Julphar
الخليج للصناعات الدوائية
Gulf Pharmaceutical Industries

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

Date	**13 August 2026**
Name of the Listed Company	**Gulf Pharmaceutical Industries PSC Julphar**
The period of the financial statements covered by the report	**H1 2026**
Overview of the main results during the financial period	1. **Revenue Performance:** Revenue from continuing operations reached AED 573.7 million in H1 2026, representing a 4.7% increase compared with H1 2025. Growth was primarily supported by stronger performance in the UAE and other GCC markets, which offset lower revenue from other international markets. 2. **Market Performance & Regional Challenges:** Despite regional geopolitical developments, global supply chain disruptions, inflationary pressures, and higher logistics and material costs during H1 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 in core GCC markets, operational efficiency initiatives, and an improved product mix, contributed to the increase in revenue compared with the same period last year. *** Net revenue from continuing operations by region:** (see table below) 3. **Gross profit growth:** Gross profit from continuing operations increased by 18.3%, reflecting improved product mix and operational efficiency measures during the period.

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

Geographic information	H1 2026	H1 2025	YoY Change
UAE	240.6	208.6	15.3%
Other GCC countries	181.6	159.5	13.9%
Other countries	151.5	179.8	-15.7%
Total	573.7	547.9	4.7%

	4. **EBITDA Growth:** EBITDA from continuing operations increased by 84.7% to AED 86.8 million, compared with AED 47.0 million in H1 2025. 5. **Net income** from continuing operations reached AED 56.2 million, compared with AED 5.6 million in H1 2025. The increase reflects improved operating performance from continuing operations during the period. 6. **Strengthening Financial Position:** Following the debt restructuring completed in 2025, Julphar maintained a stable financing position during H1 2026, with total loans including current and non-current portion and other interest-bearing debt of AED 263.8 million as at 30 June 2026. The company continued to manage liquidity and financial flexibility in support of its operational and strategic requirements. 7. **Julphar continued to focus on the following areas during H1 2026:** **Expanding Market Share**: Maintaining performance across core private and tender markets, supported by stronger performance in key GCC 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 H1 2026, Julphar launched four new products representing eight SKUs in the UAE and completed sixteen international registrations outside the UAE to support portfolio expansion and market access. 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.
	Julphar remained focused on its operational priorities during H1 2026 across market presence, efficiency initiatives and product portfolio expansion. • **Market Share Expansion**: The company continued to focus on strengthening its footprint in core

Summary of operational performance during the financial period

therapeutic segments and maintaining 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)	H1 2026	H1 2025	YoY Change
Net sales	573.7	547.9	4.7%
Gross profit	261.2	220.8	18.3%
Net Income	56.2	5.6	903.6%
EBITDA	86.8	47.0	84.7%

in AED million (Total operations)	H1 2026	H1 2025	YoY Change
Net Income *	54.5	131.4	-58.5%
EBITDA *	86.5	210.2	-58.8%

* During H1 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 H1 2026 total operations with H1 2025

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

- Total equity as at 30 June 2026 reached AED 1,016.0 million, compared with AED 959.8 million as at 31 December 2025. Accumulated losses decreased to AED 106.9 million, compared with AED 163.0 million at the beginning of the period.
- The increase in total equity was primarily driven by a total net profit of AED 54.5 million.

Summary of cash flows during the financial period

1) **Operating Cash Flow:**

	Net cash used in operating activities amounted to AED (4.3) million during H1 2026. 2) **Investing Activities:** Net cash used in investing activities amounted to AED (19.8) million during H1 2026. 3) **Financing Activities:** Net cash used in financing activities amounted to AED (13.1) million during H1 2026.
Expectations for the sector and the company's role in these expectations	1) Overall, MEA Pharmaceutical Business has reached $**42.43 B value** and **9.3 B Units.** 2) Value sales growth has been at **11.20% PPG**[1] (Previous Period Growth) and **12.29% CAGR**[2] while Volume sales has increased at **4.53% PPG** & at **1.92% CAGR**[2] **Market Segmentation:** * Retail channel dominates the region with 67.7% ($28.72 B) value sales share and 10.78% PPG and volume share of 81.6% (7.6 B Units) with 4.43% PPG. * Hospital channel has increased in terms of PPG 12.09% in value and 4.96% PPG in volume. **Future Market Projections (2030):** Global pharma business is expected to reach **LC$ 2.7 T; - CAGR '25-30': 6.75 %**. Middle East & Africa pharma business collectively to be **LC$ 80.95 B - CAGR '25-30': 6.99% (Middle East region), CAGR '25-30': 7.21% (Africa region).** *Source: IQVIA Audited Data, MAT Q1 2026 includes IQVIA private, LPO, Institutional data where available.* PPG: Previous Period Growth: MAT Q1 2025 vs. MAT Q1 2026 growth; 2CAGR: Compound Annual Growth Rate for the period MAT Q1 2022 to MAT Q1 2026
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 **3.1% in 2026**, followed by continued growth momentum into **2027 (5.3%)**. • 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 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, progressing selected product launches in core therapeutic areas, and progressing the planned pharma and manufacturing facility investment 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 H1 2026, Julphar invested AED 19.2 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 H1 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	**13 August 2026**
Company's Seal	