

Accumulated losses recovery report

Date	28 November 2021
Name of the Listed Company	Gulf Pharmaceutical Industries PSC
Define the period of the financial statements	Q3 2021
Value of the Accumulated losses	183.1 mAED as of 30 September 2021 (a substantial improvement from the 293.2 mAED accumulated losses reported in the financial statements of the year 2020)
Accumulated losses to capital ratio	16% as of 30. September 2021(a substantial improvement from the 25% reported in the financial statements of the year 2020)
The main reasons leading to these accumulated losses from past periods 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. • Loss of market share due to recalls. • One-off expenses since 2018 due to write-offs of inventories and fixed assets, tender penalties, product expiries, etc. <p>The accumulated losses are from prior years and have since been reduced by the net profit generated during Q1 to Q3 2021.</p>
Measures taken to address accumulated losses:	<p>The following measures were taken during 2020 and 2021 to return to profitability in the current period (98.0 mAED profit during January to September 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. Regain market share of core products. • Restructure product portfolio and launch new products in new therapeutic areas in various markets. • Implement further process improvements and productivity enhancement initiatives. • Divestment of non-performing assets.

The Name of the Authorized Signatory	Jurgen Wolfgang Lauterbach
Designation	CFO & Chief Strategy Officer
Signature and Date	28 November 2021 

