infrastructure upgrades, equipment modernization, process optimization, and research and development, to enhance performance of the company and improve productivity.</p>
<p>The developments of the implementation of projects, plans and transactions and deals that were discussed by the company's board of directors in the report for the previous fiscal year</p>	<p>The Board of Directors has reviewed and discussed the following key areas:</p> <ol style="list-style-type: none"> 1) Performance Evaluation: Assessment of progress against the Q1 2025 budget. 2) Business Portfolio Optimization the results of the divestment of non-core business areas. 3) Product Portfolio Development: Review of advancements in portfolio expansion and strategic growth initiatives.

<p>The name of the chairman of the company or the authorized signatory</p>	<p>Sheikh Saqr Humaid Al Qasimi</p>
<p>Signature and Date</p>	<p>14 May 2025</p> 
<p>Company's Seal</p>	