AVITA Medical Reports Full Second Quarter 2021 Financial Results

VALENCIA, Calif, February 11, 2021 and MELBOURNE, Australia, February 12, 2021 — AVITA Medical, Inc. (NASDAQ: RCEL, ASX:AVH) **(Company)**, a regenerative medicine company that is developing and commercializing a technology platform that enables point-of-care autologous skin restoration for multiple unmet needs, today reported financial results for its second quarter of fiscal year 2021, ended December 31, 2020.

Second Quarter Highlights

- Reported U.S based RECELL® revenue of $5.0 million in the second quarter of 2021 ended December 31, 2020, a 62% increase over the same quarter in the prior year
- Reported total global revenue of $5.1 million in the second quarter of 2021 ended December 31, 2020, a 57% increase over the same quarter in the prior year
- Commercial metrics:
    - Procedural volumes were 487 in the second quarter of 2021 versus 496 in the prior quarter ended September 30, 2020
    - Added 7 new accounts in the second quarter 2021 for a total of 93 accounts
- Enrolled nine patients in the pivotal study assessing the use of the RECELL® System to treat stable vitiligo

"I'm proud of our progress over the last quarter as we strive to broaden the applications of our platform to serve patients both within burns and beyond. With our burn center account base now mostly built out, our sales team is poised and ready to drive utilization as the pandemic abates and we regain access to hospitals and patients," said Dr. Mike Perry, AVITA Medical Chief Executive Officer. "We have continued to make strong progress with our vitiligo pivotal trial, seeing very encouraging interest and enrollment trends, and we believe this could put us in a position to file for FDA approval in 2022."

Second Quarter 2021 Financial Results

Total global revenue was $5.1 million in the second quarter of 2021, compared to $3.3 million for the same quarter last year and flat to the prior quarter ended September 30, 2020.

Gross margin was 84% for the second quarter of 2021, compared with 74% in the same quarter last year, driven largely by the extension of our shelf-life along with lower shipping costs and increased production.

Operating expenses were $10.4 million for the second quarter of 2021, compared with $13.4 million in the same quarter last year. The decrease was primarily attributable to lower stock-based compensation along with lower legal costs, partially offset by the ramping up of clinical trials for treatment of vitiligo and pediatric scald injuries and other research and developments costs to further expand the Company's

pipeline. Lower stock-based compensation is as a result of a reversal for unvested stock awards due to the resignation of an executive officer.

Net loss was $5.6 million for the second quarter of 2021 and net loss per share was $0.26 on a weighted-average basic and diluted share count of 21.6 million, compared to $10.5 million and a net loss per share of $0.53 on a weighted-average basic and diluted share count of 19.9 million in the same period of the prior year.

Cash was $59.8 million as of December 31, 2020.

Outlook and COVID-19

Due to uncertainty surrounding the COVID-19 pandemic, the Company will not provide financial guidance at this time. Nearly half of the Company's revenues come from twenty accounts with physicians and hospitals. These accounts are susceptible to the effects of COVID-19 and COVID-19 restrictions. To the extent that COVID-19 or other factors cause such physicians or hospitals to be unable to treat patients or delay the treatment of patients using the RECELL System in a particular quarter, or make patients unavailable because of COVID-19, our revenues could be negatively affected. Due to these uncertainties, providing guidance at this time is not feasible.

Webcast and Conference Call Information

The Company will host a conference call to discuss the second quarter financial results after market close on Thursday, February 11, 2021 at 1:30 p.m. Pacific Time / 4:30 p.m. Eastern Time (being 8.30am Australian Eastern Daylight Time on Friday, February 12, 2021). The conference call can be accessed live over the phone (833) 614-1538 for U.S. callers or (706) 634-6548 for international callers, using conference ID: 5047528. The live webinar can be accessed at https://ir.avitamedical.com.

Authorized for release by the Chief Executive Officer of AVITA Medical, Inc.

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ABOUT AVITA Medical, INC.

AVITA Medical, Inc. is a regenerative medicine company with a technology platform positioned to address unmet medical needs in burns, chronic wounds, and aesthetics indications. AVITA Medical Inc. patented, and proprietary collection and application technology provides innovative treatment solutions derived from the regenerative properties of a patient's own skin. The medical devices work by preparing a RES® REGENERATIVE EPIDERMAL SUSPENSION, an autologous suspension comprised of the patient's skin cells necessary to regenerate natural healthy epidermis. This autologous suspension is then sprayed onto the areas of the patient requiring treatment.

