Avita Medical Announces Financial Results for Third Quarter Fiscal 2016

Northridge, CA, USA, Perth, Australia and Cambridge, United Kingdom 29 April 2016 – Avita Medical Ltd. (ASX: AVH), (OTCQX: AVMXY), a regenerative medicine company specializing in the treatment of wounds and skin defects, today announced its financial results for the third quarter of fiscal 2016 which concluded on March 31, 2016.

Q3 Financial Highlights

- Total ReCell sales for the third quarter of fiscal 2016 were 42% higher year-over-year
- Asia Pacific increased sales 54% year-over-year; China and Australia/NZ increased 155% and 450%, respectively
- EMEA sales for the fiscal third quarter were 31% higher than the previous year; UK increased 46% and Germany increased 104%
- Owing to the sale of the respiratory business on February 4, resulting in only one month of sales from these products, and transition to the distributor model, the Company's receipts from customers were 37% lower than the previous quarter
- For the nine-month period ending March 31, 2016, total ReCell sales for the year increased 23% versus the same period a year ago
- For the nine months, Asia Pacific was up 46% with Taiwan sales of $98k and China up 13%
- EMEA was up 8% with UK ahead of last year's nine-month period by 16%, France up 19% and Germany 171% higher
- Revenue recognition from the BARDA agreement began during the quarter with inflows of $1.142 million

Avita's fiscal 2016 third quarter provided a great start for the calendar year. Importantly, the Company completed patient recruitment of its pivotal U.S. trial of ReCell for use in the treatment of acute burns. The company remains engaged in dialogue with the FDA on how the timeline may be improved. In addition, Avita continued to strengthen its leadership team with three new board members that add commercialisation expertise, especially in the U.S. market as the Company works toward approval. Avita also progressed it growth plans in the EU with the launch of its new products, ReGenerCell™ and ReNovaCell™, and having achieved positive results from its EU study of ReGenerCell™ in an additional indication, chronic Venous Leg Ulcers (VLUs). Finally, during the quarter, the Company bolstered its opportunity to expand its market share in Asia by signing agreements with distributors in Japan and South Korea, as well as the largest healthcare group in China.

Adam Kelliher, Chief Executive Officer of Avita Medical, commented, "We continued to execute our strategic initiatives during the quarter to focus the company and streamline our operations. We are working to create a business that has the potential for long-term revenue growth through our pipeline of regenerative products and believe we are positioning ourselves to achieve our goals. We have already

begun to see results of our efforts, with the first inflow of revenue from our contract with BARDA, which totalled over one million dollars and further supports our pivotal trial for ReCell in the U.S. This trial is well on its way, having completed patient recruitment early in the quarter. As we have stated, the U.S. is an important market for Avita and our progress to date provides us with a lot of confidence in our place in this market. There is a significant need in the U.S. for our technology and we continue to hear from potential patients on a regular basis regarding their interest and need for our products."

Mr. Kelliher continued, "Our global presence is also of significant importance and we have proven successful in our renewed efforts to expand our footprint. We have put into place agreements with distributors in key Asian markets including China, Japan, and South Korea. While we have already had a presence in China, our new relationship with the largest medical and healthcare group will enable us to market ReCell to a much broader base in this country. Additionally, entry into Japan and South Korea is a very exciting opportunity and we believe the experience and reach of the distributors we are working with will enable us to take advantage of this market. Finally, the EU continues to be a growing market for Avita and our regenerative products. We recently launched two new products, ReGenerCell and ReNovaCell, in the EU which will be marketed through our expanded distributor network in this region. Overall, the company has been extremely active and we look forward to growing our global business and helping patients who suffer from serious ailments with our novel technology."

ABOUT AVITA MEDICAL LIMITED

Avita Medical develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell®, is used in the treatment of a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell® is patented, CE-marked for Europe, 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. A pivotal U.S. trial is underway, with patient enrolment completion anticipated by the end of 2015. To learn more, visit www.avitamedical.com.

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FOR FURTHER INFORMATION

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Rule 4.7B

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 Mar 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter A$000's	Year to date A$000's
1.1	Receipts from customers	395	2,052
1.2	Royalties and other income	1,142	1,142
1.3	Interest and other items of a similar nature received	38	88
1.4	Payments for (a) administration	(562)	(1,382)
	(b) marketing & sales	(1,229)	(3,031)
	(c) research & clinical	(1,075)	(2,636)
	(d) operations	(411)	(1,462)
	(e) corporate	(1,234)	(3,024)
1.5	Dividends received	-	-
1.6	Interest and other costs of finance paid	-	-
1.7	Income taxes (paid)/received	-	654
	Net operating cash flows	**(2,936)**	**(7,599)**

+ 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)	**(2,936)**	**(7,599)**
	Cash flows related to investing activities		
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	(16)	(19)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	2,030	2,030
	(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)	-	-
	Net investing cash flows	**2,014**	**2,011**
1.14	**Total operating and investing cash flows**	**(922)**	**(5,588)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	10,026
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	-	(611)
	Net financing cash flows	**-**	**9,415**
	Net increase (decrease) in cash held	**(922)**	**3,827**
1.21	Cash at beginning of quarter/year to date	7,716	2,967
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**6,794**	**6,794**

+ See chapter 19 for defined terms.

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	101
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

$454k shares in Medical Developments International Limited (MVP) allotted under terms from sale of respiratory business

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	-	-

+ See chapter 19 for defined terms.

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	199	899
4.2	Deposits at call	6,595	6,817
4.3	Bank overdraft	-	-
4.4	Deposits securing guarantees	-	-
	Total: cash at end of quarter (item 1.22)	**6,794**	**7,716**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Nil	Assets of Visiomed Group Pty Limited Respiratory business
5.2	Place of incorporation or registration		WA Australia
5.3	Consideration for acquisition or disposal		$2.47m
5.4	Total net assets		$259k
5.5	Nature of business		Respiratory devices (asthma)

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 2016

Print name: Gabriel Chiappini

+ See chapter 19 for defined terms.

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.

+ See chapter 19 for defined terms.