

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

31 MARCH 2025

INDEPENDENT PRACTITIONER’S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF GULF PHARMACEUTICAL INDUSTRIES P.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Gulf Pharmaceutical Industries P.S.C. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 31 March 2025, which comprises the interim condensed consolidated statement of financial position as at 31 March 2025, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended, and explanatory notes.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standards 34, Interim Financial Reporting (IAS 34), and for such internal control as management determines is necessary to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner’s Responsibility

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), Engagements to Review Historical Financial Statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with IAS 34. This Standard also requires us to comply with relevant ethical requirements.

A review of interim condensed consolidated financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at 31 March 2025, and of its financial performance and cash flows for the period then ended, in accordance with IAS 34.

For Ernst & Young



Wardah Ebrahim
Registration No: 1258

14 May 2025

Sharjah, United Arab Emirates

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2025 (unaudited)

| | | <i>Three months ended 31 March</i> | |
|--|--------------|--|----------------------------------|
| | | <i>2025 AED millions</i> | <i>2024 AED millions</i> |
| | <i>Notes</i> | | |
| Continuing operations | | | |
| Revenue from contracts with customers | 4 | 359.2 | 336.8 |
| Cost of revenue | | (206.3) | (193.4) |
| Gross profit | | 152.9 | 143.4 |
| Other income | | 1.5 | 0.6 |
| Selling and distribution expenses | | (86.4) | (82.0) |
| General and administrative expenses | | (34.2) | (34.0) |
| Dividend income | | 2.5 | 2.5 |
| Operating profit | | 36.3 | 30.5 |
| Finance income | | 2.5 | 1.5 |
| Finance costs | | (15.2) | (16.7) |
| Profit before tax for the period from continuing operations | | 23.6 | 15.3 |
| Income tax and zakat expense | 20 | (1.9) | (0.8) |
| Profit for the period from continuing operations | | 21.7 | 14.5 |
| Discontinued operations | | | |
| Profit for the period from discontinued operations | 6(d) | 1.0 | (12.2) |
| Hyperinflation adjustment on net monetary position | 21 | (0.3) | (0.7) |
| Gain on disposal of a subsidiary, net of tax | 6(c) | 118.7 | - |
| | | 119.4 | (12.9) |
| PROFIT FOR THE PERIOD | | 141.1 | 1.6 |
| Profit/(loss) attributable to: | | | |
| Equity holders of the Parent | | 140.9 | 1.9 |
| Non-controlling interests | | 0.2 | (0.3) |
| | | 141.1 | 1.6 |
| Earnings per share: | | | |
| Basic and diluted | | | |
| Profit per share attributable to the equity holders of the Parent (in UAE fils) | 15 | 12.2 | 0.2 |
| Earnings per share for continuing operations: | | | |
| Basic and diluted | | | |
| Profit per share from continuing operations attributable to the equity holders of the Parent (in UAE fils) | 15 | 1.9 | 1.3 |

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2025 (unaudited)

| | | <i>Three months ended 31 March</i> | |
|--|-------------|--|----------------------------------|
| | | <i>2025 AED millions</i> | <i>2024 AED millions</i> |
| | <i>Note</i> | | |
| Profit for the period | | 141.1 | 1.6 |
| Other comprehensive income | | | |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of taxes):</i> | | | |
| Currency translation differences | | (0.3) | (29.1) |
| Hyperinflation adjustment relating to discontinued operations | 21 | 1.9 | 2.2 |
| (Loss)/gain on cash flow hedge | | (4.0) | 2.8 |
| Reclassification adjustment to statement of profit or loss | | 0.4 | (0.4) |
| Total other comprehensive loss | | (2.0) | (24.5) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | | 139.1 | (22.9) |
| Total comprehensive income/(loss) attributable to: | | | |
| Equity holders of the Parent | | 138.6 | (23.6) |
| Non-controlling interests | | 0.5 | 0.7 |
| | | 139.1 | (22.9) |

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025 (unaudited)

| | Notes | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|--|-------|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 252.3 | 255.6 |
| Right of use assets | | 59.0 | 58.4 |
| Intangible assets | | 81.2 | 81.3 |
| Deferred tax asset | | 0.8 | 0.8 |
| Financial asset at fair value through other comprehensive income | 9 | 0.2 | 0.2 |
| Derivative financial instrument | | 8.8 | 12.7 |
| | | 402.3 | 409.0 |
| Current assets | | | |
| Inventories | 7 | 405.9 | 413.7 |
| Financial assets at fair value through profit or loss | 8 | 21.3 | 21.3 |
| Trade and other receivables | 10 | 675.3 | 925.1 |
| Restricted cash | 22 | 36.0 | 76.2 |
| Bank balances and cash | 11 | 462.6 | 147.3 |
| | | 1,601.1 | 1,583.6 |
| Assets held for sale | 6(e) | 28.0 | 448.4 |
| | | 1,629.1 | 2,032.0 |
| TOTAL ASSETS | | 2,031.4 | 2,441.0 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 12 | 1,155.3 | 1,155.3 |
| Statutory reserve | 13 | 185.5 | 185.5 |
| Foreign currency translation reserve | | (240.4) | (241.7) |
| Cash flow hedge reserve | | 8.5 | 12.1 |
| Fair value reserve | | (7.1) | (7.1) |
| Accumulated losses | | (164.1) | (305.0) |
| Equity attributable to shareholders of the Parent | | 937.7 | 799.1 |
| Non-controlling interest | | 11.0 | 10.5 |
| Total equity | | 948.7 | 809.6 |
| Non-current liabilities | | | |
| Provision for employees' end of service benefits | | 74.7 | 76.3 |
| Bank borrowings | 14 | 428.9 | 612.5 |
| Deferred tax liability | | 7.6 | 8.3 |
| Lease liabilities | | 42.4 | 42.2 |
| | | 553.6 | 739.3 |
| Current liabilities | | | |
| Trade payables and accruals | | 376.5 | 398.7 |
| Income tax and zakat payable | | 31.7 | 5.2 |
| Bank borrowings | 14 | 101.0 | 300.6 |
| Lease liabilities | | 16.4 | 15.7 |
| | | 525.6 | 720.2 |
| Liabilities directly associated with the assets held for sale | 6(e) | 3.5 | 171.9 |
| | | 529.1 | 892.1 |
| Total liabilities | | 1,082.7 | 1,631.4 |
| TOTAL EQUITY AND LIABILITIES | | 2,031.4 | 2,441.0 |

