

**Financial Result of
3rd Quarter
Fiscal Year Ending Mar. 2019**

 **KAWASUMI LABORATORIES, INC.**

February 8th, 2019

FYE Mar. 2019

Financial Result

Consolidated

Unit: Million YEN

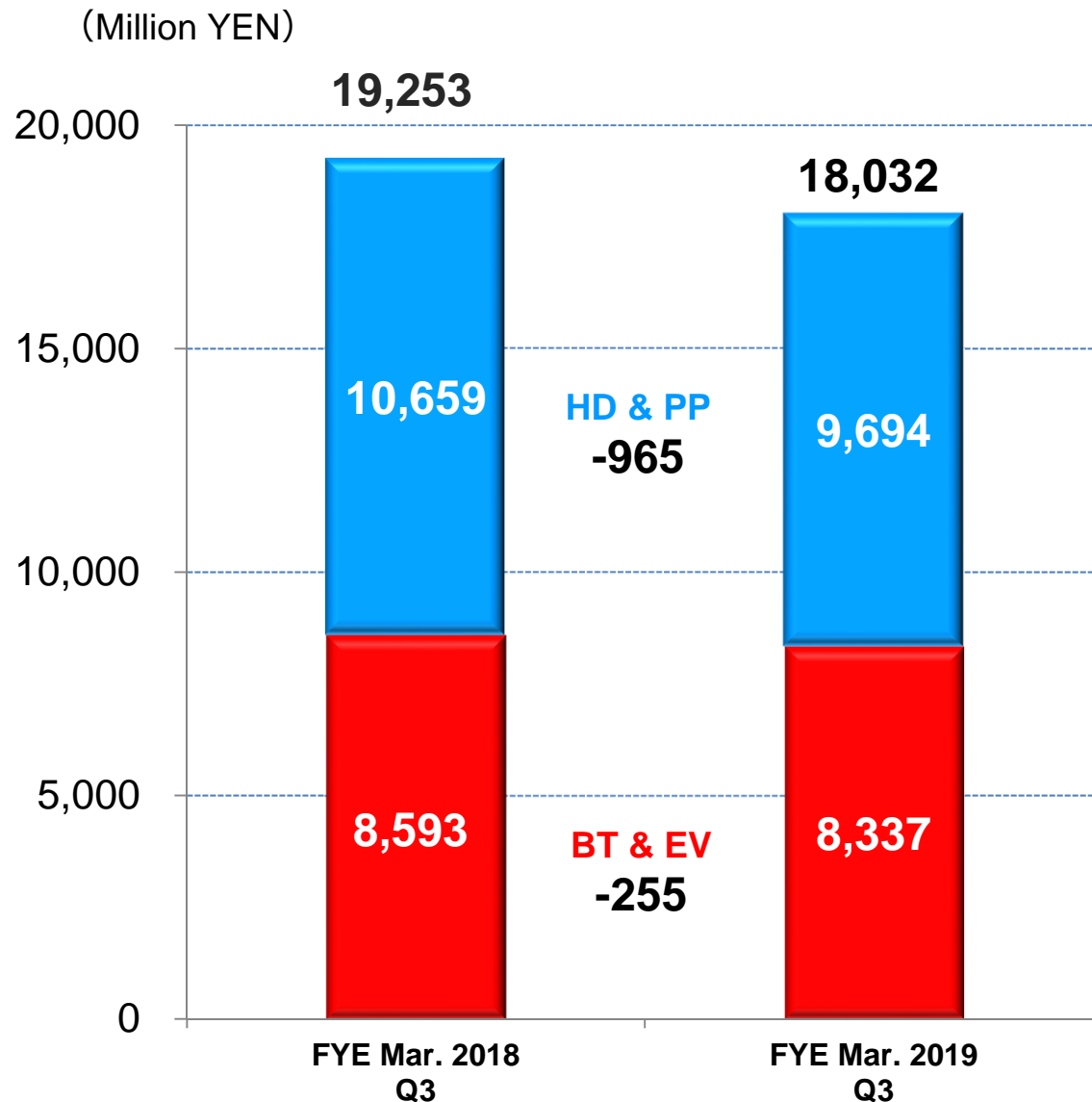
| | FYE Mar. 2018 Q3 | FYE Mar. 2019 Q3 | Variance | Ratio |
|---|---------------------|---------------------|----------|--------|
| Net sales | 19,253 | 18,032 | -1,220 | -6.3% |
| Gross profit | 6,603 | 6,142 | -460 | -7.0% |
| Operating profit | 621 | 453 | -168 | -27.1% |
| Ordinary profit | 744 | 598 | -146 | -19.7% |
| Net income attributable to owners of parent | 492 | 228 | -263 | -53.5% |

