

Detailed analysis of accumulated losses

Date	11 August 2021
Name of the Listed Company	Gulf Pharmaceutical Industries PSC
Define the period of the financial statements	Q2 2021
Value of the Accumulated losses	236.4 m AED
Accumulated losses to capital ratio	20%
The main reasons leading to these accumulated losses and their history	<ul style="list-style-type: none"> • Saudi Food and Drug Authority temporary suspension to export medicines to KSA and Bahrain during Q4 2018 until Q1 2020. • Gulf Health Council temporary suspension to export medicines to Kuwait & Oman during 2019 until Q1 2020. • Loss of market share due to recalls in past periods. • One-off expenses in 2020 due to write-offs of inventories and fixed assets, tender penalties, product expiries, etc.
Measures taken to address accumulated losses:	<p>The following measures were taken during 2020 and 2021 to return to profitability in the current period (42.2 m AED profit during January to June 2021 period):</p> <ul style="list-style-type: none"> • Successful market re-entry after the temporary export suspension to KSA, Bahrain, Kuwait & Oman was lifted during Q1 and Q2 2020. • Restructure product portfolio and launch new products in new therapeutic areas in various markets. • Implement further process improvement and productivity enhancement initiatives. • Divestment of non-performing assets. • Contract manufacturing of high value products like vaccine.

The Name of the Authorized Signatory	Juergen Wolfgang Lauterbach
Designation	Chief Financial Officer
Signature and Date	11 August 2021 
Company's Seal	