Sh Saqer Humaid Al Qasimi
Chairman

Mr. Basel Nimer Ali Ziyadeh
Chief Executive Officer

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2025 (unaudited)

| | <i>Attributable to the equity holders of the Parent</i> | | | | | | | <i>Non-controlling interest AED millions</i> | <i>Total equity AED millions</i> |
|---|---|---|--|---|--|--|-----------------------------------|--|--|
| | <i>Share capital AED millions</i> | <i>Statutory reserve AED millions</i> | <i>Foreign currency translation reserve AED millions</i> | <i>Cash flow hedge reserve AED millions</i> | <i>Fair value reserve AED millions</i> | <i>Accumulated losses AED millions</i> | <i>Total AED millions</i> | | |
| As at 1 January 2025 (audited) | 1,155.3 | 185.5 | (241.7) | 12.1 | (7.1) | (305.0) | 799.1 | 10.5 | 809.6 |
| Profit for the period | - | - | - | - | - | 140.9 | 140.9 | 0.2 | 141.1 |
| Other comprehensive income/(loss) for the period | - | - | 1.3 | (3.6) | - | - | (2.3) | 0.3 | (2.0) |
| Total comprehensive income/(loss) for the period | - | - | 1.3 | (3.6) | - | 140.9 | 138.6 | 0.5 | 139.1 |
| As at 31 March 2025 (unaudited) | 1,155.3 | 185.5 | (240.4) | 8.5 | (7.1) | (164.1) | 937.7 | 11.0 | 948.7 |
| As at 1 January 2024 (audited) | 1,155.3 | 185.5 | (212.5) | 19.6 | (7.0) | (346.7) | 794.2 | 12.0 | 806.2 |
| Profit/(loss) for the period | - | - | - | - | - | 1.9 | 1.9 | (0.3) | 1.6 |
| Other comprehensive (loss)/ income for the period | - | - | (27.9) | 2.4 | - | - | (25.5) | 1.0 | (24.5) |
| Total comprehensive (loss)/ income for the period | - | - | (27.9) | 2.4 | - | 1.9 | (23.6) | 0.7 | (22.9) |
| As at 31 March 2024 (unaudited) | 1,155.3 | 185.5 | (240.4) | 22.0 | (7.0) | (344.8) | 770.6 | 12.7 | 783.3 |

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

Gulf Pharmaceutical Industries P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 31 March 2025 (unaudited)

| | | <i>Three months ended 31 March</i> | |
|--|--------------|--|----------------------------------|
| | | <i>2025 AED millions</i> | <i>2024 AED millions</i> |
| | <i>Notes</i> | | |
| OPERATING ACTIVITIES | | | |
| Profit before tax for the period from continuing operations | | 23.6 | 15.3 |
| Profit/(loss) before tax for the period from discontinued operations | 6 | 145.4 | (12.4) |
| Profit before tax for the period | | 169.0 | 2.9 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 5 | 9.6 | 19.7 |
| Depreciation of right of use assets | | 4.3 | 11.6 |
| Amortisation of intangible assets | | 1.6 | 4.5 |
| Provision for on inventory obsolescence | 7(a) | 12.8 | 13.2 |
| Allowance for expected credit loss on receivables | 10(a) | 1.5 | 1.4 |
| Provision for employees' end of service benefits | | 2.6 | 3.0 |
| Hyperinflation adjustment | | 0.3 | 0.7 |
| Gain on disposal of a subsidiary, excluding tax | 6(c) | (144.4) | - |
| Finance income | | (2.5) | (1.5) |
| Finance costs | | 15.2 | 16.7 |
| | | 70.0 | 72.2 |
| Changes in working capital | | | |
| Trade and other receivables | | (80.8) | (36.5) |
| Inventories | | (6.9) | (28.5) |
| Trade payables and accruals | | 21.3 | 75.1 |
| Cash flows (used in)/from operations | | 3.6 | 82.3 |
| Employees' end of service benefits paid | | (4.2) | (4.6) |
| Income tax and zakat paid | | (1.9) | - |
| Net cash flows (used in)/from operating activities | | (2.5) | 77.7 |
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | 5(a) | (7.2) | (19.9) |
| Proceeds from disposal of property, plant and equipment | | 0.1 | 0.1 |
| Purchase of intangible assets | | (1.7) | (6.7) |
| Proceeds from disposal of subsidiaries | | 722.3 | - |
| Deposits having maturities after three months and less than one year | | 31.6 | - |
| Finance income received | | 1.3 | 1.5 |
| Net cash flows from/(used in) investing activities | | 746.4 | (25.0) |
| FINANCING ACTIVITIES | | | |
| (Repayment)/utilization of bank overdraft and trust receipts facility, net | 14(c) | (47.1) | 6.6 |
| Repayment of bank borrowings | 14(c) | (336.1) | (22.5) |
| Repayment of lease liabilities | | (4.6) | (12.6) |
| Interest paid | | (18.1) | (16.1) |
| Net cash flows used in financing activities | | (405.9) | (44.6) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 338.0 | 8.1 |
| Currency translation differences | | (1.3) | (25.1) |
| Cash and cash equivalents at the beginning of the period | | 122.7 | 253.2 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 11(a) | 459.4 | 236.2 |

The attached notes 1 to 23 form an integral part of these interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

1. ACTIVITIES

Gulf Pharmaceutical Industries P.S.C is a public shareholding company (the “Company” or “Parent Company”) domiciled in Digdaga - Ras Al Khaimah having registration no. 251. It was incorporated by the Emiri decree No.5/80 issued by H.H. The Ruler of the Emirate of Ras Al Khaimah and its dependencies on 30 March 1980 and the Emiri decree No.9/80 on 4 May 1980.

The Company’s registered office address is P.O. Box. 997 Ras Al Khaimah, United Arab Emirates (UAE). The Company commenced its commercial activities effective from November 1984. The Company’s ordinary shares are listed on the Abu Dhabi Securities Exchange.

The principal activities of the Company and its subsidiaries (the “Group” or “Julphar”) are the manufacturing and selling of medicines, drugs and various other types of pharmaceutical and medical compounds in addition to cosmetic compounds.

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2025 was authorised for issue in accordance with the resolution of the Board of Directors on 14 May 2025.

The Company has the following subsidiaries:

| Serial No. | Name of subsidiary | Country of incorporation | Percentage of ownership | | Subsidiary activity |
|---------------------|--|--------------------------|---------------------------|----------------------------|--|
| | | | 31 March 2025 (unaudited) | 31 December 2024 (audited) | |
| Direct subsidiaries | | | | | |
| 1. | Mena Cool Transportation F.Z.E. | United Arab Emirates | 100% | 100% | Transportation |
| 2. | Julphar Pharmaceuticals P.L.C. (note (b)) | Ethiopia | 55% | 55% | Manufacturing medicines |
| 3. | Julphar SES L.L.C. (note (a)) | Egypt | 99.8% | 99.8% | General trading |
| 4. | Julphar Company for Trading and Distribution L.L.C. (note (a)) | Egypt | 99.8% | 99.8% | General trading |
| 5. | Mena Cool Machinery Trading (note (a)) | United Arab Emirates | 100% | 100% | General trading |
| 6. | Julphar Life L.L.C. (note (a)) | United Arab Emirates | 100% | 100% | General trading |
| 7. | Julphar Tunisie (note (a)) | Tunisia | 99% | 99% | Distributor of Julphar’s products in Tunisia |
| 8. | Julphar Gulf Pharmaceuticals Kenya Limited (note (a)) | Kenya | 100% | 100% | Distributor of Julphar's products in Kenya |
| 9. | Planet Pharmacies L.L.C | United Arab Emirates | 100% | 100% | Distribution, wholesale and retail trading of medicines and cosmetic products. |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

