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Notice regarding the approval on an additional use of PuraStat in Australia: Postoperative bleeding prevention

We hereby announce that today we received notice from our subsidiary 3-D Matrix Medical Technology Pty Ltd (hereinafter, "3DMM") that Australian Government Department of Health, Therapeutic Goods Administration, approved our Group's absorbable hemostat (hereinafter, "PuraStat") for an additional use: Postoperative bleeding prevention.

Our last fiscal year's Australian sales of PuraStat was approximately JPY 120 million and the current fiscal year's plan is approximately JPY 300 million. By the approval on postoperative bleeding prevention, we expect the positive impact to achieve the current fiscal year's Australian sales plan.

Postoperative bleeding prevention, a use additionally approved this time, refers to a case in which hemostasis seems to have been fully achieved during surgery but hemorrhaging occurs after surgery. Such postoperative bleeding is inevitable in the field of gastrointestinal endoscopy, and it is said that postoperative bleeding actually occurs at the rate of 5-8%. Postoperative bleeding requires the patient to be re-hospitalized, which results in an increase in the physical burden and impaired quality of life (QOL). In addition, if a second surgery is necessary, the burden on the physician will increase as well. Thus, there have been voices not only among patients but also physicians that desire PuraStat to be additionally approved for use as a postoperative bleeding prevention material.

At the moment, there are actually many hemostats in the medical device market. Now that PuraStat can be used for the purpose to prevent postoperative bleeding irrespective of whether there is actually hemorrhaging during/after surgery, the number of cases and the amount used will dramatically grow, including not only use for hemostasis but also use for postoperative bleeding prevention. Although there is no existing actual market of postoperative bleeding prevention, we expect the expansion of our sales in Australia with use for postoperative bleeding prevention in addition to use for hemostasis.

We are still assessing impact on the current year's full-year business performance. If there is any possible future impact on the full-year business performance, we will disclose it promptly.

This matter is not included in the mid-term business plan (for the fiscal year ending April 2020 to the fiscal

year ending April 2022) announced on June 14, 2019. Once we finish assessing sales of the product for use for postoperative bleeding prevention, we will disclose it by reflecting it in the plan.

End