Kamada Reports Financial Results for Third Quarter and First Nine Months of 2018

- *Total Revenues for First Nine Months of 2018 were $66.3 Million, a 1% Decrease Year-Over-Year*
- *Gross Profit for First Nine Months of 2018 was $20.2 million, a 1% Decrease Year-Over-Year*
- *Adjusted EBITDA was $7.4 Million in First Nine Months of 2018, an Increase of 71% Compared to $4.3 Million in Same Period of 2017*
- *Reaffirms Revised Revenue Guidance of $102 to $108 Million in Total Revenues for 2018*
- *Provides Total Revenue Guidance of $125 to $130 Million for 2019, which represents more than 20% increase over 2018 Guidance*

REHOVOT, Israel – November 12, 2018 -- Kamada Ltd. (Nasdaq: KMDA) (KMDA.TA), a plasma-derived protein therapeutics company, today announced financial results for the three and nine months ended September 30, 2018.

"While our revenue and profitability metrics were, as expected, meaningfully impacted in the third quarter by the labor strike at our Beit Kama production facility, for the first nine months of 2018, our operating and net profits were significantly improved from the same period last year," said Amir London, Kamada's Chief Executive Officer. "Based on our outlook for a strong fourth quarter, we are reiterating our revised full-year 2018 revenue guidance of $102 million to $108 million. For 2019, based on our projected production capacity and product availability, we expect total revenues in the range of $125 million to $130 million, which would represent an increase of more than 20 percent over anticipated full-year 2018 total revenue. The projected revenues for 2019 are comprised of approximately 80% of Kamada's proprietary products segment and the balance is revenues of our Israeli distribution segment. The expected growth will primarily be driven by our increased sales of GLASSIA® and KedRAB® in the U.S. market."

"During the first nine months of 2018, we generated operating income of $3.9 million, as compared to operating income of $1.0 million for the same period last year. In addition, we recorded $4.6 million in net income during the first nine months of 2018, a substantial increase over the $0.6 million of net income recorded in the first nine months of 2017. Our adjusted EBITDA of $7.4 million for the first nine months increased 71% compared to the same period of 2017. Moreover, we continue to maintain a strong cash position, including $44.9 million of cash and short-term investments at the end of the third quarter, which provides us with the financial resources needed to continue executing on our business plan," continued Mr. London.

"Our development pipeline continues to progress. Following receipt of positive scientific advice from the Committee for Medicinal Products for Human Use of the European Medicines Agency on the overall design of our proposed pivotal Phase 3 study for our proprietary inhaled AAT for the treatment of alpha-1 antitrypsin deficiency, we are finalizing a detailed plan for the clinical program, and preparing a Clinical Trial Application submission. In the U.S., we continue to advance our discussions with the Food and Drug Administration in order to reach agreement on the regulatory path forward for inhaled AAT as expeditiously as possible," concluded Mr. London.

Financial Highlights for the Three Months Ended September 30, 2018

- Total revenues were $15.0 million in the third quarter of 2018, a 35% decrease from the $22.9 million recorded in the third quarter of 2017, due to the delay in product supply as a result of the now concluded labor strike.
- Revenues from the Proprietary Products segment in the third quarter of 2018 were $9.5 million, a 45% decrease from the $17.0 million reported in the third quarter of 2017.

- Revenues from the Distributed Products segment were $5.5 million in the third quarter of 2018, a 6% decrease from the $5.9 million recorded in the third quarter of 2017.
- Gross profit was $2.5 million in the third quarter of 2018, a $3.9 million decrease from the $6.4 million reported in the third quarter of 2017. Gross margin decreased to 17% from 33% in the third quarter of 2017, due primarily to a one-time loss of $0.8 million due to a loss of in-process materials and $1.8 million of overhead cost charges due to lower than standard production level in the third quarter, both of which are directly related to the labor strike.
- Operating expenses, including R&D and SG&A expenses, totaled $5.0 million in the third quarter of 2018, as compared to $6.8 million in the third quarter of 2017.
- Net loss was $2.4 million, or ($0.06) per share, in the third quarter of 2018, compared to a net loss of $0.2 million, or ($0.01) per share, in the third quarter of 2017.
- Adjusted EBITDA was ($1.4) million in the third quarter of 2018, compared to $0.8 million in the third quarter of 2017.
- Cash provided by operating activities was $1.0 million in the third quarter of 2018, compared to cash used in operating activities of $1.5 million in the third quarter of 2017.

