Kamada Reports Financial Results for Second Quarter and First Six Months of 2018

- *Total Revenues for Second Quarter were $33.8 Million, a 4% Increase Over Second Quarter of 2017*
- *Total Revenues for First Half of 2018 were $51.3 Million, a 16% Increase Over First Half of 2017*
- *Gross Profit for First Half of 2018 was $17.7 million, a 26% Increase Year-Over-Year*
- *Adjusted EBITDA was $8.7 Million in the First Half of 2018, an Increase of Approximately 149% Compared to $3.5 Million in the Same Period of 2017*

REHOVOT, Israel – August 7, 2018 -- Kamada Ltd. (Nasdaq: KMDA) (KMDA.TA), a plasma-derived protein therapeutics company, today announced financial results for the three and six months ended June 30, 2018.

"We are pleased with the overall performance of our business in the first half of the year," said Amir London, Kamada's Chief Executive Officer. "We achieved 16% year-over-year top-line growth, driven by continued GLASSIA® sales growth and the recent launch by Kedrion of KEDRAB®, our Anti-Rabies IgG product, in the first half of 2018."

"Our profitability metrics were also strong in the first half of the year, with gross profit increasing 26% year-over-year. In addition, we generated positive operating and net income over the first six months of 2018," continued Mr. London. "Moreover, we are supported by a strong balance sheet, including $44.6 million of cash and short-term investments at the end of the second quarter, which provides us with the financial resources needed to continue executing on our business plan."

"We also continue to achieve important progress with our pipeline. We recently received positive scientific advice from the Committee for Medicinal Products for Human Use (CHMP) of the European Medicines Agency (EMA) on the overall design of our proposed pivotal Phase 3 study for our proprietary inhaled AAT for the treatment of alpha-1 antitrypsin deficiency (AATD). We intend to use this advice to finalize a detailed plan for the clinical program, proceed with the submission of a Clinical Trial Application, and seek to engage in discussions with strategic European partners with the goal of signing a collaboration agreement for commercialization rights to Inhaled AAT. The EMA process is being conducted in parallel with our continued discussions with the U.S. Food and Drug Administration (FDA). As previously communicated, following feedback received from the FDA, we will provide the Agency with the additional requested information and data, as well as an amended study protocol, during the third quarter of this year." concluded Mr. London.

Kamada's strong performance in the second quarter of 2018 positions it to achieve its previously provided full-year 2018 revenue guidance of $116 to $120 million. However, due to the recently disclosed labor strike at the Company's production facility, which is currently still on going, Kamada is unable to reaffirm this guidance at this time. The Company will provide further information regarding revenue guidance shortly after routine production at the plant resumes .

In addition, due to that work stoppage, Kamada will record, in the third quarter of 2018 a one-time loss of up to $1.0 million related to the loss of in-process materials.

Financial Highlights for the Three Months Ended June 30, 2018

- Total revenues were $33.8 million in the second quarter of 2018 a 4% increase from the $32.5 million recorded in the second quarter of 2017.
- Revenues from the Proprietary Products segment in the second quarter of 2018 were $26.0 million, a 3% decrease from the $26.9 million reported in the second quarter of 2017. As a

reminder, Kamada's second quarter 2017 revenues were positively impacted by its recording of approximately $11.5 million in Proprietary Product revenues that were delayed from the first quarter of 2017.

- Revenues from the Distributed Products segment were $7.8 million in the second quarter of 2018, a 39% increase from the $5.7 million recorded in the second quarter of 2017.
- Gross profit was $10.7 million in the second quarter of 2018, a $1.0 million decrease from the $11.7 million reported in the second quarter of 2017. Gross margin decreased to 32% from 36% in the second quarter of 2017, partially due to changes in product mix.
- Operating expenses, including R&D and SG&A expenses, totaled $5.5 million in the second quarter of 2018, as compared to $6.7 million in the second quarter of 2017. This decrease was attributable to a decrease in R&D spending, primarily as a result of delays related to the initiation of certain clinical trials.
- Net income was $5.7 million, or $0.14 per share, in the second quarter of 2018, compared to $4.9 million, or $0.13 per share, in the second quarter of 2017.
- Adjusted EBITDA was $6.3 million in the second quarter of 2018, an increase of 4% compared to $6.1 million in the second quarter of 2017.
- Cash used in operating activities was $2.3 million in the second quarter of 2018, compared to cash flow provided by operating activities of $0.4 million in the second quarter of 2017.

