

## Health Economic Model Published in *Advances in Therapy* Demonstrates Reduced Cost and Decreased Hospital Stay with the RECELL® System

*Real world experience found that the RECELL System could save one US Burn Center up to USD \$28MM annually*

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**Valencia, Calif., USA, and Melbourne, Australia, 16 May 2019** — AVITA Medical (ASX: AVH, OTCQX: AVMXY) announced today that the health economic model of the U.S. burn care pathway, developed in collaboration with Biomedical Advanced Research and Development Authority (BARDA) and IQVIA has been published in the peer-reviewed journal, *Advances in Therapy*. The model demonstrates that utilizing AVITA Medical's RECELL® System for the treatment of in-patient burns is cost-saving or cost-neutral and results in reduced length of hospital stay as compared to the standard of care.

"This model is the outcome of an outstanding collaboration between industry, government, medical, and health economics experts to develop the first economic model of U.S. burn care, allowing for robust evaluations of changes to practice including use of new products such as the RECELL System," said Andrew Quick, Chief Technology Officer.

Utilizing this model, health economic data projects that use of the RECELL System to treat in-patient burns could save a major U.S. burn center up to USD \$28 million annually compared to treatment with the standard of care. These findings were recently presented at the American Burn Association (ABA) 51st Annual Meeting by Kevin Foster, MD, MBA, FACS, of the Arizona Burn Center. The model calculated savings based on the demographic mix of patients treated at that center in 2018.

Each year nearly half a million Americans suffer acute thermal burns that require medical treatment, resulting in approximately 50,000 hospitalizations and more than 3,000 deaths. Use of split-thickness skin grafts is considered standard treatment, however skin grafts are associated with significant pain, delayed healing and hypertrophic scarring, each of which contribute to the substantial costs incurred by the healthcare system.

"Use of this model will have broad implications for the U.S. burn care community, allowing burn centers and hospitals to better understand the fiscal aspects associated with the care of patients with severe burn injuries." said Erin Liberto, Chief Commercial Officer. "On average, burn centers can save 14-17% of their costs utilizing the RECELL System. The health economic data coupled with our strong clinical data and reimbursement coverage present an undisputable value proposition to hospital administration and further enhance our ability to penetrate new accounts."

The *Advances in Therapy* article titled, "Cost-Effectiveness of the Use of Autologous Cell Harvested Device Compared to Standard of Care for Treatment of Severe Burns in the United States", may be accessed online at <https://doi.org/10.1007/s12325-019-00961-2>. The model employs sequential decision trees to depict the stages of burn care, from initial burn assessment through treatment for definitive closure of the burn wound, and predicts relative differences between use of the RECELL System compared to the standard of

care. The model is based on data from the American Burn Association's National Burn Repository database, clinical trials, and real-world use data. Actual costs of care come from three U.S. burn centers, and when combined with Monte Carlo simulation of a burn center patient population, the overall burn center budget impact can be accurately predicted.

Authors of the publication include James H. Holmes IV, MD FACS, Director, WFBMC Burn Center, Professor of Surgery, Wake Forest University School of Medicine, Winston-Salem, North Carolina, William Hickerson, MD, FACS, Memphis Medical Center, and Kevin Foster, MD, MBA, FACS, Maricopa Integrated Health System at the Arizona Burn Center.

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## **ABOUT AVITA MEDICAL LIMITED**

AVITA Medical is a regenerative medicine company with a technology platform positioned to address unmet medical needs in burns, chronic wounds, and aesthetics indications. AVITA Medical's 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 REGENERATIVE EPIDERMAL SUSPENSION™ (RES™), 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 Medical's 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 7,000 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, acute wounds, scars and vitiligo. The RECELL System is TGA-registered in Australia and CFDA-cleared in China.

To learn more, visit [www.avitamedical.com](http://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.*

**FOR FURTHER INFORMATION:**

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