Financial Highlights for the Nine months Ended September 30, 2018

- Total revenues were $66.3 million in the first nine months of 2018, a 1% decrease from the $67.1 million recorded in the same period of 2017.
- Revenues from the Proprietary Products segment in the first nine months of 2018 were $47.6 million, a 6% decrease from the $50.6 million reported in the same period of 2017.
- Revenues from the Distributed Products segment were $18.6 million in the first nine months of 2018, a 12% increase from the $16.5 million recorded in the same period of 2017.
- Gross profit was $20.2 million in the first nine months of 2018, a $0.3 million decrease from the $20.5 million reported in the first nine months of 2017. Gross margin increased to 31% from 30% in the first nine months of 2017.
- Operating expenses, including R&D and SG&A expenses, totaled $16.3 million in the first nine months of 2018, as compared to $19.5 million in the same period of 2017. This decrease was attributable to a decrease in R&D spending.
- Net income was $4.6 million, or $0.11 per share, in the first nine months of 2018, compared to net income of $0.6 million, or $0.02 per share, in the same period of 2017.
- Adjusted EBITDA was $7.4 million in the first nine months of 2018, an increase of approximately 71% compared to $4.3 million in the same period of 2017.
- Cash flow provided by operating activities was $4.2 million, compared to cash used in operating activities of $0.1 million in the same period of 2017.

Balance Sheet Highlights

As of September 30, 2018, the Company had cash, cash equivalents and short-term investments of $44.9 million, compared with $43.0 million at December 31, 2017.

Recent Corporate Highlights

- Concluded labor strike at Beit Kama production facility in Israel.
- Announced the extension of an ongoing investigator initiated, proof-of-concept study evaluating the potential benefit of the Company's liquid AAT on liver preservation and transplant rejection prevention. Kamada is collaborating with Massachusetts General Hospital, which is conducting and funding a study to assess the effect of AAT on liver graft quality and viability, and to evaluate the liver graft for markers of Ischemia-Reperfusion Injury and tissue damage.
- Appointed Eitan Kyiet as Vice President of Business Development. Mr. Kyiet has over 20 years of experience in business development, strategic operations and corporate law, with a significant portion of his career spent in the life sciences industry. He will lead Kamada's

business development and strategic commercial activities, with a focus on advancing market opportunities for the Company's products.

Conference Call

Kamada management will host an investment community conference call on Monday, November 12 at 8:30am Eastern Time to discuss these results and answer questions. Shareholders and other interested parties may participate in the conference call by dialing 888-394-8218 (from within the U.S.), 1809-212-883 (from Israel), or 323-701-0225 (International) and entering the conference identification number: 7992586. The call will also be webcast live on the Internet on the Company's website at www.kamada.com.

A replay of the call will be accessible two hours after its completion through November 27 by dialing 844-512-2921 (from within the U.S.) or 412-317-6671 (from outside the U.S.) and entering the conference identification number: 7992586. The call will also be archived for 90 days on the Company's website at www.kamada.com.

About Kamada

Kamada Ltd. is focused on plasma-derived protein therapeutics for orphan indications, and has a commercial product portfolio and a late-stage product pipeline. The Company uses its proprietary platform technology and know-how for the extraction and purification of proteins from human plasma to produce Alpha-1 Antitrypsin (AAT) in a highly-purified, liquid form, as well as other plasma-derived Immune globulins. AAT is a protein derived from human plasma with known and newly-discovered therapeutic roles given its immunomodulatory, anti-inflammatory, tissue-protective and antimicrobial properties. The Company's flagship product is GLASSIA®, the first liquid, ready-to-use, intravenous plasma-derived AAT product approved by the U.S. Food and Drug Administration. Kamada markets GLASSIA® in the U.S. through a strategic partnership with Baxalta (now part of Shire plc) and in other counties through local distributors. In addition to GLASSIA®, Kamada has a product line of six other plasma-derived pharmaceutical products administered by injection or infusion, that are marketed through distributors in more than 15 countries, including Israel, Russia, Brazil, India and other countries in Latin America and Asia. Kamada has late-stage products in development, including an inhaled formulation of AAT for the treatment of AAT deficiency, and in addition, it's intravenous AAT is in development for other indications, such as type-1 diabetes, GvHD and prevention of lung transplant rejection. Kamada's rabies immune globulin (Human) product received FDA approval for Post-Exposure Prophylaxis against rabies infection in August 2017 and was launched in the US during Q1-2018. Kamada also leverages its expertise and presence in the plasma-derived protein therapeutics market by distributing more than 10 complementary products in Israel that are manufactured by third parties.

