

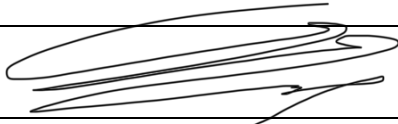
Discussion report and analysis of the board of directors of the listed public shareholding company

Date	14 November 2024
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar
The period of the financial statements covered by the report	Quarter 3, 2024
Overview of the main results during the financial period	<ol style="list-style-type: none"> 1) Revenue in Q3'24 reached 417.1 mAED (+14.0% vs Q3'23), and (+15.3% at constant currency). 2) The revenue for the 9-month period reached 1,300.2 mAED, delivering growth of +6.1% (+7.1% at constant currency). 3) Currency devaluation in Egypt and country specific challenges mainly in Yemen, Libya and Sudan, have been compensated by strong development across GCC countries, that showed a double-digit growth. 4) 9-month period revenue through our pharmacy retail and wholesale operations, Planet Pharmacies, continues to show strong development with growth at 9.4% compared to the prior year period and reaching net sales of 848.9 mAED. 5) Gross margin for Q3'24, reached 35.8%, compared to 35.1% same period last year, making the gross margin for the 9-month period of the year to increase to 37.4% compared to 33.1% last year, as manufacturing efficiency initiatives initiated in second half of 2023 start to materialize, while company continues focusing on manufacturing excellence. 6) Reported EBITDA growth by 104.7% and reached 153.5 mAED (11.8% on net sales) compared to 75.0 mAED (6.1% on net sales) in the same period last year. 7) Quarter over quarter EBITDA growth from 21.6 mAED in Q3'23 to 45.1 mAED in Q3'24 as company continues disciplined cost management and benefiting from the operational efficiency initiatives.

	<p>8) Julphar continues making progress on the following areas:</p> <ol style="list-style-type: none"> a. Delivering strong market share increase in core markets in both private and tender sectors with strong momentum in most of the GCC markets. b. Continue delivering cost saving and efficiency initiatives resulting in lower costs overall for OPEX, G&A and S&D in relation to Sales compared to the previous period. c. Continue executing our new product launches and focusing on enhancing our product pipeline. 																																			
Securities issued during the financial period	AED nil																																			
Summary of the most important non-financial events and developments during the financial period	Continued and increased focus, with strong development towards our new product launch strategy.																																			
Summary of operational performance during the financial period	<p>Company continues focusing on:</p> <ol style="list-style-type: none"> a. Continuous increase of our market share, within the defined therapy areas, in most of our operating markets including United Arab Emirates, Kingdom of Saudi Arabia and other GCC countries. b. Continue implementing sustainable cost efficiency initiatives across most of the areas. c. Continue developing and implementing Manufacturing excellence practices. d. New product launches and execution of the company's product pipeline. e. Implementing effective country risk mitigation to navigate geopolitical events. 																																			
Summary of profit and loss during the financial period	<table border="1"> <thead> <tr> <th><i>in mAED</i></th> <th>Q3'24</th> <th>Q3'23</th> <th>YoY Change</th> <th>YTD Q3'24</th> <th>YTD Q3'23</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>417.1</td> <td>366.0</td> <td>14.0%</td> <td>1300.2</td> <td>1225.4</td> <td>6.1%</td> </tr> <tr> <td>Gross profit</td> <td>149.3</td> <td>128.4</td> <td>16.3%</td> <td>486.2</td> <td>405.5</td> <td>19.9%</td> </tr> <tr> <td>Net Income (Cont. oper.)</td> <td>-6.9</td> <td>-37.8</td> <td>81.7%</td> <td>-7.1</td> <td>-79.9</td> <td>91.1%</td> </tr> <tr> <td>EBITDA</td> <td>45.1</td> <td>21.6</td> <td>108.8%</td> <td>153.5</td> <td>75.0</td> <td>104.7%</td> </tr> </tbody> </table>	<i>in mAED</i>	Q3'24	Q3'23	YoY Change	YTD Q3'24	YTD Q3'23	YoY Change	Net sales	417.1	366.0	14.0%	1300.2	1225.4	6.1%	Gross profit	149.3	128.4	16.3%	486.2	405.5	19.9%	Net Income (Cont. oper.)	-6.9	-37.8	81.7%	-7.1	-79.9	91.1%	EBITDA	45.1	21.6	108.8%	153.5	75.0	104.7%
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Summary of financial position as at the end of the financial period	Total equity at the end of Q3'24 at 759.9 mAED compared to 806.2 mAED (-46.3 mAED) in Dec'23, driven by the Egyptian pound & Ethiopian birr devaluation impact of - 27.9 mAED on the foreign currency translation reserve in addition to fair valuation loss on cashflow hedge.																																			

<p>Summary of cash flows during the financial period</p>	<ol style="list-style-type: none"> 1) Cashflow from operations, improved from -22.6 mAED in the previous year's period to +136.9 mAED for the 9-month period, showing substantial improvement of 159.5 mAED, driven by the continuous focus on working capital management. 2) Cashflow from financing activities amounts to -148.0 mAED, including a term loan repayment of -22.5 mAED and finance cost of -48.0 mAED.
<p>Expectations for the sector and the company's role in these expectations</p>	<ol style="list-style-type: none"> 1) Overall, MEA Pharma Market has reached \$32.2 B value and 8.6 B Units in 2023, with growth +11.9% vs Previous Year, and +8.0% CAGR2 since 2019. 2) Volume sales have declined at -1.3% PPG & increased at 1.8% CAGR since 2019. 3) Retail channel dominates the MEA market with 68% (\$21.9 B) share in value sales with 10.1 % PPG and 80% (6.9 B Units) share in volume. 4) The growth of Hospital channel has increased in terms of PPG (16.1%) in value and 1.2% PPG in volume. 5) By 2027, Global pharma market is expected to reach US\$ 2.13 T; Middle East & Africa pharma market collectively to be US\$ 64.1 B3 <p><i>Source: IQVIA Data Middle East & Africa Pharmaceutical Market Insights (March 2024)</i></p>
<p>Expectations regarding the economy and its impact on the company and the sector</p>	<p>The UAE's GDP is expected to expand by over 5 percent in 2024, exceeding the 2.8 percent growth expected for the global economy, according to Standard & Poor's (S&P) Global Ratings projections.</p> <p><i>Source: GULF BUSINESS JANUARY 2024, S&P GLOBAL</i></p>
<p>Future plans for growth and changes in operations in future periods</p>	<p>The plans for growth of the Company are as follows:</p> <ol style="list-style-type: none"> 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) Launch new products in core therapeutic areas.
<p>The size and impact of current and projected capital expenditures on the company</p>	<p>The Company continues capital expenditure for achieving targeted growth and profitability improvement by:</p> <ol style="list-style-type: none"> 1) Expanding the product portfolio with investing in new product dossiers

	<p>2) Continue upgrading the existing production facilities, to maintain the highest quality standard levels and improve operations efficiency.</p> <p>3) Redesigning current processes to address evolving requirements from regulatory authorities.</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 implementation of the following projects has been discussed in the Board of Directors' meetings:</p> <ol style="list-style-type: none"> 1) Progress against Budget 2024. 2) Progress on divestment of non-core areas of business. 3) Update on the progress in the portfolio development.

<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 November 2024 </p>
<p>Company's Seal</p>	