1. ACTIVITIES (continued)

| Serial No. | Name of subsidiary | Country of incorporation | Percentage of ownership | | Name of subsidiary |
|---|--|--------------------------|---------------------------|----------------------------|--|
| | | | 31 March 2025 (unaudited) | 31 December 2024 (audited) | |
| Indirect subsidiaries | | | | | |
| Subsidiary of Mena Cool Machinery Trading | | | | | |
| 1. | Julphar General Trading L.L.C. (note (a) and note (c)) | United Arab Emirates | 100% | 100% | General trading |
| Subsidiary of Julphar Company for Trading and Distribution L.L.C. | | | | | |
| 1. | Julphar Egypt Company L.L.C. | Egypt | 100% | 100% | Distributors of Julphar’s products in Egypt |
| Subsidiary of Julphar Egypt Company L.L.C. | | | | | |
| 1. | Julphar Plus (note (a) and (c)) | Egypt | 100% | 100% | Manufacturing and distribution of medicines |
| Subsidiaries of Planet Pharmacies L.L.C. | | | | | |
| 1. | Julphar Drug Store Sharjah | United Arab Emirates | 100% | 100% | Trading in medicines and medical equipment |
| 2. | Julphar Drug Store LLC (Abu Dhabi) | United Arab Emirates | 100% | 100% | Trading in medicines and medical equipment |
| 3. | Awafi Drug Store | United Arab Emirates | 100% | 100% | Trading in medicines and medical equipment |
| 4. | Julphar Healthy Services | United Arab Emirates | 100% | 100% | Facilities management services, health treatment undertaking services and hospitals management |
| 5. | Health First Investment LLC | United Arab Emirates | 100% | 100% | Investment in commercial, industrial, and healthcare enterprises and their management. |
| 6. | Health First Pharmacy LLC (Abu Dhabi) | United Arab Emirates | 100% | 100% | Trading in medicines and medical equipment |
| 7. | Kawakeb Al Saydaliyat Company LLC | Kingdom of Saudi Arabia | 100% | 100% | Trading in medicines and medical equipment |
| 8. | Planet Pharmacies LLC | Sultanate of Oman | 100% | 100% | Trading in medicines and medical equipment |
| 9. | Future Medical Co. Ltd | Kingdom of Saudi Arabia | - | 100% | Trading in medicines and medical equipment |
| Subsidiaries of Julphar Healthy Services | | | | | |
| 1. | Scientific Pharmacy LLC | Sultanate of Oman | 100% | 100% | Trading in medicines and medical equipment |
| Subsidiary of Kawakeb Al Saydaliyat Company LLC | | | | | |
| 1. | Zahrat Al Rawdah Pharmacies Limited Liability Company (note (d)) | Kingdom of Saudi Arabia | - | 100% | Retail and wholesale trading in medicines and cosmetics |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

1. ACTIVITIES (continued)

| Serial No. | Name of subsidiary | Country of incorporation | Percentage of ownership | | Subsidiary activity |
|---------------|--------------------|-----------------------------|---------------------------------|----------------------------------|---------------------|
| | | | 31 March 2025 (unaudited) | 31 December 2024 (audited) | |

Indirect subsidiaries (continued)

Subsidiary of Health First Investment LLC

| | | | | | |
|----|------------------------------------|-------------------------|------|------|---|
| 1. | Health First Pharmacy (Sharjah) | United Arab Emirates | 100% | 100% | Retail and wholesale trading in medicines and cosmetics |
|----|------------------------------------|-------------------------|------|------|---|

- a) These subsidiaries are not operational, and the financial results are immaterial to the overall consolidated financial statements of the Group.
- b) During the year ended 31 December 2024, the Board of Directors of the Group has renewed its intention to sell this subsidiary and thus as of 31 March 2025, management has classified the subsidiary as a disposal group held for sale (note 6). As of the reporting date, the sale of the subsidiary has not been completed and the sale is expected to be completed during the current year.
- c) Certain % of the Group's ownership stake in these entities is held through beneficial ownership arrangement with the legal owner.
- d) During the year ended 31 December 2024, the Board of Directors of the Company decided to divest its holding in Zahrat Al Rawdah Pharmacies Limited Liability Company ("Zahrat") through a Share Purchase Agreement ("SPA") dated 31 October 2024. The sale was completed on 16 February 2025. The results of Zahrat have been presented as discontinued operations (note 6(c)).

2. BASIS OF PREPARATION AND CHANGES TO THE MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three months ended 31 March 2025 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

In addition, results for the three months ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is also the functional currency of the Company, and all values are rounded to the nearest million except where otherwise indicated.

The interim condensed consolidated financial statements have been prepared on a historical cost basis except for financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and derivative financial instruments measured at fair value (note 18).

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of new standards effective as of 1 January 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment, Lack of exchangeability – Amendments to IAS 21, applies for the first time in 2025, but does not have a material impact on the interim condensed consolidated financial statements of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

2. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual consolidated financial statements for the year ended 31 December 2024.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS

3.1 Disaggregated revenue information

| | <i>Three months ended 31 March</i> | |
|---|--|--|
| | <i>2025 AED millions (unaudited)</i> | <i>2024 AED millions (unaudited)</i> |
| Gross sales | 416.3 | 454.5 |
| Less: commissions | (16.6) | (14.0) |
| Net sales | 399.7 | 440.5 |
| Less: net sales relating to discontinued operations (note 6(d)) | (40.5) | (103.7) |
| | 359.2 | 336.8 |

The Group derives its revenue from sale of medicines, drugs and various other types of pharmaceuticals and medical compounds in addition to cosmetic compounds. The revenue is recognised on the basis of "point in time" revenue recognition criteria. The geographical split of gross revenue is as follows:

| | <i>Three months ended 31 March</i> | |
|---|--|--|
| | <i>2025 AED millions (unaudited)</i> | <i>2024 AED millions (unaudited)</i> |
| Geographic information | | |
| UAE | 142.0 | 145.5 |
| Other GCC countries | 170.4 | 220.5 |
| Other countries | 87.3 | 74.5 |
| | 399.7 | 440.5 |
| Less: net sales relating to discontinued operations (note 6(d)) | (40.5) | (103.7) |
| | 359.2 | 336.8 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

3. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)**3.2 Contract balances**

| | <i>31 March 2025 AED millions (unaudited)</i> | <i>31 December 2024 AED millions (audited)</i> |
|-----------------------------|---|--|
| Contract assets | | |
| Trade receivables (note 10) | 615.8 | 565.7 |
| Contract liabilities | | |
| Refund liabilities | 47.0 | 56.7 |
| Rebate and accruals | 19.2 | 18.7 |
| Advances from customers | 1.6 | 1.6 |
| Commissions payable | 20.4 | 22.2 |
| | 88.2 | 99.2 |

3.3 Performance obligations

The performance obligation on sales of goods is satisfied upon delivery and payment is generally due within 6 to 12 months from delivery (31 March 2024: 6 to 12 months from delivery) distribution sales and immediately on delivery (31 March 2024: immediately on delivery) for retail sales.