Financial Highlights for the Six Months Ended June 30, 2018

- Total revenues were $51.3 million in the first six months of 2018, a 16% increase from the $44.2 million recorded in the same period of 2017.
- Revenues from the Proprietary Products segment in the first six months of 2018 were $38.2 million, a 14% increase from the $33.5 million reported in the same period of 2017.
- Revenues from the Distributed Products segment were $13.1 million in the first six months of 2018, a 22% increase from the $10.7 million recorded in the same period of 2017.
- Gross profit was $17.7 million in the first six months of 2018, a $3.7 million increase from the $14.0 million reported in the first six months of 2017. Gross margin increased to 34% from 32% in the first six months of 2017.
- Operating expenses, including R&D and SG&A expenses, totaled $11.3 million in the first six months of 2018, as compared to $12.7 million in the same period of 2017. This decrease was attributable to a decrease in R&D spending, primarily as a result of delays related to the initiation of certain clinical trials.
- Net income was $6.9 million, or $0.17 per share, in the first six months of 2018, compared to net income of $0.9 million, or $0.02 per share, in the same period of 2017.
- Adjusted EBITDA was $8.7 million in the first six months of 2018, an increase of approximately 149% compared to $3.5 million in the same period of 2017.
- Cash flow provided by operating activities was $3.1 million, compared to $1.4 million in the same period of 2017.

Balance Sheet Highlights

As of June 30, 2018, the Company had cash, cash equivalents and short-term investments of $44.6 million, compared with $43.0 million at December 31, 2017.

Recent Corporate Highlights

- Received positive scientific advice from the CHMP related to the development plan for Kamada's proposed pivotal Phase 3 study for its proprietary Inhaled AAT for the treatment of AATD. The CHMP now concurs with Kamada on the overall design of the proposed study, including its objectives, patient population, proposed endpoints and their clinical importance, and the safety monitoring plan. The Company is in the process of finalizing a detailed plan for the clinical program, culminating with the submission of a Clinical Trial Application.

- Announced that KEDRAB®, Rabies Immune Globulin (Human), has been launched in the U.S. and initial shipments reached healthcare practitioners across the country. Deliveries were timed to meet the growing demand for this product at the height of the 2018 spring/summer rabies season.
- Presented results from the Company's Phase 2 trial of AAT in newly diagnosed Type-1 diabetes patients in an oral session at the 78th Scientific Sessions of the American Diabetes Association.

Conference Call

Kamada management will host an investment community conference call on Tuesday, August 7, 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 800-263-0877 (from within the U.S.), 1809 212 883 (from Israel), or 646-828-8143 (International) and entering the conference identification number: 4166824. 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 August 21 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: 4166824. 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, its 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 statements regarding the company's full-year 2018 total revenue guidance, profitability associated with the U.S. launch of KEDRAB®, the impact of the labor strike, and optimism associated with the development plan for Kamada's proposed pivotal Phase 3 study for its proprietary inhaled Alpha-1 Antitrypsin (AAT). 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, market acceptance of the company's products, unexpected results of clinical trials, delays or denial in the U.S. FDA or the EMA approval process, additional competition in the AATD and HRIG market, the length of the current labor strike and the impact on the company's business, further 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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Condensed Consolidated Balance Sheets

