

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

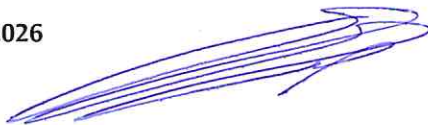
Date	14 May 2026																				
Name of the Listed Company	Gulf Pharmaceutical Industries PSC Julphar																				
The period of the financial statements covered by the report	Q1 – 2026																				
Overview of the main results during the financial period	<p>1. Revenue Performance: Revenue from continuing operations for the fiscal year reached 273.4 mAED, representing a 3.0% decline compared to the same period last year (-3.3% at constant currency), decline resulted from the ongoing geopolitical disturbance.</p> <p>2. Market Performance & Regional Challenges: Due to the geopolitical disturbance, as well as global supply chain disruptions and inflationary pressures that took place during Q1'26, we are adopting in 2026 a cautious and flexible approach that focuses on business continuity and highly efficient risk management, and we are working on diversifying supply chains while continuing to monitor energy prices and their impact on our activities. Such disruptions caused a 3.0% reduction in revenue compared to the same period last year.</p> <p>* Net revenue from continuing operations by region:</p> <table border="1"> <thead> <tr> <th><i>Geographic information</i></th> <th>Q1'26</th> <th>Q1'25</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>UAE</td> <td>112.0</td> <td>103.9</td> <td>7.8%</td> </tr> <tr> <td>Other GCC countries</td> <td>93.7</td> <td>93.5</td> <td>0.2%</td> </tr> <tr> <td>Other countries</td> <td>67.7</td> <td>84.5</td> <td>-19.9%</td> </tr> <tr> <td>Total</td> <td>273.4</td> <td>281.9</td> <td>-3.0%</td> </tr> </tbody> </table> <p>3. Gross Margin Improvement: Gross profit from continuing operations grew by 10.3%</p> <p>4. EBITDA Growth: EBITDA from continuing operations grew by 69.8% to 44.5 mAED up from 26.2 mAED in the period ended Q1'2025.</p>	<i>Geographic information</i>	Q1'26	Q1'25	YoY Change	UAE	112.0	103.9	7.8%	Other GCC countries	93.7	93.5	0.2%	Other countries	67.7	84.5	-19.9%	Total	273.4	281.9	-3.0%
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	<p>5. Net income from continued operations reached mAED 28.4, representing a 1,793.3 % growth compared to the same period last year.</p> <p>6. Strengthening Financial Position: Following the debt restructuring completed in the previous year, the company maintained a stable financing position during the current fiscal year, with total loans and other interest-bearing debt amounting to 263.8 mAED as of year-end, the company preserved its liquidity and financial flexibility, enhancing its capacity to support 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 across GCC.</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>
<p>Securities issued during the financial period</p>	<p>AED nil</p>
<p>Summary of the most important non-financial events and developments during the financial period</p>	<ul style="list-style-type: none"> • Three (3) new products with 5 SKUs were launched in the UAE, and nine (9) international registrations excluding UAE were completed to support our global expansion initiatives. • Continued progress was achieved in KSA with the new manufacturing facility investment project and overall pipeline execution, including advancement of licensing and in-house R&D activities, and expansion of the product pipeline with the addition of new biotechnology and specialty products.
<p>Summary of operational performance during the financial period</p>	<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, 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

	<ul style="list-style-type: none"> • Product Portfolio Expansion: Accelerating new product launches and pipeline development to fortify market leadership and revenue diversification. 																																
<p>Summary of profit and loss during the financial period</p>	<table border="1" data-bbox="699 443 1398 768"> <thead> <tr> <th><i>in mAED (Cont. operations)</i></th> <th>Q1'26</th> <th>Q1'25</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Net sales</td> <td>273.4</td> <td>281.9</td> <td>-3.0%</td> </tr> <tr> <td>Gross profit</td> <td>119.7</td> <td>108.5</td> <td>10.3%</td> </tr> <tr> <td>Net Income</td> <td>28.4</td> <td>1.5</td> <td>1793.3%</td> </tr> <tr> <td>EBITDA</td> <td>44.5</td> <td>26.2</td> <td>69.8%</td> </tr> </tbody> </table> <table border="1" data-bbox="699 864 1398 1077"> <thead> <tr> <th><i>in mAED (Total operations)</i></th> <th>Q1'26</th> <th>Q1'25</th> <th>YoY Change</th> </tr> </thead> <tbody> <tr> <td>Net Income</td> <td>35.1</td> <td>125.8</td> <td>-72.1%</td> </tr> <tr> <td>EBITDA*</td> <td>52.2</td> <td>181.6</td> <td>-71.3%</td> </tr> </tbody> </table> <p>* During the Q1-25 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.</p>	<i>in mAED (Cont. operations)</i>	Q1'26	Q1'25	YoY Change	Net sales	273.4	281.9	-3.0%	Gross profit	119.7	108.5	10.3%	Net Income	28.4	1.5	1793.3%	EBITDA	44.5	26.2	69.8%	<i>in mAED (Total operations)</i>	Q1'26	Q1'25	YoY Change	Net Income	35.1	125.8	-72.1%	EBITDA*	52.2	181.6	-71.3%
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<p>Summary of financial position as at the end of the financial period</p>	<ul style="list-style-type: none"> • Total equity for the period ended 31 March 2026 reached 987.4 mAED, compared to 959.8 mAED in December 2025, reflecting a net increase of 27.6 mAED reducing accumulated losses to reach 128.0 mAED down from 163.0 mAED at the beginning of the period. • Increase in total equity was primarily driven by a total net profit 35.1 mAED. 																																
<p>Summary of cash flows during the financial period</p>	<ol style="list-style-type: none"> 1) Operating Cash Flow: The company generated 8.1 mAED net cash flow from continued operations in Q1'26. 2) Investing Activities: Net cash outflow from investing activities in Q1'26 amounts to 5.5 mAED. 3) Financing Activities: Net cash outflow from financing activities in Q1'26 amounts to 8.8 mAED. 																																

<p>Expectations for the sector and the company's role in these expectations</p>	<ol style="list-style-type: none"> 1) Overall, MEA Pharmaceutical Business has reached \$40.7 B value and 9.2 B Units. 2) Value sales growth has been at 16.95% PPG (12.4% CAGR). Volume sales has increased at 5.49% PPG (2.61% CAGR) 3) Market Segmentation: Retail channel dominates the region with 66.8% (\$27.19 B) value sales share and 13.32% PPG and volume share of 81.3% (7.5 B Units) with 4.77% PPG Hospital channel has increased in terms of PPG 25.02% in value and 8.77% PPG in volume 4) Future Market Projections (2029): Global pharma business is expected to reach LC\$ 2.5 T - CAGR '24-29': 7.2% Middle East & Africa pharma business collectively to be LC\$ 73.29 B - CAGR '24-29': 7.67% <p>Source: IQVIA Audited Data, MAT Q3 2025, includes private, LPO, Institutional data where available. PPG: Previous Period Growth: MAT Q3 2025 vs. MAT Q3 2024 growth. CAGR: Compound Annual Growth Rate for the period MAT Q3 2021 to MAT Q3 2025</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 4.2% in 2026, followed by continued growth momentum into 2027. ● 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.
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>During the period ended 31 March 2026, the company invested in amount of 8.2 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 Q1 2026 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	14 May 2026 
Company's Seal	