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

Date	13 November 2025
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar
The period of the financial statements covered by the report	Q3 – 2025

Overview of the main results during the financial period

1. **Revenue Performance:**

   Revenue from continuing operations for YTD September - 2025 reached 796.1 mAED, representing a 5.8% growth compared to the same period last year (6.7% at constant currency), underscoring the company's sustained growth.

2. **Market Performance & Regional Challenges:**

- The company's resilience and commitment to growth in core and future core markets delivered a growth by 5.8%.

  *** Net revenue from continuing operations by region:**

Geographic information	*Q3'25*	*Q3'24*	YoY Change
UAE	310.9	298.9	4.0%
Other GCC countries	224.8	204.8	10.0 %
Other countries	260.4	249.0	5.0%
Total	796.1	752.7	5.8%

3. **Gross Margin Improvement:**

   Gross profit from continuing operations grew by 11.9%, reflecting Julphar's sustained focus on operational excellence initiatives, driving margin expansion.

Julphar
POBox 997 Ras Al Khaimah
United Arab Emirates

جلفار
صندوق بريد 997 رأس الخيمة
الإمارات العربية المتحدة

T +971 7 246 1461
F +971 7 246 2462
E info@julphar.net

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Gulf Pharmaceutical Industries

	4. **EBITDA Growth:** EBITDA from continuing operations grew by 35.0% to 108.7 mAED up from 80.5 mAED in Q3 - 2024, underscoring the resilience of its business model, strong financial performance. 5. **Net income** from continued operations reached mAED 36.7, representing a 470 % growth compared to the same period last year. 6. **Strengthening Financial Position:** The company made substantial progress in strengthening its balance sheet, reducing bank loans through repayment of both long-term and short-term facilities. Total loans and other interest-bearing debt declined by 649.3 mAED during the period, resulting in a closing balance of 263.8 mAED enhancing the fire power of the company for future strategic initiatives. 7. **Julphar continues to make significant strides in the following areas:** a. **Expanding Market Share**: Sustaining growth across core markets in both private and tender sectors, with strong momentum across most of the key markets. b. **Enhancing Operational Efficiencies**: Driving cost optimization initiatives and streamlining operations to improve financial and operational performance. c. **Advancing New Launches:** Executing new product launches while strengthening and expanding the product pipeline to enhance market competitiveness.
Securities issued during the financial period	AED nil
Summary of the most important non-financial events and developments during the financial period	• Eleven (11) new products were launched in the UAE, and twenty-three (23) international registrations were completed to support our global expansion initiatives.
	Julphar continues to advance in key strategic areas: • **Market Share Expansion**: The company will continue to enhance its footprint in core therapeutic segments,

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Summary of operational performance during the financial period

delivering robust performance in private and tender markets across the UAE, KSA, Iraq, and Morocco.

- **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

in mAED (Cont. operations)	Q3'25	Q3'24	YoY Change
Net sales	796.1	752.7	5.8%
Gross profit	351.1	313.7	11.9%
Net Income	36.7	-9.9	470.7%
EBITDA	108.7	80.5	35.0%

in mAED (Total operations)	Q3'25	Q3'24	YoY Change
Net Income	167.3	-7.5	2330.7%
EBITDA	282.4	153.3	84.2%

*** During the period ended 30 September 2025 the company divested the wholly owned subsidiary Zahrat Al Rawdah Pharmacies Limited Liability Company, partially contributing to the growth of EBITDA from total operations, where a one-time net capital gain recorded of 118.7 mAED.

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	*** During the period ended 30 September 2025, the company, received and accepted a binding offer from Al Batha Healthcare Group L.L.C. to acquire certain retail and distribution operations of the Group. The proposed transaction covers the following operations owned by the Group's wholly owned subsidiary, Planet Pharmacies LLC: A. **The Health First Pharmacy chain** in the United Arab Emirates ("UAE Operations"). B. **The Scientific Pharmacy chain and distribution** channel in the Sultanate of Oman ("Oman Operations"). • As of 30 September 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.
Summary of financial position as at the end of the financial period	• Total equity in Q3 – 2025 reached 975.1 mAED, compared to 809.6 mAED in December 2024, reflecting a net increase of 165.5 mAED reducing accumulated losses to reach 138.3 mAED down from 305.0 mAED at the beginning of the period. • Increase in total equity was primarily driven by a total net profit 167.3 mAED (including 118.7 as a one-off capital gain).
Summary of cash flows during the financial period	1) **Operating Cash Flow:** The company generated 50.6 mAED net cash flow from continued operations in Q3 2025 ,and achieved net cash flow from total operating activities 74.0 mAED. 2) **Investing Activities:** Increasing net cash flow from investing activities amounts to 703.3 mAED 3) **Financing Activities:** Decreasing net cash flow from financing activities amounts to -681.2 mAED .
Expectations for the sector and the company's role in these expectations	1) Overall, MEA Pharmaceutical Business has reached **$38.8 B** value and **9.0 B Units.**

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	2) Value sales growth has been at **18.27% PPG (12.02% CAGR).** Volume sales has increased at **3.54% PPG**(2.73% **CAGR)** 3) **Market Segmentation:** **Retail channel** dominates the region with **67.3% ($26.04 B)** value sales share and **14.66% PPG** and volume share of **81.6% (7.3 B Units)** with **3.57% PPG** **Hospital channel** has increased in terms of **PPG 26.37%** in value and **3.41% PPG** in volume 4) **Future Market Projections (2029):** Global pharma business is expected to reach **LC$ 2.41 T - CAGR** '24-29': **6.76 %** Middle East & Africa pharma business collectively to be **LC$ 69.56 B - CAGR** '24-29': **6.81%** Source: IQVIA Audited Data, MAT Q2 2025, includes private, LPO, Institutional data where available. PPG: Previous Period Growth: MAT Q2 2025 vs. MAT Q2 2024 growth. CAGR: Compound Annual Growth Rate for the period MAT Q2 2021 to MAT Q2 2025
Expectations regarding the economy and its impact on the company and the sector	• As per the IMF's World Economic Outlook, the real GDP of the UAE is projected to increase by 4.8% 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.
Future plans for growth and changes in operations in future periods	**Julphar continues to advance its long-term strategic priorities, including:** 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.

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The size and impact of current and projected capital expenditures on the company	To drive long-term value creation and operational excellence, the company remains focused on: 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. During the period ended 30 September 2025, the company invested in amount of 32.8 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.
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	The Board of Directors has reviewed and discussed the following key areas: 1) **Performance Evaluation**: Assessment of progress against the Q3 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.

The name of the chairman of the company or the authorized signatory	**Sheikh Saqr Humaid Al Qasimi**
Signature and Date	**13 November 2025**
Company's Seal	

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