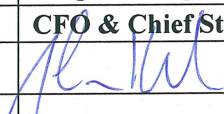


Detailed analysis of accumulated losses

Date	17 March 2021
Name of the Listed Company	Gulf Pharmaceutical Industries PSC
Define the period of the financial statements	Annual 2020
Value of the Accumulated losses	-293.2 AEDm
Accumulated losses to capital ratio	25%
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 Q4 2018 until Q1 2020. • Product Recalls due to quality issues. • Loss of Market share due to recalls. • One-off expenses due to write-off's of inventories and fixed assets, tender penalties, product expiries, etc.
Measures to be taken to address accumulated losses:	<ul style="list-style-type: none"> • Continue successful market re-entry after the temporary 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 process improvement and productivity enhancement initiatives with support of external consultants. • Capital reduction to offset accumulated losses of previous year against share capital was completed in May 2020. • Successful subscription of 500 mAED rights issue by the shareholders was completed in July 2020. • Appointment of new CEO in April 2020 to oversee the strategic direction of the company.

The Name of the Authorized Signatory	Jurgen Wolfgang Lauterbach
Designation	CFO & Chief Strategy Officer
Signature and Date	 17.3.2021
Company's Seal	