	As of June 30,		As of December 31,
	2018	2017	2017
	Unaudited		Audited
	In thousands		
Current Assets			
Cash and cash equivalents	$ 12,356	$ 11024	$ 12681
Short-term investments	32,233	15,906	30,338
Trade receivables, net	24,779	22,778	30,662
Other accounts receivables	1,863	2,087	2,132
Inventories	27,373	24,072	21,070
	98,604	75,867	96,883
Property, plant and equipment, net	24,916	23,925	25,178
Other long term assets	173	404	49
	25,089	24,329	25,227
	$ 123,693	$ 100,196	$ 122,110
Current Liabilities			
Current maturities of loans and capital leases	588	545	614
Trade payables	16,461	14,134	18,036
Other accounts payables	4,862	6,772	5,820
Deferred revenues	3,073	5,177	4,927
	24,984	26,628	29,397
Non-Current Liabilities			
Loans and capital leases	1,017	1,433	1,370
Deferred revenues	740	2,934	707
Employee benefit liabilities, net	1,053	863	1,144
	2,810	5,230	3,221
Shareholder's Equity			
Ordinary shares	10,403	9,321	10,400
Additional paid in capital	178,745	162,686	177,874
Capital reserve due to translation to presentation currency	(3,490)	(3,490)	(3,490)
Capital reserve from hedges	(91)	229	46
Capital reserve from available for sale financial assets	(33)	31	(4)
Capital reserve from share-based payments	9,080	10,221	9,566
Capital reserve from employee benefits	(337)	(81)	(337)
Accumulated deficit	(98,378)	(110,579)	(104,563)
	95,899	68,338	89,492
	$ 123,693	$ 100,196	$ 122,110

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

	six months period ended June 30,		Three months period ended June 30,		Year ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	In thousands				
Revenues from proprietary products	38,192	33,510	25,978	26,874	79,559
Revenues from distribution	13,091	10,687	7,864	5,675	23,266
Total revenues	51,283	44,197	33,842	32,549	102,825
Cost of revenues from proprietary products	22,648	21,218	16,469	16,053	51,335
Cost of revenues from distribution	10,949	8,969	6,703	4,784	19,402
Total cost of revenues	33,597	30,187	23,172	20,837	70,737
Gross profit	17,686	14,010	10,670	11,712	32,088
Research and development expenses	5,151	6,638	2,397	3,487	11,973
Selling and marketing expenses	1,906	2,112	936	1,084	4,398
General and administrative expenses	4,230	3,947	2,166	2,117	8,273
Operating income (loss)	6,399	1,313	5,171	5,024	7,444
Financial income	414	174	185	96	500
Financial expenses	(213)	(36)	(56)	(13)	(162)
Income (expense) in respect of currency exchange differences and derivatives instruments, net	331	(479)	375	(245)	(612)
Income (loss) before taxes	6,931	972	5,675	4,862	7,170
Taxes on income	(11)	87	(11)	-	269
Net Income (loss)	6,942	885	5,686	4,862	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	(29)	12	-	(6)	(23)
Gain (loss) on cash flow hedges	(144)	372	(107)	165	329
Net amounts transferred to the statement of profit or loss for cash flow hedges	7	(116)	28	(94)	(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)	6,776	1,153	5,607	4,927	6,695
Income (loss) per share attributable to equity holders of the Company:					
Basic income (loss) per share	0.17	0.02	0.14	0.13	0.18
Diluted income (loss) per share	0.17	0.02	0.14	0.13	0.18