| Exchange rate | FYE Mar. 2018 Q3 | FYE Mar. 2019 Q3 |
|---------------|---------------------|---------------------|
| US\$ | 111.77 | 111.33 |
| EUR | 128.86 | 129.83 |
| Baht | 3.34 | 3.40 |

- **Net sales** : became less due to reformation of Hemodialysis business and the sales decrease of Apheresis Kit and Saline Bag.
- **Gross profit** : became less due to the net sales decrease and the exchange rate.
- **Operating profit** : became less due to the gross profit decrease and the R&D costs increase despite of SG&A expenses decrease, .
- **Net income attributable to owners of parent** : became less mainly because of restructuring plan while recording of extraordinary income (gain on sale of investment securities).

FYE Mar. 2019

Net Sales (By Segment)



【Hemodialysis & Plasmapheresis】

【Increase】

Plasmapheresis Filter

【Decrease】

Dialyzer (Japan)

Saline Bag

【Blood Transfusion & Endovascular】

【Increase】

IV-set (Overseas)

Stent Graft (Japan)

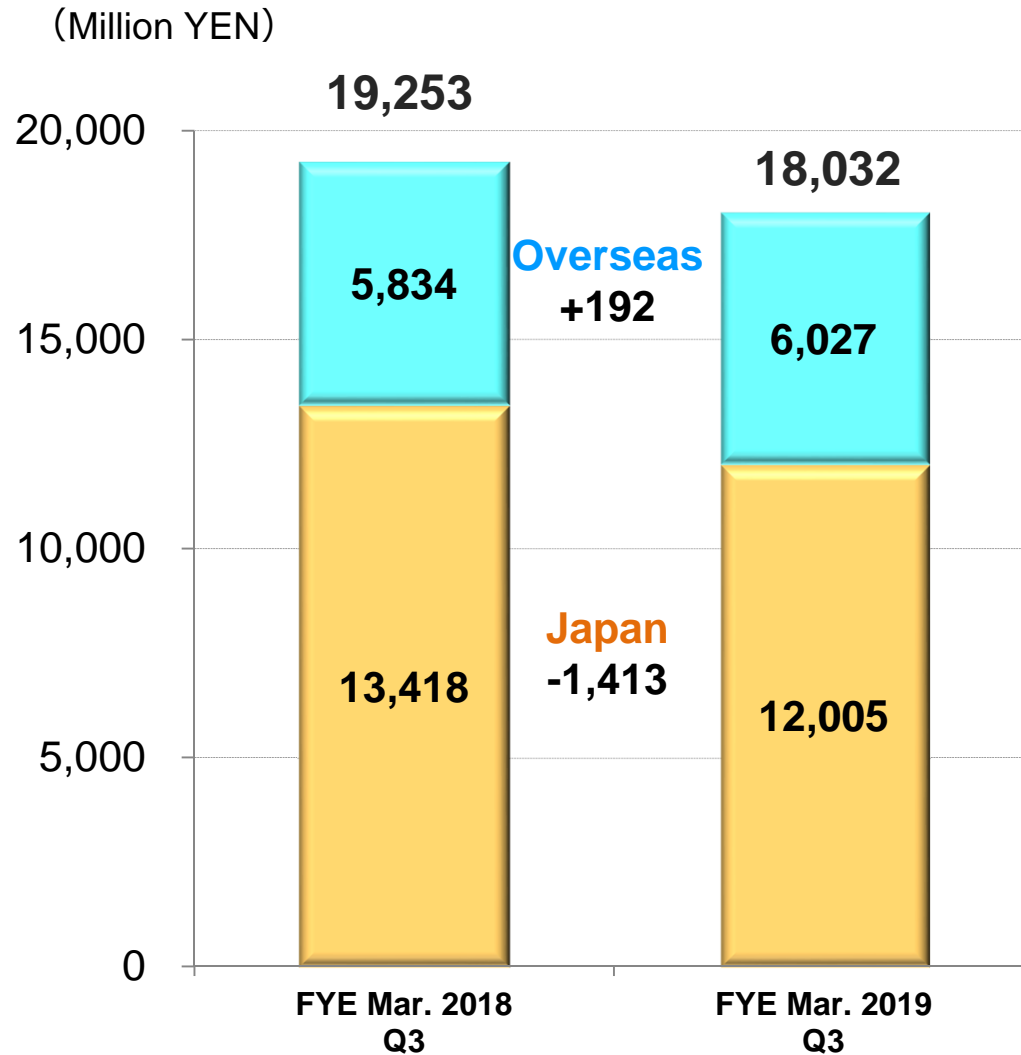
【Decrease】

Apheresis Kit (OEM)

IV-set (OEM)

FYE Mar. 2019

Net Sales (By Region)



【Overseas】

【Increase】

Plasmapheresis Filter

IV-set

【Decrease】

A.V. Fistula Needle

IV-set (OEM)

【Japan】

【Increase】

Stent Graft

【Decrease】

Dialyzer

Saline Bag

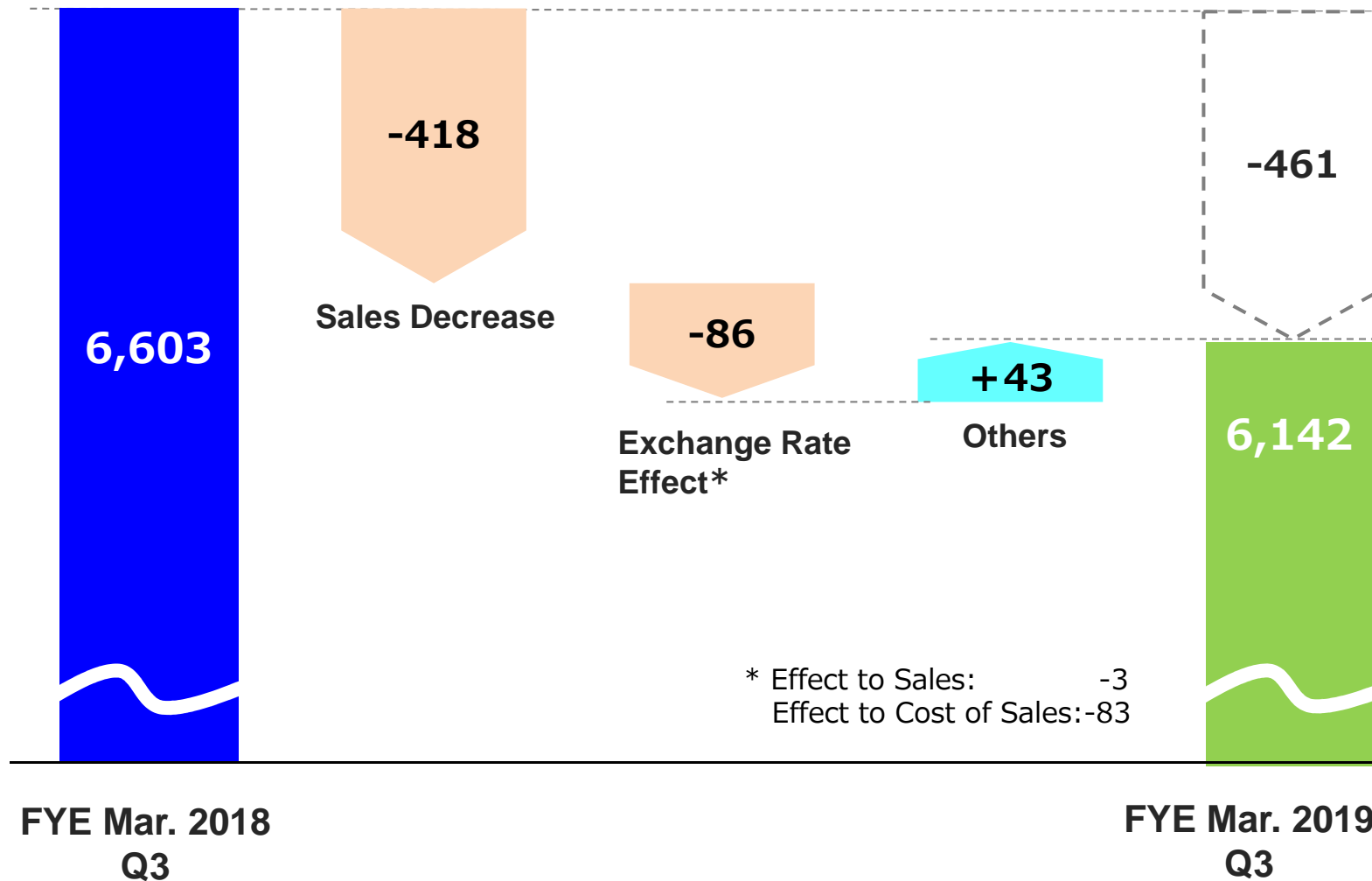
Apheresis Kit (OEM)

