Board of Directors' Discussion and Analysis Report for the Listed Public Joint Stock Company

Date	**12 November 2026**
Name of the Listed Company	**Gulf Pharmaceutical Industries PSC Julphar**
The period of the financial statements covered by the report	**Q3'2026**
Overview of the main results during the financial period	**1. Revenue Performance:** Revenue from continuing operations reached AED 906 million for YTD September 2026, representing a 13.5% increase compared with YTD September 2025. The growth was primarily supported by stronger performance in the UAE, and other international markets. The reported growth included shifting from regular pattern between quarters due to the geopolitical disturbance in addition to non-recurring sales transactions, while underlying revenue growth excluding these non-recurring sales was 6.4%. **2. Market Performance & Regional Challenges:** Despite regional geopolitical developments, global supply chain disruptions, inflationary pressures, and higher logistics and material costs during YTD September 2026, Julphar maintained a cautious and flexible approach focused on business continuity, effective risk management, and supply chain diversification. These measures, together with stronger performance across key markets, operational efficiency initiatives, and an improved product mix, supported the increase in revenue compared with the same period last year. **Net revenue from continuing operations by region:**

Geographic information	YTD Sep'26	YTD Sep'25	YoY Change
UAE	340.7	312.7	9.0%
Other GCC countries	230.3	224.8	2.4%
Other countries	335.0	260.4	28.6%
Total	906.0	797.9	13.5%

	3. **Gross profit growth:** Gross profit from continuing operations increased by 23.5%, reflecting improved product mix and operational efficiency measures during the period which have helped partially absorb inflationary pressures during the period. 4. **EBITDA Growth:** EBITDA from continuing operations increased by 90.3% to AED 126.0 million, compared with AED 66.2 million for YTD September 2025. The increase reflects the continued performance improvement of the underlying operations during the period. 5. **Net income** from continuing operations reached AED 89.0 million, compared to AED 8.1 million for YTD September 2025. The substantial growth is primarily attributed to the underlying operational performance in addition to the reduction in financing cost. 6. **Strengthening Financial Position:** Following the debt restructuring completed in 2025, Julphar maintained a stable financing position during YTD September 2026, with total loans including current and non-current portions and other interest-bearing debt of AED 263.8 million as 30 September 2026. The company continued to manage liquidity and financial flexibility in support of its operational and strategic investment requirements. 7. **Julphar continued to focus on the following areas during the period ended 30 September 2026:** **Expanding Market Share**: Maintaining performance across core private and tender markets, supported by stronger performance in key GCC markets and international markets. **Enhancing Operational Efficiencies**: Continuing cost optimization and operational efficiency initiatives to support financial and operational performance. **Advancing New Launches:** Progressing selected new product launches and strengthening the pipeline to support portfolio competitiveness and revenue diversification.
Securities issued during the financial period	**AED nil**
Summary of the most important non-financial events and developments during the financial period	1. During YTD September 2026, Julphar launched four (4) new products with eight (8) SKUs in the UAE, and twenty-seven (27) international registrations, excluding the UAE, were completed to support the company's global expansion initiatives. 2. In KSA, Julphar continued to progress the new manufacturing facility investment project, including licensing activities, in-house R&D workstreams, and pipeline expansion with selected biotechnology and specialty products.

Summary of operational performance during the financial period

Julphar remained focused on its operational priorities during YTD September 2026 across market presence, efficiency initiatives and product portfolio expansion.

- **Market Share Expansion**:
  The company continued to focus on strengthening its footprint in core therapeutic segments and maintaining sales performance in private and tender channels across key markets, including the UAE, KSA, Iraq and Morocco.
- **Operational Efficiencies & Cost Optimization:**
  Operational efficiency and cost optimization initiatives supported production planning, demand fulfillment and cost-base management during the period.
- **Product Portfolio Expansion**:
  Advancing new product launches and pipeline development to support market competitiveness and revenue diversification.

