Avita CEO Letter to Shareholders

October 26, 2017

Dear Shareholder,

As many of you are already aware, I've been working in the healthcare industry in a variety of roles for over 30 years. Since joining Avita Medical as CEO this past June, I can tell you it is a sincere honor and privilege to be working for a company where we have multiple opportunities to materially advance the medical standard of care and thus radically improve the lives of patients. I assumed the senior executive role in Avita at a time when substantial progress had been made and considerable groundwork had already been put in place, but also at a point where so much potential has yet to be unleashed in the months and years ahead. With our dossier for premarket approval (PMA) submitted to the US FDA, we are currently in front of our largest commercial opportunity to date, and I'm extremely thankful for your stalwart support as we move toward this key value- accretive milestone.

To this end, I'm delighted to be able to state with confidence that we have compelling data from both our clinical trials and health economics model, and while the former underpins my guidance that Avita anticipates approval of our PMA in 2Q/3Q 2018, the latter has me convinced that our entry to the US market will be perceived as a strong positive by 'all' stakeholders. Additionally, the recent hiring of Erin Liberto to join Avita as our Chief Commercial Officer (Erin last served as Vice President of Marketing at Allergan) represents another key enabling factor. Erin has a notable career history of successfully driving market share and revenue growth in the US and internationally, having led 12 successful launches in her combined experience at Allergan and J&J, including products that, like ReCell®, span therapeutic and aesthetic (reimbursed and self-pay) indications.

With solid, methodic progress on robust commercial preparedness for our launch of ReCell® in the US burns market, in addition to developing the pipeline for our platform technology, I have confidence that we are positioning our business to deliver strong, consistent, and sustainable results over the long-term.

I am frequently asked about the risk(s) associated with FDA approval of ReCell® and here is my response. We have leveraged the Expedited Access Pathway (EAP) designation to engage in regular, productive dialog with the US FDA regarding the clinical and non-clinical data underpinning our application to market ReCell®. The 'Data Development Plan' component of the EAP provided a framework within which the FDA has reviewed the detailed protocols and standards used in the creation of the evidence base provided in our PMA application that FDA now has under review. We continue to have approval from the FDA with both our Compassionate Use and Continued Access Programs. Our Compassionate Use protocol has been approved as an Investigational Device Exemption (IDE), affording US surgeons access to ReCell® devices for specific life-saving cases. The Continued Access provision of the FDA's Investigational Device Exemption (IDE) guidance allows doctors to access a medical device while the marketing application is under preparation and review, if "there is a public need for the device," and "there is preliminary evidence that the device is likely to be effective and no significant safety concerns have been identified for the proposed indication." The FDA's principles on granting the Continued Access further state that "it could be contrary to public health to prevent access to potentially safe and effective new devices during an evaluation period." Continued Access was initially approved as a continuation of the Company's randomized

controlled trial wherein patients ages 5 and over having 5-50% TBSA (total body surface area) burn injuries requiring skin grafting had a portion of their burn injury treated using the combination of skin cell suspension with widely expanded autograft and a portion (for comparison) treated with conventional autograft. In October, FDA approved an IDE supplement amending the Company's protocol for Continued Access, permitting participating physicians to discontinue the controlled comparison component, thereby facilitating enrolment. Furthermore, the number of approved investigational sites has been increased from 8 to 15. Overall, in addition to the de-risking element of the aforementioned actions, I'm inspired by the fact that we have the potential to help more patients in the near-term while we await FDA approval of our PMA application.

The US Biomedical Advanced Research and Development Authority (BARDA), under the Assistant Secretary for Preparedness and Response, within the US Department of Health and Human Services, continues to be highly supportive of our company. BARDA are responsible for establishing preparedness for potential mass casualty events in the US, including those that involve thermal burn injuries. The initial contract, executed in September of 2015, allocated both financial backing as well as the support of a team of subject-matter experts focused toward achieving US market approval, facilitating familiarity and acceptance, in addition to establishing a strategic stockpile of ReCell® devices. The initial contract is valued at up to US$53.9 million. In June of 2016, a contract addendum was executed to add US$8 million, which provided further operational support to facilitate the overarching objective of BARDA for preparedness via securing effective medical countermeasures for treatment of burns in a mass casualty scenario. Moreover, a health economic model of the US burn care pathway has been a key deliverable supported by the contract addendum. Most recently, in September, we announced that Avita and BARDA had executed a contract option valued at approximately US$24.3 million in support of two randomized trials using the ReCell® device to treat pediatric patients as well as support of key initiatives aimed at ensuring commercial sustainability as we approach the US launch of ReCell®. BARDA funds supported completion of our US pivotal clinical trial and the contract includes additional as-yet-unexercised support for post-marketing surveillance research and US government procurement of both an initial 5,000 ReCell® devices and potentially an additional 20,000 ReCell® devices for surge capacity. We are highly appreciative for the ongoing support from BARDA and of course, also very excited to be pursuing clinical trials in the pediatric burn population, which is in full alignment with our strategic mandate to round out the growing body of clinical evidence supporting use of the ReCell® device.