Gross Profit Variance Analysis

<Comparison to the last FYE>

(Unit: Million YEN)

Comparison to the last FYE



SG&A Expenses

Consolidated

Unit: Million YEN

| | FYE Mar. 2018 Q3 | FYE Mar. 2019 Q3 | Variance |
|--|---------------------|---------------------|----------|
| Salaries & Wages | 2,647 | 2,503 | -144 |
| Logistical Costs | 689 | 652 | -38 |
| Others | 2,645 | 2,534 | -110 |
| Total | 5,981 | 5,689 | -292 |
| R&D Expenses out of Total | 797 | 857 | +60 |

- **Salaries & Wages** : decreased because of improvement of productivity.
- **Logistical costs** : decreased with the net sales decrease and improvement of transport efficiency.
- **R&D expenses** : raised mainly because of clinical trial expense of adhesion barrier.
- **Other decreasing expenses** : largely consist of commission charges.

Consolidated

Unit: Million YEN

| | Previous forecast (A) | Current forecast (B) | Variance (B - A) | Rate of variance (%) |
|---|-----------------------|----------------------|------------------|----------------------|
| Net sales | 23,000 | 23,500 | 500 | 2.2% |
| Operating profit | -300 | 400 | 700 | — |
| Ordinary profit | -200 | 500 | 700 | — |
| Net income attributable to owners of parent | -500 | 0 | 500 | — |
| Net income per share | -77.93 | 0 | | |

- **Net sales** : revised upward because the sales performance has been steady and net sales decrease affected by restructuring plan has been lower than expected.
- **Operating profit** : revised upward due to the net sales increase, R&D cost decrease (clinical trial expense of adhesion barrier), and cost reduction.
- **Ordinary profit and net income attributable to owners of parent** : revised upward as the same reason above.

Topics

- **Reorganization of the sales branches**

- Aggregated 8 sales branches into 3 branches (Tokyo, Osaka, Fukuoka) at the end of September, 2018.
- Finished business of the sales subsidiary, Namsin Trading in Thailand at the end of December, 2018.

- **Voluntary Retirement**

- Completed solicitation of voluntary retirement in Japan.

Target number 130 employees ⇒ 134 employees (fixed)

(of those related to HQ, Sales retired at the end of December, 2018)

- **Launched a new product**

- Biliary Stent was approved for sale and started launching the products.

- **Started design of the new R&D base in Kanagawa**

The logo for KAWASUMI LABORATORIES, INC., featuring a stylized blue 'K' inside a circle, followed by the text 'KAWASUMI LABORATORIES, INC.' in a bold, blue, sans-serif font.

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