The Group generally grants its customers the right of return within a period of 14 days from the date of purchase only for non-medicine items in retail sales. However, the Group does not record a provision for sales returns in retail sales as these returns are insignificant to overall consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

- a) Property, plant and equipment additions during the current period amounted to AED 6.4 million (31 March 2024: AED 19.9 million).
- b) Depreciation charges for the current period amounted to AED 9.6 million (31 March 2024: AED 19.7 million).
- c) Certain property, plant and equipment of the Group are mortgaged against bank facilities (note 14).
- d) The factory and its related buildings of the Parent Company are constructed on plots of land amounting to AED 3.7 million (31 December 2024: AED 3.7 million) which are owned by the Government of Ras Al Khaimah.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

5. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS**a) Julphar Pharmaceuticals P.L.C.**

During the year ended 31 December 2021, the Board of Directors of the Company decided to sell Julphar Pharmaceuticals P.L.C. (“Julphar Ethiopia”). As at 31 December 2024, the Board of Directors has renewed its intention to sell Julphar Ethiopia. Accordingly, Julphar Ethiopia has been classified as a disposal group held for sale and as a discontinued operation.

With Julphar Ethiopia being classified as a discontinued operation, the results of Julphar Ethiopia have not been presented in the segment information (note 17). There was no write-down of carrying amount immediately before and after the classification of the disposal group as held for sale.

The net cash flows used in Julphar Ethiopia are as follows:

| | <i>Three months ended 31 March</i> | |
|------------------|--|--------------------|
| | <i>2025</i> | <i>2024</i> |
| | <i>AED</i> | <i>AED</i> |
| | <i>millions</i> | <i>millions</i> |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Operating | (1.2) | (0.7) |
| Investing | (0.8) | - |
| Net cash outflow | <u>(2.0)</u> | <u>(0.7)</u> |

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 15.

b) Diabtec L.L.C.

During the year ended 31 December 2024, the Board of Directors of the Company decided to sell Diabtec LLC. (“Diabtec”), a wholly owned subsidiary. The Company entered into a Sale and Purchase Agreement (“SPA”) dated on 14 March 2024. All the legal formalities related to the divestment were fulfilled and the sale of Diabtec was completed during the year ended 31 December 2024. Accordingly, a gain of AED 37.6 million was recorded by the Group on derecognition as at 31 December 2024. The proceeds from disposal have been received during the three months ended 31 March 2025.

With Diabtec being classified as a discontinued operation, the results of Diabtec have not been presented in the segment information (note 17). The comparative consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Diabtec separately from continuing operations.

There were no cash flows from Diabtec, as the company did not have any operations.

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 15.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

5. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**c) Zahrat Al Rawdah Pharmacies Limited Liability Company**

During the year ended 31 December 2024, the Board of Directors of the Company decided to sell Zahrat Al Rawdah Pharmacies Limited Liability Company ("Zahrat"), a wholly owned subsidiary. The Company entered into a Sale and Purchase Agreement ("SPA") on 31 October 2024. The legal formalities related to the divestment have been completed on 16 February 2025. Accordingly, a gain net of transaction cost and tax, of AED 118.7 million was recorded by the Group on derecognition during the period ended 31 March 2025. Accordingly, the Zahrat has been classified as a disposal group held for sale and as a discontinued operation as at 31 March 2025. The proceeds from disposal have been received during the three months ended 31 March 2025 (note 14).

With Zahrat being classified as a discontinued operation, the results of Zahrat have not been presented in the segment information (note 17). The comparative interim condensed consolidated statement of comprehensive income of the Group has been represented to show the discontinued operation of Zahrat separately from continuing operations in 2025 and 2024.

The net cash flows used in Zahrat are as follows:

| | <i>Three months ended 31 March</i> | |
|------------------|---|--|
| | <i>2025 AED millions (unaudited)*</i> | <i>2024 AED millions (unaudited)</i> |
| Operating | 6.7 | 5.4 |
| Investing | (9.4) | (1.9) |
| Financing | (3.7) | (7.1) |
| Net cash outflow | (6.4) | (3.6) |

Basic and diluted loss per share

Basic and diluted loss per share is disclosed in note 15.

**Represents activity for one-month period ended 31 January 2025 prior to the completion of the sale on 16 February 2025. There are no other activities that transpired between 1 to 16 February 2025.*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

6. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)**d)** The results of the discontinued operation for the three months ended 31 March are presented below:

| | <i>Three months ended 31 March 2025</i> | | | <i>Three months ended 31 March 2024</i> | | | |
|--|--|---|-----------------------------------|--|--|--|-----------------------------------|
| | <i>Julphar Pharmaceuticals P.L.C. AED millions</i> | <i>Zahrat Al Rawdah Pharmacies L.L.C.* AED millions</i> | <i>Total AED millions</i> | <i>Julphar Pharmaceuticals P.L.C. AED millions</i> | <i>Diabtec L.L.C. AED millions</i> | <i>Zahrat Al Rawdah Pharmacies L.L.C. AED millions</i> | <i>Total AED millions</i> |
| Revenue from contracts with customers | 1.5 | 39.0 | 40.5 | 1.4 | - | 102.3 | 103.7 |
| Cost of revenue | (0.9) | (29.4) | (30.3) | (1.0) | (7.3) | (72.7) | (81.0) |
| Gross profit/(loss) | 0.6 | 9.6 | 10.2 | 0.4 | (7.3) | 29.6 | 22.7 |
| Other income | - | 0.1 | 0.1 | - | - | 2.2 | 2.2 |
| Selling and distribution expenses | - | (5.2) | (5.2) | - | - | (17.0) | (17.0) |
| General and administrative expenses | (0.1) | (2.9) | (3.0) | (0.3) | - | (18.6) | (18.9) |
| Operating profit/(loss) | 0.5 | 1.6 | 2.1 | 0.1 | (7.3) | (3.8) | (11.0) |
| Finance income | - | - | - | - | - | 0.4 | 0.4 |
| Finance costs | - | (0.8) | (0.8) | - | - | (1.1) | (1.1) |
| Hyperinflation adjustment on net monetary position (note 21) | (0.3) | - | (0.3) | (0.7) | - | - | (0.7) |
| Profit/(loss) before tax for the period | 0.2 | 0.8 | 1.0 | (0.6) | (7.3) | (4.5) | (12.4) |
| Income tax and zakat | (0.1) | (0.2) | (0.3) | - | - | (0.5) | (0.5) |
| PROFIT/(LOSS) FOR THE PERIOD | 0.1 | 0.6 | 0.7 | (0.6) | (7.3) | (5.0) | (12.9) |
| Other comprehensive income | | | | | | | |
| Hyperinflation adjustment (note 21) | 1.9 | - | 1.9 | 2.2 | - | - | 2.2 |
| Currency translation differences | (0.9) | - | (0.9) | - | - | - | - |
| Total other comprehensive income | 1.0 | - | 1.0 | 2.2 | - | - | 2.2 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD | 1.1 | 0.6 | 1.7 | 1.6 | (7.3) | (5.0) | (10.7) |

*Represents activity for one-month period ended 31 January 2025 prior to the completion of the sale on 16 February 2025. There are no other activities that transpired between 1 to 16 February 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

6. DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS (continued)

d) The results of the discontinued operation for the three months ended 31 March are presented below (continued):

| | <i>Three months ended 31 March 2025</i> | | | <i>Three months ended 31 March 2024</i> | | | |
|--|--|--|-----------------------------------|--|--|--|-----------------------------------|
| | <i>Julphar Pharmaceuticals P.L.C. AED millions</i> | <i>Zahrat Al Rawdah Pharmacies L.L.C. AED millions</i> | <i>Total AED millions</i> | <i>Julphar Pharmaceuticals P.L.C. AED millions</i> | <i>Diabtec L.L.C. AED millions</i> | <i>Zahrat Al Rawdah Pharmacies L.L.C. AED millions</i> | <i>Total AED millions</i> |
| Profit/(loss) attributable to: | | | | | | | |
| Equity holders of the Parent | 0.1 | 0.6 | 0.7 | (0.3) | (7.3) | (5.0) | (12.6) |
| Non-controlling interests | - | - | - | (0.3) | - | - | (0.3) |
| | <u>0.1</u> | <u>0.6</u> | <u>0.7</u> | <u>(0.6)</u> | <u>(7.3)</u> | <u>(5.0)</u> | <u>(12.9)</u> |
| Total comprehensive (loss)/income attributable to: | | | | | | | |
| Equity holders of the Parent | 0.6 | 0.6 | 1.2 | 0.9 | (7.3) | (5.0) | (11.4) |
| Non-controlling interests | 0.5 | - | 0.5 | 0.7 | - | - | 0.7 |
| | <u>1.1</u> | <u>0.6</u> | <u>1.7</u> | <u>1.6</u> | <u>(7.3)</u> | <u>(5.0)</u> | <u>(10.7)</u> |

e) The major classes of assets and liabilities of the disposal group classified as held for sale as at the period/year are as follows:

| | <i>31 March 2025</i> | <i>31 December 2024</i> | | |
|--|--|---|---|---|
| | <i>Julphar Pharmaceuticals P.L.C. AED millions (unaudited)</i> | <i>Zahrat Julphar Pharmaceuticals P.L.C. AED millions (audited)</i> | <i>Al Rawdah Pharmacies L.L.C. AED millions (audited)</i> | <i>Total AED millions (audited)</i> |
| ASSETS | | | | |
| Property, plant and equipment | 10.4 | 9.1 | 22.9 | 32.0 |
| Right of use assets | - | - | 127.7 | 127.7 |
| Intangible assets | - | - | 53.4 | 53.4 |
| Inventories | 13.1 | 11.2 | 161.4 | 172.6 |
| Trade and other receivables | 1.1 | 1.3 | 47.8 | 49.1 |
| Bank balances and cash | 3.4 | 5.7 | 7.9 | 13.6 |
| Assets held for sale | <u>28.0</u> | <u>27.3</u> | <u>421.1</u> | <u>448.4</u> |
| LIABILITIES | | | | |
| Provision for employees' end of service benefits | - | - | 13.1 | 13.1 |
| Lease liabilities | - | - | 114.9 | 114.9 |
| Trade payables and accruals | 3.4 | 3.4 | 33.0 | 36.4 |
| Income tax and zakat payable | 0.1 | 0.5 | 7.0 | 7.5 |
| Liabilities directly associated with assets held for sale | <u>3.5</u> | <u>3.9</u> | <u>168.0</u> | <u>171.9</u> |
| Net assets directly associated with assets held for sale | <u>24.5</u> | <u>23.4</u> | <u>253.1</u> | <u>276.5</u> |
| Less: net assets attributable to non-controlling interests | (11.0) | (10.5) | - | (10.5) |
| Group's share of net assets directly associated with disposal group | <u>13.5</u> | <u>12.9</u> | <u>253.1</u> | <u>266.0</u> |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

6. INVENTORIES

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|--|---|--|
| Raw materials | 91.0 | 92.6 |
| Packing materials | 53.1 | 50.2 |
| Work-in-progress | 11.8 | 9.1 |
| Finished goods | 260.2 | 461.3 |
| Goods in transit | 26.8 | 12.5 |
| Consumables | 21.5 | 23.3 |
| Spare parts | 35.5 | 34.3 |
| | 499.9 | 683.3 |
| Less: provision for stock losses (note (a)) | (80.9) | (97.0) |
| | 419.0 | 586.3 |
| Less: inventories attributable to assets held for sale (note 6(e)) | (13.1) | (172.6) |
| | 405.9 | 413.7 |

a) The movement in the Group's provision for stock losses is as follows:

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Balance at the beginning of the period/year | 97.0 | 60.7 |
| Charge during the period/year | 12.8 | 76.4 |
| Derecognized on disposal of a subsidiary | (23.1) | (40.1) |
| Written-off during the period/year | (5.8) | - |
| | 80.9 | 97.0 |

7. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial asset at fair value through profit or loss is denominated in AED and is held for trading in the UAE market amounting to AED 21.3 million (31 December 2024: AED 21.3 million).

Movements in financial asset at fair value through profit and loss are as follows:

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Balance at the beginning and end of the period/year | 21.3 | 20.5 |
| Unrealized gain on revaluation for the period/year | - | 0.8 |
| | 21.3 | 21.3 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

8. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Investment in unquoted equity security represents investment in an entity which is engaged in manufacturing of packing materials. The Group has 7.25% equity investment in the entity. Management has performed a valuation and recorded the investment at fair value. Fair value less costs of disposal has been computed using dividend growth model (31 December 2024: dividend growth model). They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (note 18).

9. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|--|---|--|
| Fair value of financial assets at FVTOCI | 0.2 | 0.2 |

Movements in fair value of financial asset at FVTOCI during the period/year are as follows:

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Balance at the beginning and end of the period/year | 0.2 | 0.3 |
| Unrealized loss on revaluation for the period/year | - | (0.1) |
| | 0.2 | 0.2 |

As at 31 March 2025, the Group recognized a negative fair value reserve of AED 7.1 million (31 December 2024: negative fair value reserve of AED 7.1 million).

Investment in quoted equity security represents investment in an entity which is engaged in development of innovative medicines to combat cardiovascular diseases. The Group holds non-controlling interests of 2.2% in the entity. The investment was irrevocably designated at fair value through OCI as the Group considers the investment to be strategic in nature. They are classified as level 1 fair values in the fair value hierarchy (note 18).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

10. TRADE AND OTHER RECEIVABLES

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|--|---|--|
| Trade receivables | 765.0 | 718.5 |
| Less: provision for expected credit losses (note (a)) | (149.2) | (152.8) |
| | 615.8 | 565.7 |
| Advances to suppliers | 22.3 | 25.8 |
| Receivable from divestment of a subsidiary (note 6(b)) | - | 330.5 |
| Prepayments | 8.5 | 14.1 |
| Rebates, commission and discount receivable from suppliers | 3.4 | 3.3 |
| Value added tax receivable | 8.9 | 17.9 |
| Other receivables | 17.5 | 16.9 |
| | 676.4 | 974.2 |
| Less: trade and other receivables attributable to assets held for sale (note 6(e)) | (1.1) | (49.1) |
| | 675.3 | 925.1 |

a) Movement in the provision for expected credit losses during the period/year was as follows:

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Balance at the beginning of the period/year | 152.8 | 180.1 |
| Charge for the period/year | 1.5 | 9.4 |
| Written off during the period/year | - | (36.7) |
| Derecognized on disposal of subsidiary | (5.1) | - |
| | 149.2 | 152.8 |

11. BANK BALANCES AND CASH

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Current accounts | 119.9 | 120.1 |
| Short term bank deposits | 344.3 | 38.2 |
| Cash in hand | 1.8 | 2.6 |
| | 466.0 | 160.9 |
| Less: cash and bank balances attributable to assets held for sale (note 6(e)) | (3.4) | (13.6) |
| Bank balances and cash | 462.6 | 147.3 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

11. BANK BALANCES AND CASH (continued)

- a) For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents comprise the following at period/year end:

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| Current accounts | 119.9 | 120.1 |
| Short term bank deposits | 344.3 | 38.2 |
| Cash in hand | 1.8 | 2.6 |
| | 466.0 | 160.9 |
| Less: term deposits having maturities after three months and less than one year | (6.6) | (38.2) |
| Cash and cash equivalents | 459.4 | 122.7 |

12. SHARE CAPITAL

| | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|---|---|--|
| <i>Authorised, issued and fully paid</i> | | |
| 1,155,227,811 ordinary shares (31 December 2024:1,155,227,811 ordinary shares) at par value of AED 1 each | 1,155.3 | 1,155.3 |

13. STATUTORY RESERVE

In accordance with United Arab Emirates Federal Commercial Companies Law No. 32 of 2021, the Parent Company has established a statutory reserve by appropriation of 10% of profit for each year. As the Company had accumulated losses as at 31 March 2025, therefore, no additional appropriation has been made in the statutory reserve. This reserve is not available for distribution except in the circumstances stipulated by the law. The Parent Company will reassess by year end whether transfers will be made based on the annual results for the year ended 31 December 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

14. BANK BORROWINGS

| | | | 31 March 2025 AED millions (unaudited) | 31 December 2024 AED millions (audited) |
|--|-------------------------|-----------------|---|--|
| | <i>Interest rate(%)</i> | <i>Maturity</i> | | |
| Current interest bearing loans and borrowings | | | | |
| Bank overdraft and trust receipts | 3m EIBOR+2.0% | On demand | 101.0 | 148.1 |
| Term loans – current portion | 3m EIBOR+2.5% | Within 1 year | - | 152.5 |
| | | | 101.0 | 300.6 |
| Non-current interest bearing loans and borrowings | | | | |
| Term loan | 3m EIBOR+2.5% | 28 April 2030 | 428.9 | 612.5 |
| Total interest-bearing bank borrowings | | | 529.9 | 913.1 |

- a) During the year 2021, the Parent Company entered into a syndicated loan arrangement with a consortium of local banks for a syndicated facility which comprises of Ijarah Term Loan Facility of AED 180 million (31 December 2024: AED 180 million), Conventional Working Capital Finance Facility of AED 260 million (31 December 2024: AED 260 million) and Conventional Term Loan Facility of AED 720 million (31 December 2024: AED 720 million) with total facility size of AED 1.16 billion (31 December 2024: AED 1.16 billion). As of the reporting date, the Company had an undrawn facility of AED 109.0 million (31 December 2024: AED 61.9 million).

The drawdown term loan of AED 900 million (AED 180 million from Ijarah Facility and AED 720 million from Conventional Facility) as of the reporting date is payable in quarterly instalments which has started from 30 July 2023. Further, during the year 2024, on 29 April 2024, an approved deferment of loan repayment was received from the local banks regarding the Parent Company's syndicated loan wherein 2024 quarterly loan repayments of April, July and October 2024 were deferred and were paid on 31 December 2024. The deferment of loan repayment did not qualify as a loan modification as per the requirements of IFRS 9 and no modification gain/loss was recorded as the amount was immaterial to the consolidated financial statements.

During the year 2024 on the divestment of Diabtec LLC (note 6(b)), the Parent Company has agreed with the banks to prepay the Ijarah Term Loan and Conventional Term Loan Facilities in an aggregate amount equal to AED 152.5 million in the manner specified below:

- AED 90.0 million against prepayment in full of quarterly instalments of 2025.
- AED 62.5 million on a pro rata basis against partial prepayment of the balance of the Term Facilities outstanding on the Termination Date.

During the three months ended 31 March 2025 on the divestment of Zahrat Al Rawdah Pharmacies Limited Liability Company ("Zahrat") (note 6(c)), the Parent Company had agreed with the banks to prepay the Ijarah Term Loan and Conventional Term Loan Facilities in an aggregate amount equal to AED 183.6 million in the manner specified below:

- AED 90.0 million against prepayment in full of quarterly instalments of 2026.
- AED 93.6 million on a pro rata basis against partial prepayment of the balance of the Term Facilities outstanding on the Termination Date.

During the three months ended 31 March 2025, the amount of AED 336.1 million has been prepaid to the banks as per the agreed terms following the collection of divestment proceeds in relation to Diabtec LLC and Zahrat. The early loan repayment did not qualify as a loan modification as per the requirements of IFRS 9 and no modification gain/loss was recorded as the amount was immaterial to the consolidated financial statements.

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At 31 March 2025 (unaudited)

14. BANK BORROWINGS (continued)

The Group has obtained AED 1.16 billion banking facilities against the following securities:

- Negative pledge over all assets except or otherwise specified as permitted assets.
- Assignment of insurance policy over its business and assets (including Secured Assets and the assets that represent Ijara Assets from time to time).
- Assignment of receivables of key customers up to 75% and undertaking to route them annually through Obligor's collection account with the Bank.
- General Mortgage over Property, Plant & Equipment and Inventory.
- Corporate guarantee of a subsidiary

The Group's syndicated loan agreement is subject to covenant clauses, whereby the Company is required to meet certain key financial ratios on an annual basis as below:

- Finance service ratio of less than 1.05
- Minimum equity of AED 850 million
- Debt to equity ratio of less than 1.75

The Group was not in compliance with such covenants at 31 December 2024. However, the Group obtained the approval from the Financiers for the waiver of covenant compliance for the year ended 31 December 2024. The Group is required to perform the next covenants compliance testing as on 31 December 2025.

