Avita Medical Announces Fourth Quarter 2017 Results

Highlights

- *Total cash inflows of $2.22M for the quarter and $9.19M for the year*
- *Cash receipts from customers totaled $350K in the fourth quarter*
- *Collected receipts from US Biomedical Advanced Research and Development Authority (BARDA) totaling $1.84M in in the fourth quarter*
- *Usage of ReCell® for the quarter increased 91% over Q4 2016 and 18% YoY*
- *Reported positive results from severe burn US pivotal clinical trial in May*

Valencia, CA, USA, Perth, Australia and London, United Kingdom, 28 July 2017 — Avita Medical, Ltd. (ASX: AVH), (OTCQX: AVMXY), (the "Company"), a medical device company developing innovative therapeutic solutions derived from the regenerative properties of a patient's own skin, today reported results for the fourth quarter ended June 30, 2017.

"My first couple of months here at Avita have been a time of solid progress across all of our initiatives. We reported positive topline data from our pivotal clinical trial in May, and are currently placing the finishing touches on our FDA submission of a premarket approval application (PMA) for the use of ReCell® in severe burns, as planned", said Dr. Michael Perry, Avita's Chief Executive Officer. "With continued active support from the US Biomedical Advanced Research and Development Authority (BARDA), including an anticipated USD$7.5M procurement order for the purchase of ReCell® devices in the coming months, we are well-positioned to provide a clinically proven novel burn therapy to patients in the largest healthcare market in the world during 2018."

Fourth Quarter 2017 Financial Results

During the fourth quarter, overall receipts from customers were $350K, an increase of 119% from Q4 2016 ($160k).

Receipts from BARDA totaled $1.84M in the fourth quarter and reimbursements were in line with third quarter BARDA receipts of $1.87M. Cumulative payments of $8.7M (USD$6.9M) have been received to date from BARDA under the full USD$61.9M contract.

ReCell® device usage for the fourth quarter increased 91% over Q4 2016 and is up 18% year-over-year. Some of the strongest performing markets in fiscal 2017 were China, Germany, and Australia; up 81%, 54%, and 11% respectively.

Total payments for operating activities in the fourth quarter were $515K lower than the previous quarter ($4.7M vs. $5.2M). Total net cash used in operating activities during the fourth quarter was $2.5M and

in-line with Company expectations. Total cash and cash equivalents held by Avita at the end of June 2017 were $3.79M.

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ABOUT AVITA MEDICAL LIMITED

Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from the regenerative properties of a patient's own skin. Our medical devices work by preparing a Regenerative Epithelial Suspension (RES™), an autologous suspension comprised of the patients' own skin cells and wound healing factors that are necessary to regenerate natural healthy skin. This is then applied to the area to be treated.

In all countries outside of Europe, our portfolio is marketed under the ReCell® brand to promote skin healing in a wide range of applications including burns, chronic wounds and aesthetics.

ReCell® is TGA-registered in Australia, and CFDA-cleared in China. In the United States, ReCell® is an investigational device limited by federal law to investigational use.

In Europe, our portfolio of medical device products received CE-mark approval as three tailored product presentations, with three individual brand names. ReCell® is designed for the treatment of burns and plastic reconstructive procedures; ReGenerCell™ has been formulated for chronic wounds including leg and foot ulcers; and ReNovaCell™ is tailored for aesthetic applications including the restoration of pigmentation.

To learn more, visit www.avitamedical.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This letter includes forward-looking statements. These forward-looking statements generally can be identified by the use of words such as "anticipate," "expect," "intend," "could," "may," "will," "believe," "estimate," "look forward," "forecast," "goal," "target," "project," "continue," "outlook," "guidance," "future," other words of similar meaning and the use of future dates. Forward-looking statements in this letter include, but are not limited to, statements concerning, among other things, our ongoing clinical trials and product development activities, regulatory approval of our products, the potential for future growth in our business, and our ability to achieve our key strategic, operational and financial goal. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Each forward-looking statement contained in this letter is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. Applicable risks and uncertainties include, among others, the timing of regulatory approvals of our products; physician acceptance, endorsement, and use of our products; failure to achieve the anticipated benefits from approval of our products; the effect of regulatory actions; product liability claims; risks associated with international operations and expansion; and other business effects, including the effects of industry, economic or political conditions outside of the company's control. Investors should not place considerable reliance on the forward-looking statements contained in this letter. Investors are encouraged to read our publicly available filings for a discussion of these and other risks and uncertainties. The forward-looking statements in this letter speak only as of the date of this release, and we undertake no obligation to update or revise any of these statements.

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FOR FURTHER INFORMATION:

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+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Avita Medical Limited

ABN	**Quarter ended ("current quarter")**
28 058 466 523	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	350	1,189
1.1a	Receipts from BARDA	1,838	6,692
1.2	Payments for		
	(a) research and development	(603)	(3,169)
	(b) product manufacturing and operating costs	(613)	(2,089)
	(c) advertising and marketing	(447)	(1,626)
	(d) leased assets	(165)	(405)
	(e) staff costs	(1,269)	(6,603)
	(f) administration and corporate costs	(1,636)	(4,555)
1.3	Dividends received (see note 3)		
1.4	Interest received	16	124
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		972
1.8	Other (provide details if material)	20	211
1.9	**Net cash from / (used in) operating activities**	**(2,509)**	**(9,259)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(30)	(171)
	(b) businesses (see item 10)		
	(c) investments		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
	(d) intellectual property		
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		628
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		5
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(30)**	**462**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		9,015
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		(507)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**		**8,508**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,344	4,172
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,509)	(9,259)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	462
4.4	Net cash from / (used in) financing activities (item 3.10 above)		8,508

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(15)	(93)
4.6	**Cash and cash equivalents at end of quarter**	**3,790**	**3,790**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $A'000**	**Previous quarter $A'000**
5.1	Bank balances	3,790	208
5.2	Call deposits	-	6,136
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,790**	**6,344**

6.	**Payments to directors of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to these parties included in item 1.2	(123)
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 Directors fees (96k), Clinical Advisory Board fees (10k) and Bioscience Consultancy (17k)

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Research and development	500
9.2	Product manufacturing and operating costs	600
9.3	Advertising and marketing	400
9.4	Leased assets	165
9.5	Staff costs	1,300
9.6	Administration and corporate costs	1,000
9.7	Other (provide details if material)	
9.8	**Total estimated cash outflows***	**3,965**

*pertains to outflows only, inflows from customer receipts and government contracts are not included

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Gabriel Chiappini

Company Secretary

28 July 2017

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.