

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

Date	11 May 2023																		
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar																		
The period of the financial statements covered by the report	Quarter 1 - 2023																		
Overview of the main results during the financial period	<ol style="list-style-type: none"> <li>Net sales reached 454.1 mAED, an increase of 8.5% as compared to Q1 2022.</li> <li>EBITDA from continuing operations for Q1 2023 is 45.4 mAED, comparing to Q1 2022 EBITDA of 40.0 mAED.</li> </ol>																		
Securities issued during the financial period	AED nil																		
Summary of the most important non-financial events and developments during the financial period	<ol style="list-style-type: none"> <li>Continued and increased focus on the development of the Company's product pipeline</li> <li>Successful licensing arrangements for the co-development of products</li> <li>Approval of new products launches in line with the strategic roadmap</li> </ol>																		
Summary of operational performance during the financial period	<ol style="list-style-type: none"> <li>The operational performance of the Company has showing continued positive trend while overcoming the challenges.</li> <li>The Company's strong focus on the output efficiency continues.</li> </ol>																		
Summary of profit and loss during the financial period	<table border="1"> <thead> <tr> <th></th> <th>Q1'23</th> <th>Q1'22</th> </tr> </thead> <tbody> <tr> <td>Net sales (nAED)</td> <td>454.1</td> <td>418.6</td> </tr> <tr> <td>Gross profit (mAED)</td> <td>138.3</td> <td>130.6</td> </tr> <tr> <td>Gross profit (%)</td> <td>30.5%</td> <td>31.2%</td> </tr> <tr> <td>EBITDA from continuing operations (mAED)</td> <td>45.4</td> <td>40.0</td> </tr> <tr> <td>EBITDA from continuing operations (% of net sales)</td> <td>10.0%</td> <td>9.6%</td> </tr> </tbody> </table>		Q1'23	Q1'22	Net sales (nAED)	454.1	418.6	Gross profit (mAED)	138.3	130.6	Gross profit (%)	30.5%	31.2%	EBITDA from continuing operations (mAED)	45.4	40.0	EBITDA from continuing operations (% of net sales)	10.0%	9.6%
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	Gross margins remained sustained with no significant fluctuation from the prior period presented.
Summary of financial position as at the end of the financial period	The total equity has decreased by 19.2 mAED resulting from the net loss for the period of 3.9 mAED (of which 3.1 mAED due to hyperinflation adjustment). The further decline in total equity was the result of foreign currency translation reserve by 15.4 mAED followed by 1.3 mAED loss on cashflow hedge reserve.
Summary of cash flows during the financial period	Cashflow from operating activities reached 7.2 mAED during the current period, followed by used in investing activities of 3.7 mAED. During the current period, cashflows from financing activities reached to 37.5 mAED.
Main performance indicators	Net sales 454.1 mAED Gross margins 138.3 mAED EBITDA from continuing operations 45.4 mAED
Expectations for the sector and the company's role in these expectations	The total spending and global demand for medicines will increase over the next five years to approximately \$1.9 trillion by 2027 (growth rate of 3-6%). Highest volume growth is expected in Latin America, Asia and Africa, driven by a mix of population growth and expanded access. Demand for innovative drugs will drive oncology spending almost double the current level. <i>Source: IQVIA Data (Jan 18, 2023)</i>
Expectations regarding the economy and its impact on the company and the sector	UAE's economy is projected to expand 3.5% (real GDP growth). Continued government stimulus, strong rebound in tourism and construction etc., helped the economic recovery to its pre-COVID-19 crisis level. <i>Source: Oxford economies, Reuters, IMG, Bloomberg, Moody's, Central Bank UAE</i>
Future plans for growth and changes in operations in future periods	The future plans for growth of the Company are as follows: <ol style="list-style-type: none"> <li>1. Continued focus on the strategic areas of business</li> <li>2. Strengthen sales organization in core markets and increase market share with the existing portfolio</li> <li>3. New alliances and partnerships to strengthen the product portfolio of the Company</li> <li>4. Launch new products in core therapeutic areas</li> </ol>



	<p>5. Invest in capital expenditure to increase production capacity and new manufacturing technologies and improve operations efficiency</p>
<p>The size and impact of current and projected capital expenditures on the company</p>	<p>The Company continues to invest in capital expenditure for achieving targeted growth and sustained performance by:</p> <ol style="list-style-type: none"> <li>1. Expanding the product portfolio with investing in new product dossiers</li> <li>2. Continuing upgrading the existing production facilities</li> <li>3. Redesigning current processes to address new requirements from government authorities</li> </ol>
<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 implementation of the following projects have been discussed in the Board of Directors' meetings:</p> <ol style="list-style-type: none"> <li>1. Growth strategy 2030</li> <li>2. New products launch to add in the product portfolio</li> <li>3. License arrangement for co-development of products</li> </ol>

<p>The name of the chairman of the company or the authorized signatory</p>	<p>Sheikh Saqr Humaid AlQasimi</p>
<p>Signature and Date</p>	<p>11 May 2023</p>
<p>Company's Seal</p>	