- b) Bank overdraft and trust receipts are repayable on demand/agreed payment dates. In general, such banking facilities are renewable on a regular basis. Both of these facilities were obtained as part of the AED 1.16 billion facility. Interest on overdrafts are computed and added to the account on a monthly basis.
- c) Movement in bank borrowings was as follows:

| | <i>31 March 2025 AED millions (unaudited)</i> | <i>31 December 2024 AED millions (audited)</i> |
|--|--|---|
| At the beginning of the period/year | 913.1 | 980.4 |
| Loans repaid during the period/year | (336.1) | (90.0) |
| (Repayment)/utilization of bank overdraft and trust receipts facility, net | (47.1) | 22.7 |
| At the end of the period/year | 529.9 | 913.1 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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15. BASIC PROFIT/(LOSS) PER SHARE (EPS)

- a) Basic EPS is calculated by dividing the profit/(loss) for the period attributable to equity holders of the Parent by the weighted average number of outstanding shares during the period.

| | <i>Three months ended 31 March</i> | |
|--|--|--|
| | <i>2025 AED millions (unaudited)</i> | <i>2024 AED millions (unaudited)</i> |
| Profit/(loss) for the period attributable to the equity shareholders of the Parent: | | |
| Continuing operations | 21.5 | 14.5 |
| Discontinued operations (note 6) | 119.4 | (12.6) |
| Profit for the period attributable to the equity holders of the Parent | 140.9 | 1.9 |
| Weighted average number of shares | 1,155.3 | 1,155.3 |
| Basic profit per share attributable to the equity holders of the Parent (in UAE fils) | 12.2 | 0.2 |
| Basic profit per share from continuing operations attributable to the equity holders of the Parent (in UAE fils) | 1.9 | 1.3 |

- b) To calculate EPS for discontinued operations, the weighted average number of shares is as per the table above. The following table provides the loss amount used:

| | <i>Three months ended 31 March</i> | |
|--|--|-----------------------------|
| | <i>2025 (unaudited)</i> | <i>2024 (unaudited)</i> |
| Profit/(loss) for the period attributable to the equity holders of the Parent from discontinued operations (in AED millions) | 119.4 | (12.6) |
| Basic profit/ (loss) per share from discontinued operations attributable to the equity holders of the Parent (in UAE fils) | 10.3 | (1.1) |

- c) The Group does not have any potential equity shares and accordingly the basic and diluted earnings per share is the same.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

16. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties comprise the Company's major shareholders, key management personnel, subsidiaries, associates, directors, and other businesses which are controlled directly or indirectly by the shareholders or directors or over which they exercise significant management influence (hereinafter referred as "affiliates"). In the normal course of business, the Group has various transactions with its related parties. Pricing policies and terms of these transactions are approved by the Group's management, or its Board of Directors.

Transactions with related parties under common ownership and management control are eliminated on consolidation.

a) Compensation of key management personnel of the Group

The remuneration of the key management personnel of the Group is as follows:

| | <i>Three months ended 31 March</i> | |
|--|--|--------------------|
| | <i>2025</i> | <i>2024</i> |
| | <i>AED</i> | <i>AED</i> |
| | <i>millions</i> | <i>millions</i> |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Short-term benefits | 1.3 | 2.3 |
| Directors' remuneration | 1.4 | - |
| Post employment and other long-term benefits | 0.6 | 0.6 |
| | 3.3 | 2.9 |

17. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and the following reportable segments:

- a. Manufacturing
- b. Planet
- c. Investments
- d. Others

The sales from the manufacturing segment to the Planet segment and inter-company profit elimination effect are excluded from the manufacturing segment. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit or loss and is measured consistently with operating profit or loss in the interim condensed consolidated financial statements.

The Board of Directors is also provided with multiple levels of information which comprise of revenue, gross profit and net profit, aggregated for higher level components (i.e. combination of all products and services) by distribution and by region.

The financial accounting system of the Group is currently configured in this manner and this information is readily available. However, for decision making purposes, the Board of Directors rely mainly on the revenue and net profit information that contains lower-level components. Hence, the segment information provided is primarily to the net profit level of the Group.

Gulf Pharmaceutical Industries P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025 (unaudited)

17. SEGMENT INFORMATION (continued)

| | <i>For the three months ended 31 March 2025 (unaudited)</i> | | | | | | <i>For the three months ended 31 March 2024 (unaudited)</i> | | | | | |
|--|---|------------------------------------|---|--|--|-----------------------------------|---|------------------------------------|---|--|--|-----------------------------------|
| | <i>Manufacturing AED millions</i> | <i>Planet AED millions</i> | <i>Investments AED millions</i> | <i>Other segments AED millions</i> | <i>Eliminations AED millions</i> | <i>Total AED millions</i> | <i>Manufacturing AED millions</i> | <i>Planet AED millions</i> | <i>Investments AED millions</i> | <i>Other segments AED millions</i> | <i>Eliminations AED millions</i> | <i>Total AED millions</i> |
| Segment revenue | 262.8 | 183.3 | - | - | (86.9) | 359.2 | 236.2 | 187.4 | - | - | (86.8) | 336.8 |
| Segment result | 29.7 | 8.8 | 2.5 | (12.7) | (6.6) | 21.7 | 21.9 | 14.2 | 2.5 | (15.2) | (8.9) | 14.5 |
| Depreciation expense of property, plant and equipment | 8.7 | 0.9 | - | - | - | 9.6 | 9.2 | 1.2 | - | - | - | 10.4 |
| Depreciation expense of right of use assets | - | 4.3 | - | - | - | 4.3 | - | 4.1 | - | - | - | 4.1 |
| Amortization expense | 0.2 | 1.4 | - | - | - | 1.6 | 0.4 | 1.3 | - | - | - | 1.7 |
| | <i>31 March 2025 (unaudited)</i> | | | | | | <i>31 December 2024 (audited)</i> | | | | | |
| | <i>Manufacturing AED millions</i> | <i>Planet AED millions</i> | <i>Investments AED millions</i> | <i>Other segments AED millions</i> | <i>Eliminations AED millions</i> | <i>Total AED millions</i> | <i>Manufacturing AED millions</i> | <i>Planet AED millions</i> | <i>Investments AED millions</i> | <i>Other segments AED millions</i> | <i>Eliminations AED millions</i> | <i>Total AED millions</i> |
| Segment assets | 1,399.8 | 1,431.0 | 21.5 | 462.6 | (1,311.5) | 2,003.4 | 2,079.2 | 1,124.7 | 21.5 | 147.3 | (1,380.1) | 1,992.6 |
| Segment liabilities | 376.1 | 296.2 | - | 529.9 | (123.0) | 1,079.2 | 371.8 | 372.1 | - | 913.1 | (197.5) | 1,459.5 |

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At 31 March 2025 (unaudited)

17. SEGMENT INFORMATION (continued)*Information by geographical region*

In accordance with IFRS 8, non-current assets below are based on the geographical location in which the Group holds assets. In accordance with IFRS 8, the non-current assets reported below exclude financial instruments.

| | 31 March 2025 (unaudited) | | | | |
|-------------------------------|---------------------------|------------------------|-------------------------|---------------------------------|---------------------------|
| | Total AED millions | UAE AED millions | Oman AED millions | Saudi Arabia AED millions | Others AED millions |
| Non-current assets | | | | | |
| Property, plant and equipment | 252.3 | 248.0 | 4.1 | - | 0.2 |
| Right of use assets | 59.0 | 42.9 | 16.0 | - | 0.1 |
| Intangible assets | 81.2 | 70.2 | 8.7 | - | 2.3 |

| | <i>Three months ended 31 March 2025 (unaudited)</i> | | | | |
|---------|---|--|---|---|---|
| | <i>Total AED millions</i> | <i>UAE AED millions</i> | <i>Oman AED millions</i> | <i>Saudi Arabia AED millions</i> | <i>Others AED millions</i> |
| Revenue | 359.2 | 142.0 | 37.8 | 76.1 | 103.3 |

| 31 December 2024 (audited) | | | | | |
|-------------------------------|--------------------------|------------------------|-------------------------|---------------------------------|---------------------------|
| | Total AED millions | UAE AED millions | Oman AED millions | Saudi Arabia AED millions | Others AED millions |
| Non-current assets | | | | | |
| Property, plant and equipment | 255.6 | 251.5 | 3.9 | - | 0.2 |
| Right of use assets | 58.4 | 43.9 | 14.4 | - | 0.1 |
| Intangible assets | 81.3 | 69.9 | 8.8 | - | 2.6 |

| | Three months ended 31 March 2024 (unaudited) | | | | |
|---------|--|------------------------|-------------------------|---------------------------------|---------------------------|
| | Total AED millions | UAE AED millions | Oman AED millions | Saudi Arabia AED millions | Others AED millions |
| Revenue | 336.8 | 157.9 | 40.4 | 63.2 | 75.3 |