AVITA Medicals' first U.S. product, the RECELL® System, was approved by the U.S. Food and Drug Administration (FDA) in September 2018. The RECELL System is indicated for use in the treatment of acute thermal burns in patients 18 years and older. The RECELL System is used to prepare Spray-On Skin™ Cells using a small amount of a patient's own skin, providing a new way to treat severe burns, while significantly reducing the amount of donor skin required. The RECELL System is designed to be used at the point of care alone or in combination with autografts depending on the depth of the burn injury. Compelling data from randomized, controlled clinical trials conducted at major U.S. burn centers and real-world use in more than 8,000 patients globally, reinforce that the RECELL System is a significant advancement over the current standard of care for burn patients and offers benefits in

clinical outcomes and cost savings. Healthcare professionals should read the INSTRUCTIONS FOR USE - RECELL® Autologous Cell Harvesting Device (https://recellsystem.com/) for a full description of indications for use and important safety information including contraindications, warnings and precautions.

In international markets, our products are marketed under the RECELL System brand to promote skin healing in a wide range of applications including burns, chronic wounds and aesthetics. The RECELL System is TGA-registered in Australia and received CE-mark approval in Europe.
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 including, but not limited to the ongoing COVID-19 pandemic which are 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.

FOR FURTHER INFORMATION:

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AVITA MEDICAL, INC.
Consolidated Balance Sheets
(In thousands, except share and per share data)
(Unaudited)

	As of	
	December 31, 2020	**June 30, 2020**
ASSETS		
Cash	$ 59,765	$ 73,639
Accounts receivable, net	1,941	2,076
BARDA receivables	440	356
Prepaids and other current assets	814	990
Restricted cash	201	201
Inventory	2,289	1,125
Total current assets	65,450	78,387
Plant and equipment, net	1,488	1,363
Operating lease right-of-use assets	1,795	2,347
Intangible assets, net	420	364
Other long-term assets	152	1
Total assets	$ 69,305	$ 82,462
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 2,793	$ 4,333
Accrued wages and fringe benefits	4,305	2,816
Other current liabilities	775	560
Total current liabilities	7,873	7,709
Contract liabilities	596	435
Operating lease liabilities, long term	1,239	1,917
Total liabilities	9,708	10,061
Contingencies (Note 10)		
Shareholders' Equity:		
Common stock, $0.0001 par value per share, 200,000,000 shares authorized, 21,625,058 and 21,467,912 shares issued and outstanding at December 31, 2020 and June 30, 2020, respectively	3	3
Preferred stock, $0.0001 par value per share, 10,000,000 shares authorized, no shares issued or outstanding at December 31, 2020 and June 30, 2020	-	—
Additional paid-in capital	262,086	259,165
Accumulated other comprehensive income	8,289	8,146
Accumulated deficit	(210,781)	(194,913)
Total shareholders' equity	59,597	72,401
Total liabilities and shareholders' equity	$ 69,305	$ 82,462

AVITA MEDICAL, INC.
Consolidated Statements of Operations
(In thousands, except share and per share data)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2020	**2019**	**2020**	**2019**
Revenues	$ 5,103	$ 3,259	$ 10,163	$ 6,509
Cost of sales	821	846	1,750	1,465
Gross profit	4,282	2,413	8,413	5,044
BARDA income	449	386	1,045	2,437
Operating expenses:				
Sales and marketing expenses	3,600	3,972	6,865	7,071
General and administrative expenses	3,401	7,107	11,703	10,529
Research and development expenses	3,361	2,312	6,735	4,131
Total operating expenses	10,362	13,391	25,303	21,731
Operating loss	(5,631)	(10,592)	(15,845)	(14,250)
Interest expense	3	9	10	20
Other income/(expense)	4	99	8	202
Loss before income taxes	(5,630)	(10,502)	(15,847)	(14,068)
Income tax expense	11	-	21	-
Net loss	$ (5,641)	$ (10,502)	$ (15,868)	$ (14,068)
Net loss per common share:				
Basic	$ (0.26)	$ (0.53)	$ (0.74)	$ (0.73)
Diluted	$ (0.26)	$ (0.53)	$ (0.74)	$ (0.73)
Weighted-average common shares:				
Basic	21,623,509	19,877,676	21,563,576	19,298,767
Diluted	21,623,509	19,877,676	21,563,576	19,298,767

Total operating expenses include impact of share-based compensation as follows:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2020	**2019**	**2020**	**2019**
Sales and marketing expenses	$ 294	$ 234	$ 624	$ 370
General and administrative expenses	(774)	2,549	1,992	2,900
Research and development expenses	134	120	304	305
Total	$ (346)	$ 2,903	$ 2,920	$ 3,575