

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


Date	13 August 2025																				
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar																				
The period of the financial statements covered by the report	H1 – 2025																				
Overview of the main results during the financial period	<div><div>1. Revenue Performance:</div><div>Revenue from continuing operations for H1 2025 reached mAED 707.3, reflecting a 4.7% increase year-on-year (5.8% at constant currency), reinforcing the company’s commitment to sustained growth.</div><div>2. Market Performance & Regional Challenges:</div><div>Despite some geopolitical disturbance that took place during Q2, the company navigated safely and built on opportunities in some key markets including Egypt considering relatively good availability of foreign currency. The company is committed to building a sustainable growth across our core and future core markets, while exploring new markets.</div><table><tr><th>Geographic information</th><th>H1'25</th><th>H1'24</th><th>YoY Chang</th></tr><tr><td>UAE</td><td>302.6</td><td>289.2</td><td>5%</td></tr><tr><td>Other GCC countries</td><td>220.9</td><td>218.9</td><td>1%</td></tr><tr><td>Other countries</td><td>183.8</td><td>167.7</td><td>10%</td></tr><tr><td>Total</td><td>707.3</td><td>675.8</td><td>5%</td></tr></table><div>3. Gross Margin Improvement:</div><div>Gross profit from continuing operations grew by 12.8%, reflecting Julphar’s sustained focus on operational excellence initiatives, driving margin expansion.</div></div>	Geographic information	H1'25	H1'24	YoY Chang	UAE	302.6	289.2	5%	Other GCC countries	220.9	218.9	1%	Other countries	183.8	167.7	10%	Total	707.3	675.8	5%
Geographic information	H1'25	H1'24	YoY Chang																		
UAE	302.6	289.2	5%																		
Other GCC countries	220.9	218.9	1%																		
Other countries	183.8	167.7	10%																		
Total	707.3	675.8	5%																		

	<p>4. EBITDA Growth:</p> <p>EBITDA from continuing operations grew by 28% to mAED 91.6, up from mAED 71.6 in H1 2024, underscoring the resilience of its business model, strong financial performance, and disciplined capital deployment.</p> <p>5. Net income from continued operations reached mAED 38.6, an increase of mAED 31.3, driven primarily by operating income growth of mAED 19.8 from mAED 38.2 in H1 2024 to AED 58.0 million in H1 2025.</p> <p>6. Strengthening Financial Position:</p> <p>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 mAED 527.5 during the period, resulting in a closing balance of mAED 385.6 enhancing the fire power of the company for future strategic initiatives</p> <p>7. Julphar continues to make significant strides in the following areas:</p> <p>a. Expanding Market Share: Sustaining growth across core markets in both private and tender sectors, with strong momentum in the GCC region.</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	Secured eleven (11) new products launches including 3 insulin analogues in UAE and obtained nineteen (19) products registrations in UAE and other markets.
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 sustainable performance in private and tender markets across the UAE, KSA, and other GCC countries.

	<ul style="list-style-type: none">● 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>H1'25</th><th>H1'24</th><th>YoY Change</th></tr><tr><td>Net sales</td><td>707.3</td><td>675.8</td><td>4.7%</td></tr><tr><td>Gross profit</td><td>298.0</td><td>264.3</td><td>12.8%</td></tr><tr><td>Net Income</td><td>38.6</td><td>7.3</td><td>428.8%</td></tr><tr><td>EBITDA</td><td>91.6</td><td>71.6</td><td>27.9%</td></tr></table> <table><tr><th><i>in mAED (Total operations)***</i></th><th>H1'25</th><th>H1'24</th><th>YoY Change</th></tr><tr><td>Net Income</td><td>158.2</td><td>-2.4</td><td>6691.7%</td></tr><tr><td>EBITDA</td><td>238.2</td><td>99.7</td><td>138.9%</td></tr></table> <p>*** During H1 - 2025 the company divested the wholly owned subsidiary Zahrat Al Rawdah Pharmacies Limited Liability Company, partially contributing to the growth of total operational EBITDA, where a one-time net capital gain recorded of 118.7 mAED.</p>	<i>in mAED (Cont. operations)</i>	H1'25	H1'24	YoY Change	Net sales	707.3	675.8	4.7%	Gross profit	298.0	264.3	12.8%	Net Income	38.6	7.3	428.8%	EBITDA	91.6	71.6	27.9%	<i>in mAED (Total operations)***</i>	H1'25	H1'24	YoY Change	Net Income	158.2	-2.4	6691.7%	EBITDA	238.2	99.7	138.9%
<i>in mAED (Cont. operations)</i>	H1'25	H1'24	YoY Change																														
Net sales	707.3	675.8	4.7%																														
Gross profit	298.0	264.3	12.8%																														
Net Income	38.6	7.3	428.8%																														
EBITDA	91.6	71.6	27.9%																														
<i>in mAED (Total operations)***</i>	H1'25	H1'24	YoY Change																														
Net Income	158.2	-2.4	6691.7%																														
EBITDA	238.2	99.7	138.9%																														
Summary of financial position as at the end of the financial period	<ul style="list-style-type: none">● Total equity in H1 – 2025 reached 967.1 mAED, compared to 809.6 mAED in December 2024, reflecting a net increase of 157.5 mAED reducing accumulated losses to reach 147.1 mAED down from 305 mAED at the beginning of the period.● Increase in total equity was primarily driven by a total net profit of 158.2 mAED (including 118.7 as a one-off capital gain).																																

<p>Summary of cash flows during the financial period</p>	<p>1) Operating Cash Flow: The company generated 42.4 mAED net cash flow from continued operations in H1 2025 compared to 76.2 mAED for the same period of 2024.</p> <p>2) Investing Activities: Increasing net cash flow from investing activities amounts to 722.1 mAED.</p> <p>3) Financing Activities: Decreasing net cash flow from financing activities amounting to 554.9 mAED.</p>
<p>Expectations for the sector and the company's role in these expectations</p>	<p>1) The MEA pharmaceutical market reached \$35.3 B value and 8.7 B Units.</p> <p>2) Value sales growth has been at 15.0% PPG (11.2% CAGR). Volume sales have increased by 0.5% PPG (2.1% CAGR).</p> <p>3) Market Segmentation:</p> <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. <p>4) Future Market Projections (2028):</p> <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.

Future plans for growth and changes in operations in future periods	<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.
The size and impact of current and projected capital expenditures on the company	<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 H1 2025 17.0 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>
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>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 H1 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	Sheikh Saqr Humaid Al Qasimi
Signature and Date	13 August 2025
Company's Seal	 <p>Julphar الخليج للصناعات الدوائية Gulf Pharmaceutical Industries</p>