Cautionary Note Regarding Forward-Looking Statements

This release includes forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts, such as (without limitation) statements regarding the company's full-year 2018 and 2019 total revenue guidance, the optimism associated with the development plan for Kamada's proposed pivotal Phase 3 study for its proprietary inhaled Alpha-1 Antitrypsin (AAT) and related regulatory path, as well as the progress of the collaboration with Massachusetts General Hospital for evaluating the potential benefit liquid AAT on liver preservation and transplant rejection prevention.. Forward-looking statements are based on Kamada's current knowledge and its present beliefs and expectations regarding possible future events and are subject to risks, uncertainties and assumptions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of several factors including, but not limited to, unexpected results of ongoing clinical studies, delays in clinical and pre-clinical studies, additional competition in relevant markets, regulatory delays, prevailing market conditions, and the impact of general economic, industry or political conditions in the U.S., Israel or otherwise. The forward-looking statements made herein speak only as of the date of this announcement and Kamada undertakes no obligation to update publicly such forward-looking statements to reflect subsequent events or circumstances, except as otherwise required by law.

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CONSOLIDATED BALANCE SHEETS

	As of September 30,		As of December 31,
	2018	**2017**	**2017**
	Unaudited		Audited
	In thousands		
Current Assets			
Cash and cash equivalents	$12,871	$12,156	$ 12,681
Short-term investments	32,051	27,986	30,338
Trade receivables, net	14,826	21,980	30,662
Other accounts receivables	1,857	2,683	2,132
Inventories	28,934	23,144	21,070
	90,539	87,949	96,883
Property, plant and equipment, net	24,406	23,597	25,178
Other long term assets	176	443	49
	24,582	24,040	25,227
	$ 115,121	$ 111,989	$ 122,110
Current Liabilities			
Current maturities of loans and capital leases	585	602	614
Trade payables	11,512	12,004	18,036
Other accounts payables	4,662	6,299	5,820
Deferred revenues	1,854	4,816	4,927
	18,613	23,721	29,397
Non-Current Liabilities			
Loans and capital leases	880	1,501	1,370
Deferred revenues	677	1,000	707
Employee benefit liabilities, net	1,035	2,057	1,144
	2,592	4,558	3,221
Shareholder's Equity			
Ordinary shares	10,406	10,399	10,400
Additional paid in capital	178,873	177,193	177,874
Capital reserve due to translation to presentation currency	(3,490)	(3,490)	(3,490)
Capital reserve from hedges	(8)	57	46
Capital reserve from fair value financial assets through other comprehensive income	(5)	34	(4)
Capital reserve from share-based payments	9,246	10,413	9,566
Capital reserve from employee benefits	(337)	(81)	(337)
Accumulated deficit	(100,769)	(110,815)	(104,563)
	93,916	83,710	89,492
	$ 115,121	$ 111,989	$ 122,110

Consolidated Statements of Profit or Loss and Other Comprehensive Income (Loss)

	Nine months period ended		Three months period ended		Year ended December 31,
	September 30,		September 30,		
	2018	2017	2018	2017	2017
	Unaudited				Audited
	In thousands				
Revenues from proprietary products	$ 47,646	$ 50,568	$ 9,454	$ 17,058	$ 79,559
Revenues from distribution	18,612	16,547	5,521	5,860	23,266
Total revenues	66,258	67,115	14,975	22,918	102,825
Cost of revenues from proprietary products	30,506	32,727	7,869	11,509	51,335
Cost of revenues from distribution	15,536	13,930	4,587	4,961	19,402
Total cost of revenues	46,042	46,657	12,456	16,470	70,737
Gross profit	20,216	20,458	2,519	6,448	32,088
Research and development expenses	7,174	10,056	2,323	3,418	11,973
Selling and marketing expenses	2,724	3,133	818	1,021	4,398
General and administrative expenses	6,132	6,270	1,902	2,323	8,273
Other expenses	311	-	-	-	-
Operating income (loss)	3,875	999	(2,524)	(314)	7,444
Financial income	628	266	214	92	500
Financial expenses	(297)	(50)	(84)	(14)	(162)
Income (expense) in respect of currency exchange differences and derivatives instruments, net	334	(479)	3	-	(612)
Income (loss) before taxes	4,540	736	(2,391)	(236)	7,170
Taxes on income	(11)	87	-	-	269
Net Income (loss)	4,551	649	(2,391)	(236)	6,901
Other Comprehensive Income (loss)					
Items that may be reclassified to profit or loss in subsequent periods:					
Gain (loss) from securities measured at fair value through other comprehensive income	(1)	15	28	3	(23)
Gain (loss) on cash flow hedges	(88)	303	56	(69)	329
Net amounts transferred to the statement of profit or loss for cash flow hedges	34	(219)	27	(103)	(256)
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gain (loss) from defined benefit plans	-	-	-	-	(256)
Total comprehensive income (loss)	$ 4,496	$ 748	$ (2,280)	$ (405)	$ 6,695
<u>Income (loss) per share attributable to equity holders of the Company:</u>					
Basic income (loss) per share	$ 0.11	$ 0.02	$ (0.06)	$ (0.01)	$ 0.18
Diluted income (loss) per share	$ 0.11	$ 0.02	$ (0.06)	$ (0.01)	$ 0.18