The Group has sales to one customer whose sales individually are more than 10% of the total external sales. Total amount of sales for the three months ended 31 March 2025 to this one customer amounts to AED 76.1 million (31 March 2024: Top 1 customer AED 63.2 million). These revenues are included under manufacturing segment. There are no other non-current assets or revenue included in "Others" which are more than 10% of the total segment non-current assets or total revenue.

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18. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, differences can arise between book values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to materially curtail the scale of its operation or to undertake a transaction on adverse terms.

Fair value of financial instruments carried at amortised cost

Management considers that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the interim condensed consolidated financial statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used in the audited annual consolidated financial statements for the year ended 31 December 2024.

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

| | <i>Fair value as at</i> | | | <i>Valuation techniques and key inputs</i> | <i>Significant unobservable input</i> | |
|--|---------------------------------|-------------------------------|-----------------------------|---|---|--|
| | <i>31 March 2025</i> | <i>31 December 2024</i> | | | <i>31 March 2025</i> | <i>31 December 2024</i> |
| | <i>AED millions (unaudited)</i> | <i>AED millions (audited)</i> | <i>Fair Value hierarchy</i> | | | |
| Financial assets | | | | | | |
| Unquoted equity investments | | | | | | |
| – FVTPL | 21.3 | 21.3 | Level 3 | Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) | - Cost of equity - Growth rate - Discount for lack of marketability | - Discount rate - Growth rate - Discount for lack of marketability |
| Quoted equity investments | | | | | | |
| – FVOCI | 0.2 | 0.2 | Level 1 | Quoted prices (unadjusted in active) markets for identical assets or liabilities | - None | - None |
| | <u>21.5</u> | <u>21.5</u> | | | | |
| Derivative financial instrument | | | | | | |
| Interest rate | | | | | | |
| Cap | 8.8 | 12.7 | Level 2 | N/A | N/A | N/A |

Fair value hierarchy

The following table provides an analysis of financial and non-financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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19. COMMITMENTS AND CONTINGENT LIABILITIES

| | <i>31 March 2025 AED millions (unaudited)</i> | <i>31 December 2024 AED millions (audited)</i> |
|----------------------|--|---|
| Capital commitments | 18.9 | 23.6 |
| Letters of credit | 2.7 | 11.3 |
| Letters of guarantee | 25.3 | 26.0 |

20. INCOME TAX AND ZAKAT

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

| | <i>Three months ended 31 March</i> | |
|--|---|---|
| | <i>2025 AED millions (unaudited)</i> | <i>2024 AED millions (unaudited)</i> |
| Current income tax/zakat | | |
| Current period charge | 28.2 | 1.6 |
| Deferred tax credit | | |
| Current period charge/(credit) | (0.3) | (0.3) |
| Total income tax charge reported in the interim condensed consolidated statement of profit or loss | 27.9 | 1.3 |
| Less: income tax relating to disposal of subsidiary | (25.7) | - |
| Less: income tax and zakat expense relating to discontinued operations (note 6(d)) | (0.3) | (0.5) |
| | 1.9 | 0.8 |

For the period ended 31 March 2025, the Group has recorded a provision of income tax of AED 2.2 million in relation to the UAE Corporate Tax (31 March 2024: AED 0.8 million).

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At 31 March 2025 (unaudited)

21. IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES ('IAS 29')

Ethiopia has been determined to be a hyperinflationary economy under IAS 29 with the three-year accumulated inflation exceeding 100 percent. IAS 29 requires non-monetary assets and liabilities of the Group's Ethiopian subsidiary, to be restated to reflect their current prices using the Consumer Pricing Index (CPI) in the local currency of the reporting unit before translation to the Group's functional currency.

As at 31 March 2025, the three-year cumulative inflation rate has been 92.4% based on the Ethiopian consumer price index ('CPI'). The consumer price index at the beginning of the reporting period was 495.4 points and closed at 514.3 points resulting in an increase of 3.8%. Qualitative indicators, such as the deteriorating economic condition, support the conclusion that Ethiopia is a hyperinflationary economy for accounting purposes for period ended 31 March 2025.

Therefore, entities whose functional currency is the Ethiopian Birr, should restate their financial statements to reflect the effects of inflation in conformity with IAS 29. Such restatement shall be made as if the Ethiopian economy have always been hyperinflationary; using a general price index that reflects the changes in the currency's purchasing power.

As of 31 March 2025, all conditions have been met for Julphar Pharmaceuticals P.L.C ("Julphar Ethiopia"), a subsidiary operating in Ethiopia, on such date to incorporate the inflation adjustment provided under IAS 29 "Financial Reporting in Hyperinflationary Economies". IFRS requires that financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period. The impact in the consolidated financial statements are applied prospectively.

- Net non-monetary position (excluding equity) have been indexed by applying the difference in CPI from 31 December 2024 to 31 March 2025 resulting in a loss of AED 1.6 million (31 March 2024: AED 1.5 million) in the interim condensed consolidated statement of profit or loss to the extent determined to be recoverable.
- Monetary assets and liabilities are already reported at the current measuring unit and are not adjusted for inflation. However, the CPI index is applied to measure the loss of purchasing power and for the net monetary position, a hyperinflation adjustment is made in the consolidated statement of comprehensive income, amounting to AED 0.3 million (31 March 2024: AED 0.7 million) with an equal corresponding credit to other comprehensive income (OCI).
- The Group has recognised a gain in OCI an amount of AED 1.9 million (31 March 2024: AED 2.2 million) which represents the impact of indexing of non-monetary items from the date these were acquired by applying fluctuation in the CPI from the date of acquisition to 31 March 2025 to the extent determined to be recoverable.

During the three months ended 31 March 2025, the profit for the Group was AED 141.1 million (31 March 2024: AED 1.6 million). Overall, the hyperinflation adjustment results in a loss of AED 0.3 million (31 March 2024: AED 0.7 million).

22. RESTRICTED CASH

- a) Includes AED 36.0 million (31 December 2024: AED 36.0 million) restricted from being exchanged and to be used to settle a quarterly installment of Term Loan and its related interests.
- b) Includes AED nil (31 December 2024: AED 40.2 million) restricted from being exchanged and received against the divestment of Zahrat (note 6(c)).

23. EVENTS AFTER REPORTING DATE

At the Annual General Meeting (AGM) held on 22 April 2025, the shareholders approved the Directors' remuneration amounting to AED 3.2 million for the year ended 31 December 2025.