Summary of profit and loss during the financial period

in AED million (Continuing operations)	YTD Sep'26	YTD Sep'25	YoY Change
Net sales	906.0	797.9	13.5%
Gross profit	394.3	319.3	23.5%
Net Income	89.0	8.1	998.8%
EBITDA	126.0	66.2	90.3%

in AED million (Total operations)	YTD Sep'26	YTD Sep'25	YoY Change
Net Income *	87.5	138.2	-36.7%
EBITDA *	126.2	239.8	-47.4%

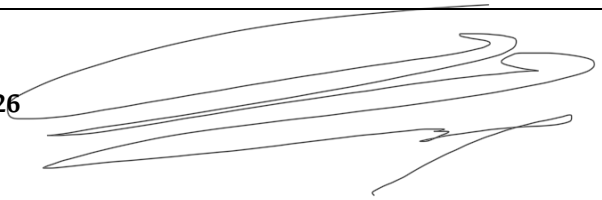
* During YTD September 2025 Julphar divested its wholly owned subsidiary, Zahrat Al Rawdah Pharmacies LLC, resulting in a one-time net capital gain of AED 118.7 million. This gain significantly increased EBITDA and net income from total operations in the comparative period and should be considered when comparing YTD September 2026 total operations with the same period in 2025.

Summary of financial position as at the end of the financial period

- Total equity as of 30 September 2026 reached AED 1,046.9 million, compared to AED 959.8 million as of 31 December 2025. Accumulated losses decreased to AED 74.0 million, compared to AED 163.0 million at the beginning of the period.
- The increase in total equity was primarily driven by net profit of AED 89.0 million.

Summary of cash flows during the financial period	1) **Operating Cash Flow:** Net cash used in operating activities amounted to AED 15.1 million during YTD September 2026. 2) **Investing Activities:** Net cash used in investing activities amounted to AED 20.7 million during YTD September 2026. 3) **Financing Activities:** Net cash used in financing activities amounted to AED 19.6 million during YTD September 2026.
Expectations for the sector and the company's role in these expectations	1) Overall, MEA Pharmaceutical Business has reached $43.3 B value and 9.3 B Units. 2) Value sales growth has been at 10.32 % PPG1 (Previous Period Growth) and 12.27% CAGR2 while Volume sales has increased at 2.57 % PPG & at 1.81 % CAGR2 3) **Market Segmentation:** * Retail channel dominates the region with 66.8 % ($28.91 B) value sales share and 9.31 % PPG and volume share of 81.8% (7.61 B Units) with 2.68 % PPG. * Hospital channel has increased in terms of PPG 12.41% in value and 2.08% PPG in volume **Future Market Projections (2030):** Global pharma business is expected to reach **LC$ 2.7 T; - CAGR '25-30': 6.75 %**. Middle East & Africa pharma business collectively to be **LC$ 81 B- CAGR '25-30': 6.99% (Middle East region), CAGR '25-30': 7.21% (Africa region).** *PPG: Previous Period Growth: MAT Q2 2025 vs. MAT Q2 2026 growth; CAGR: Compound Annual Growth Rate for the period MAT Q2 2022 to MAT Q2 2026;* *Source: IQVIA Audited Data, MAT Q2 2026 includes IQVIA private, LPO, Institutional data where available.*
Expectations regarding the economy and its impact on the company and the sector	• As per the IMF's World Economic Outlook (October 2026), the real GDP of the UAE is projected to contract by 3.9% in 2026, followed by a projected recovery of 7.7% in 2027. • This economic outlook is expected to influence the pharmaceutical sector through changes in healthcare spending and investment. While short-term economic conditions may moderate the pace of demand and investment, the projected recovery in 2027 is expected to support healthcare investments and strengthen demand for pharmaceutical products.

Future plans for growth and changes in operations in future periods	**Julphar remains focused on its long-term strategic priorities:** The company remains focused on its long-term strategic priorities, including strengthening its presence in selected markets, advancing in-house R&D, pursuing relevant strategic alliances, advancing selected product launches in core therapeutic areas, and progressing with its planned manufacturing facility in KSA.
The size and impact of current and projected capital expenditures on the company	**To drive long-term value creation and operational excellence:** During YTD September 2026, Julphar invested AED 27.3 million in capital expenditure, including infrastructure upgrades, equipment modernization, process optimization, and research and development. These investments were aligned with the company's operational priorities and productivity improvement initiatives. The company expects to continue investing in manufacturing capabilities, infrastructure, equipment, and R&D in line with strategic priorities and operational requirements.
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 reviewed and discussed key matters related to business performance, portfolio optimization and product portfolio development.** 1) **Performance Evaluation**: Assessment of performance against the YTD September 2026 budget. 2) **Business Portfolio Optimization:** Review of the impact of completed non-core business divestment. 3) **Product Portfolio Development**: Review of progress on product 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	**12 November 2026** 
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