Consolidated statement of cash flow

	Nine months period Ended September, 30		Three months period Ended September, 30		Year Ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	In thousands				
Cash Flows from Operating Activities					
Net income (loss)	$4,551	$649	$(2,391)	$(236)	$6,901
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Adjustments to the profit or loss items:					
Depreciation and impairment	2,814	2,648	874	903	3,523
Financial expenses (income), net	(665)	263	(133)	(78)	274
Cost of share-based payment	679	659	294	218	483
Income tax expense (income)	(11)	87	-	-	269
Gain from sale of property and equipment	70	(49)	-	(4)	(52)
Change in employee benefit liabilities, net	(109)	278	(18)	137	166
	2,778	3,886	1,017	1,176	4,663
Changes in asset and liability items:					
Decrease (increase) in trade receivables, net	15,346	(2,924)	9,929	863	(9,967)
Decrease (increase) in other accounts receivables	(179)	(393)	(16)	(547)	328
Decrease (increase) in inventories	(7,864)	2,450	(1,561)	928	4,524
Decrease (increase) in deferred expenses	522	872	91	(132)	594
Decrease (decrease) in trade payables	(6,394)	(3,885)	(4,786)	(1,906)	(838)
Increase (decrease) in other accounts payables	(1,117)	716	(141)	(473)	71
Decrease in deferred revenues	(3,860)	(1,691)	(1,286)	(1,238)	(2,930)
	(3,546)	(4,855)	2,230	(2,505)	(8,218)
Cash received (paid) during the year for:					
Interest paid	(42)	(16)	(12)	(7)	(21)
Interest received	451	266	204	117	399
Taxes paid	(17)	(14)	(8)	(4)	(116)
	392	236	184	106	262
Net cash provided by (used in) operating activities	$4,175	$(84)	$1,040	$(1,459)	$3,608

	Nine months period Ended September, 30		Three months period Ended September, 30		Year Ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	In thousands				
Cash Flows from Investing Activities					
Proceeds from sale of (investment in) short term investments, net	$(1,747)	$ (9,068)	$207	$ (12,041)	$(11,501)
Purchase of property and equipment and intangible assets	(2,033)	(3,407)	(534)	(792)	(4,167)
Proceeds from sale of property and equipment	15	57	-	4	60
Net cash used in investing activities	(3,765)	(12,418)	(327)	(12,829)	(15,608)
Cash Flows from Financing Activities					
Proceeds from exercise of share base payments	6	2	3	1	3
Receipt of long-term loans	-	279	-	279	279
Repayment of long-term loans	(450)	(380)	(149)	(142)	(530)
Proceeds from issuance of ordinary shares, net	-	15,558	-	15,558	15,568
Net cash provided by (used in) financing activities	(444)	15,459	(146)	15,696	15,320
Exchange differences on balances of cash and cash equivalent	224	(769)	(52)	(276)	(607)
Increase in cash and cash equivalents	190	2,188	515	1,132	2,713
Cash and cash equivalents at the beginning of the period	12,681	9,968	12,356	11,024	9,968
Cash and cash equivalents at the end of the period	$12,871	$12,156	$12,871	$12,156	$12,681
Significant non-cash transactions					
Purchase of property and equipment through capital lease	-	282	-	-	282
Purchase of property and equipment	$215	$398	$215	$398	$1,681

Adjusted EBITDA

	Nine months period ended September 30,		Three months period ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Thousands of US dollar				
Net income (loss)	$ 4,551	$ 649	$ (2,391)	$ (236)	$ 6,901
Income tax expense	(11)	87	-	-	269
Financial expense, net	(331)	(216)	(130)	(78)	(338)
Depreciation and amortization expense	2,814	2,648	874	903	3,523
Share-based compensation charges	675	659	291	218	483
Expense (Income) in respect of translation differences and derivatives instruments, net	(334)	479	(3)	-	612
	$ 7,364	$ 4,306	$ (1,360)	$ 807	$ 11,450

Adjusted net income

	Nine months period ended September 30,		Three months period ended September 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Thousands of US dollar				
Net income (loss)	$ 4,551	$ 649	$ (2,391)	$ (236)	$ 6,901
Share-based compensation charges	679	659	294	218	483
Adjusted net income (loss)	$ 5,230	$ 1,308	$ (2,097)	$ (18)	$ 7,384