

## Avita Medical Announces Financial Results and Provides Corporate Update for Second Quarter Ending 31 December 2014

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**Northridge, CA. and Cambridge, United Kingdom, 30 January 2015** — Avita Medical Ltd. (ASX: AVH), a regenerative medicine company specializing in the treatment of wounds and skin defects, today announced its financial results and provided a corporate update for the second quarter which concluded on 31 December 2014.

### Second Quarter Highlights

- ReCell Sales for Quarter up 32% on same quarter last year
- ReCell Sales YTD up 29% compared to same YTD period last year
- ReCell Sales for Quarter up 17% compared to last quarter
- Spending for quarter reduced by 4% compared to same quarter last year
- Net operating cash flows out for YTD after adjusting for the R&D tax credit decreased by 12% compared to same YTD last year
- Received guidance update from NICE
- Commenced initiation of US pivotal trial for acute burns
- Launched medical community awareness program around full product portfolio

“I’m pleased with the progress achieved this past quarter across clinical and corporate development fronts. This is truly an exciting time for the company as evidenced by the recent achievement of our first patient enrolled in the pivotal US burns trial. As a Company, we are now well positioned to achieve traction in the marketplace while advancing ReCell® through its final stage of development in the US for acute burns, which represents an important indication in the context of our overall growth objectives,” commented Tim Rooney, Chief Executive Officer of Avita Medical.

### Business and Financial Update

This past quarter, ReCell® sales increased 32% which repeats last year’s strong second quarter performance and is up 17% from the previous quarter. In fact, total ReCell® sales YTD are up 29% compared to last year’s first half result. Respiratory sales have not had the same success as the Regenerative segment, declining 14% YTD compared to the previous year. As such, this is reflected in total group sales which are down 2% versus the same YTD period last year.

In terms of cash flow, receipts from customers for the quarter decreased by 30% compared to the previous quarter and 10% in comparison to the same quarter as last year. Spending for the quarter was reduced by 4% compared to the same quarter as last year however; there was an increase of 20% versus the previous quarter mostly due to the preparation for the US pivotal acute burns trial. When comparing YTD spending, there was a reduction of 19% compared to the same YTD period as last year. Net operating cash flows out for the quarter decreased by 52% compared to last quarter primarily due to the \$1.4m receipt of the R&D tax credit. After adjusting for the R&D tax credit the net operating cash flows out increased for the quarter by 7.4% compared to same quarter last year but decreased YTD by 12% compared to last year’s first half.

A milestone of note that occurred during the quarter was the release of guidance from NICE (United Kingdom’s National Institute for Health and Care Excellence) around the use of ReCell® Spray-On Skin® for the treatment of skin loss, scarring and depigmentation after a burn injury. NICE commented favorably that ReCell® demonstrates potential to improve healing, requesting additional evidence before guidance recommending its use is issued. Facilitated and funded in part by NICE, the Company is now establishing collaborations to leverage research capabilities of NICE-affiliated external assessment centres for supplementary data. The Company is looking forward to the

collaboration and further, is targeting the US acute burns trial as a means to generate data to assist the Institute's evaluation process.

A major emphasis during the quarter was to bolster Avita's presence in the international medical and investment communities. During the quarter, the company made a concerted effort to participate at nearly 20 major industry conferences to foster key relationships as the ReCell® product platform continues to emerge as the leading, next generation autologous skin regeneration therapy. For example, the Company's clinical study protocol for the ongoing leg ulcer randomized controlled trial was presented and well-received at the Wounds UK conference in November. Also as part of this initiative, the Company will be hosting a skin regeneration symposium in Cambridge, UK on April 14-15 April which will feature keynote presentations in each clinical indication, including the compassionate use of ReCell® in a US wounded warrior.

#### **ABOUT AVITA MEDICAL LIMITED**

Avita Medical (<http://www.avitamedical.com/>) develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary tissue-culture, collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell® Spray-On Skin®, is used in a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell is patented, CE-marked for Europe, TGA-registered in Australia, and SFDA-cleared in China. ReCell is not available for sale in the United States; in the United States, ReCell is an investigational device limited by federal law to investigational use. A Phase III FDA trial is in process.

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#### **FOR FURTHER INFORMATION:**

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# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity	
Avita Medical Limited	
ABN	Quarter ended ("current quarter")
28 058 466 523	31 December 2014

### Consolidated statement of cash flows

	Current quarter A\$000's	Year to date A\$000's
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	580	1,414
1.2 Royalties and other income	-	6
1.3 Interest and other items of a similar nature received	7	21
1.4 Payments for		
(a) administration	(307)	(602)
(b) marketing & sales	(815)	(1,446)
(c) research & clinical	(531)	(930)
(d) operations	(327)	(699)
(e) corporate	(678)	(1,203)
1.5 Dividends received	-	-
1.6 Interest and other costs of finance paid	-	-
1.7 Income taxes (paid)/received	1,445	1,517
<b>Net operating cash flows</b>	<b>(626)</b>	<b>(1,922)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter A\$000's	Year to date A\$000's
1.8 Net operating cash flows (carried forward)	<b>(626)</b>	<b>(1,922)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) Net cash acquired on acquisition( item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(14)	(21)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(14)</b>	<b>(21)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(640)</b>	<b>(1,943)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Other	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Share issue expenses	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>(640)</b>	<b>(1,943)</b>
1.21 Cash at beginning of quarter/year to date	2,345	3,648
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>1,705</b>	<b>1,705</b>

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter A\$000's
1.24	Aggregate amount of payments to the parties included in item 1.2	82
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

		Amount available A\$000's	Amount used A\$000's
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Appendix 4C**  
**Quarterly report for entities**  
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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter A\$000's	Previous quarter A\$000's
4.1 Cash on hand and at bank	475	771
4.2 Deposits at call	1,230	1,574
4.3 Bank overdraft	-	-
4.4 Deposits securing guarantees	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,705</b>	<b>2,345</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Company Secretary

Date: 15 January 2015

Print name: Gabriel Chiappini

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## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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