Statement of Cash Flows

	Six months period Ended June, 30		Three months period Ended June, 30		Year Ended December 31,
	2018	2017	2018	2017	2017
	Unaudited				Audited
	In thousands				
Cash Flows from Operating Activities					
Net income (loss)	$ 6,942	$ 885	$ 5,686	$ 4,862	$ 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	1,940	1,745	986	861	3,523
Financial expenses (income), net	(532)	341	(504)	162	274
Cost of share-based payment	385	441	184	196	483
Income tax expense	(11)	87	(11)	-	269
Gain from sale of property and equipment	70	(45)	4	(45)	(52)
Change in employee benefit liabilities, net	(91)	141	(77)	43	166
	1,761	2,710	582	1,217	4,663
Changes in asset and liability items:					
Decrease (increase) in trade receivables, net	5,417	(3,787)	(8,074)	(12,277)	(9,967)
Decrease (increase) in other accounts receivables	(163)	154	(245)	409	328
Decrease (increase) in inventories	(6,303)	1,522	802	3,605	4,524
Decrease in deferred expenses	431	1,004	409	434	594
Increase (decrease) in trade payables	(1,608)	(1,979)	333	(115)	(838)
Increase (decrease) in other accounts payables	(976)	1,189	(85)	1,928	71
Increase (decrease) in deferred revenues	(2,574)	(453)	(1,802)	278	(2,930)
	(5,776)	(2,350)	(8,665)	(5,738)	(8,218)
Cash received (paid) during the year for:					
Interest paid	(30)	(9)	(14)	(5)	(21)
Interest received	247	149	109	41	399
Taxes paid	(9)	(10)	(4)	(6)	(116)
	208	130	91	30	262
Net cash provided by (used in) operating activities	$ 3,135	$ 1,375	$ (2,306)	$ 371	$ 3,608

The accompanying Notes are an integral part of the Consolidated Financial Statements

Statement of Cash Flows

	Six months period Ended June, 30		Three months period Ended June, 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	$ (1,954)	$ 2,973	$ (1,804)	$ 2,061	$ (11,501)
Purchase of property and equipment and intangible assets	(1,499)	(2,615)	(1,240)	(1,879)	(4,167)
Proceeds from sale of property and equipment	15	53	4	53	60
Net cash provided by (used in) investing activities	(3,438)	411	(3,040)	235	(15,608)
Cash Flows from Financing Activities					
Proceeds from exercise of share base payments	3	1	2	-	3
Receipt of long-term loans	-	-	-	-	279
Repayment of long-term loans	(301)	(238)	(149)	(133)	(530)
Proceeds from issuance of ordinary shares, net	-	-	-	-	15,568
Net cash provided by (used in) financing activities	(298)	(237)	(147)	(133)	15,320
Exchange differences on balances of cash and cash equivalent	276	(493)	352	(227)	(607)
Increase (decrease) in cash and cash equivalents	(328)	1,056	(5,141)	246	2,713
Cash and cash equivalents at the beginning of the year	12,681	9,968	17,497	10,778	9,968
Cash and cash equivalents at the end of the year	$ 12,353	$ 11,024	$ 12,356	$ 11,024	$ 12,681
Significant non-cash transactions					
Purchase of property and equipment through capital lease		282		282	282
Purchase of property and equipment	$ 387	$ 575	$ 387	$ 575	$ 1,681

The accompanying Notes are an integral part of the Consolidated Financial Statements

Adjusted EBITDA

	Six months period ended June 30,		Three months period ended June 30,		Year ended December 31
	2018	2017	2018	2017	2017
	Thousands of US dollar				
Net income (loss)	$ 6,942	$ 885	$ 5,686	$ 4,862	$ 6,901
Income tax expense	(11)	87	(11)	-	269
Financial expense, net	(201)	(138)	(129)	(83)	(338)
Depreciation and amortization expense	1,940	1,745	986	861	3,523
Share-based compensation charges	385	441	183	196	483
Expense (Income) in respect of translation differences and derivatives instruments, net	(331)	479	(375)	245	612
	$ 8,724	$ 3,499	$ 6,340	$ 6,081	$ 11,450

Adjusted net income

	Six months period ended June 30,		Three months period ended June 30,		Year ended December 31
	2018	2017	2018	2017	2017
	Thousands of US dollar				
Net income (loss)	$ 6,942	$ 885	$ 5,686	$ 4,862	$ 6,901
Share-based compensation charges	385	441	183	196	483
Adjusted net income (loss)	$ 7,327	$ 1,326	$ 5,869	$ 5,058	$ 7,384