Outside the US (OUS), our business continues to grow, albeit undeniably slowly. I am convinced that the rigor applied to the US launch can be similarly deployed outside the US and we'll observe a pivot toward tangible growth in these markets. From my perspective, a primary reason for Avita's past performance has been the absence of three essential elements required as a perquisite to enable broad adoption by physicians of a new technology or product. Specifically, these include: 1. controlled clinical trials; 2. relevant health economic data, and 3. reimbursement. While case studies conducted and published over the past decade have demonstrated successful use of ReCell® and have been nothing short of remarkable, in my experience, it minimally requires incontrovertible data from controlled clinical trials to convince physicians and surgeons to deviate from practices for which they were extensively trained during their many years in residencies and fellowships. As such, following publication of the data from our US controlled clinical trials, I anticipate some degree of positive influence on OUS markets. However, for a complete turnaround in these regions I expect

we will need to be additionally armed with at least a modicum of local controlled clinical trial data, relevant regional health economics and reimbursement. With the latter in hand, I sincerely believe we will be able to generate strong product sales in key OUS markets.

While much attention is being focused on driving toward US commercial success in burns, we are also excited to be moving forward with other programs in our pipeline. We've mentioned previously that positive data from a study of ReCell® in patients with depigmented skin lesions caused by vitiligo was published in the Journal of the American Academy of Dermatology and presented most recently at the International Pigment Cell Conference this past August in Denver. Here, our technology platform has the potential to address a large global unmet need. Additionally, we plan to explore the use of ReCell® in rejuvenation indications. Given the self-pay nature of various dermatological interventions, this has the potential to present a highly lucrative opportunity for the company. I will keep you posted as we make progress in these new arenas.

An important area of great potential for use of the Company's skin regeneration platform is in the treatment of chronic wounds. Pilot data suggest that twelve weeks after treatment we observe a healing rate of 23.7%, versus 7.1% in the control arm, for venous leg ulcers. A program is in development to collect a statistically powered, pivotal data set to definitively characterize the effectiveness and safety of treatment of venous leg ulcers with autologous skin cell suspension.

Additionally, a feasibility program to initially evaluate the potential for benefit in the treatment of diabetic foot ulcers is ongoing.

I am cognizant that our recent capital raise was met with mixed emotions by some shareholders. Suffice it to say that the alternative would have been much less attractive. Furthermore, it is important to state explicitly that we embarked on this transaction with two specific objectives in mind; these were firstly, to ensure that we had sufficient cash runway to achieve our business objectives, and secondly to facilitate a block trade for one of our former major shareholders. The latter was Hunter Hall/Pengana, who, subsequent to a key management change in late 2016, had taken a business decision to exit our stock and that overhang plus subsequent sales of their shares placed consistent downward pressure on our share price. Having accomplished both of these objectives, please rest assured that I, along with support from our board of directors, extended very best efforts to both raise capital and in parallel clear the Pengana overhang in the most efficient and effective means feasible. This is now in our rearview mirror and looking ahead, Avita has both the cash runway and some calmer waters in which to focus on achieving our near-term goals and objectives.

I truly believe that 2018 will be a pivotal and transformative year for Avita. With our successful clinical trial data and robust healthcare economic model, we are poised to not only improve, but also to transform the standard of care for patients with severe burns. I am confident that the clinical data we provided to FDA in our PMA application, bolstered by BARDA's expertise and financial support, more than adequately demonstrate the clinical utility of ReCell®. While we await the FDA's decision, our team is ensuring we are well prepared for a successful launch and concurrently driving other initiatives that capitalize on our platform technology. We appreciate your continued support and look forward to sharing our future successes with you over the next year.

Dr. Michael S. Perry Chief Executive Officer Avita Medical

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, while a PMA for ReCell® is currently under review by the FDA, the product continues to be 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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