
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 08, 2024

AVITA Medical, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-39059
(Commission File Number)

85-1021707
(IRS Employer
Identification No.)

**28159 Avenue Stanford
Suite 220
Valencia, California**
(Address of Principal Executive Offices)

91355
(Zip Code)

Registrant's Telephone Number, Including Area Code: 661 367-9170

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|----------------------|---|
| Common Stock, par value \$0.0001 per share | RCEL | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2024, AVITA Medical, Inc. issued a press release announcing its financial results for the second quarter ended June 30, 2024. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished in this report, including Exhibit 99.1, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| Exhibit No. | Description of Exhibit |
|--------------------|---|
| 99.1 | Press release titled "AVITA Medical Reports Second Quarter Financial Results" |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AVITA Medical, Inc.

Date: August 8, 2024

By: /s/ David O'Toole
David O'Toole
Chief Financial Officer



AVITA Medical Reports Second Quarter Financial Results

VALENCIA, Calif., August 8, 2024 — AVITA Medical, Inc. (NASDAQ: RCEL, ASX: AVH), a commercial-stage regenerative medicine company focused on first-in-class devices for wound care management and skin restoration, today reported financial results for the second quarter ended June 30, 2024.

Financial Results and Recent Business Updates

- Commercial revenue of \$15.1 million, an increase of approximately 29% compared to the same period in 2023
- Gross profit margin of 86.2%
- RECELL GO™ premarket approval (PMA) supplement approved by the FDA on May 29, 2024; first case completed on May 31, 2024
- Submitted PMA supplement for RECELL GO mini™, designed to address smaller wounds, on June 28, 2024; maintains Breakthrough Device designation ensuring a prioritized 180-day interactive review period
- Entered into an exclusive development and distribution agreement with Regenity Biosciences ("Regenity") providing AVITA Medical with the commercialization rights to a unique collagen-based dermal matrix following 510(k) clearance

“Our second-quarter commercial revenue reached a record \$15.1 million, reflecting the effectiveness of our enhanced focus on commercial execution,” said Jim Corbett, Chief Executive Officer of AVITA Medical. “The FDA approval of RECELL GO and our recent submission of RECELL GO mini highlight our progress in expanding treatment capabilities for burn and full-thickness skin defects. Additionally, our agreement with Regenity further enhances our ability to address a full spectrum of clinical needs. We remain committed to establishing RECELL as the standard of care for wound therapy while continuing to transform AVITA Medical into a broad-based wound care company, ultimately improving accessibility and reaching more patients.”

Future Milestones

- Expect Regenity to receive 510(k) clearance for the dermal matrix in the fourth quarter of 2024; following clearance, AVITA Medical will begin to market, sell, and distribute
- Plan to initiate multiple post-market clinical studies to establish the unique synergies between the new dermal matrix and RECELL
- Anticipate FDA approval of RECELL GO mini by December 27, 2024
- Expect to submit both our post-market study (TONE) treating patients with stable vitiligo and separate health care economics study for publication by year-end

Financial Guidance

- Commercial revenue for the third quarter 2024 is expected to be in the range of \$19.0 to \$20.0 million, reflecting growth of approximately 40% to 48% over the same period in 2023
- Commercial revenue for the full-year 2024 is now expected to be in the range of \$68.0 to \$70.0 million, reflecting growth of approximately 37% to 41% over the full-year 2023
- Expect to achieve previously given guidance of cashflow break even and GAAP profitability no later than the end of the third quarter of 2025

“We anticipate sequential third-quarter commercial revenue growth between 26% to 32% over the second quarter,” said David O’Toole, Chief Financial Officer of AVITA Medical. “Following our solid second quarter and a strong start in July, we are confident in our commercial team’s ability to achieve this goal. However, we have adjusted downward our full-year revenue guidance, which still reflects a growth rate of over 37% year-over-year and our ongoing growth trajectory. With positive new developments, including the launch of RECELL GO and PermeaDerm, as well as the anticipated launch of our new dermal matrix, we intend to build on our second-quarter momentum and continue delivering strong results.”

Second Quarter 2024 Financial Results

Total revenues increased by 29.3%, or \$3.4 million, to \$15.2 million, compared to \$11.8 million in the same period in the prior year. Our commercial revenue was \$15.1 million in the three-months ended June 30, 2024, an increase of \$3.4 million, or 29.5%, compared to \$11.7 million in the corresponding period in the prior year. The growth in commercial revenues was largely driven by deeper penetration within existing customer accounts and new accounts for full-thickness skin defect.

Gross profit margin was 86.2% compared to 81.2%, representing an increase of 500 bps from the corresponding period in the prior year. This was largely driven by increases in revenues and the volume of production.

BARDA income decreased to zero, compared to \$0.5 million in the corresponding period in the prior year due to the ending of reimbursable clinical trials. BARDA income in the prior year consisted of funding from the Biomedical Advanced Research and Development Authority, under the Assistant Secretary for Preparedness and Response, within the U.S. Department of Health and Human Services, under ongoing USG Contract No. HHSO100201500028C.

Total operating expenses for the quarter were \$28.7 million, compared to \$21.2 million in the same period in 2023. The increase in operating expenses is primarily attributable to an increase of \$6.3 million in sales and marketing expenses due to employee-related costs, including salaries and benefits, commissions, professional fees, and travel expenses, collectively, as a result of the expansion of our commercial organization to support our growing commercial operations in the second quarter of 2023 and again in first quarter of 2024. G&A expenses increased by \$1.4 million as a result of higher salaries and benefits, severance benefits, partially offset by lower deferred compensation expenses and lower professional fees. In addition, operating expenses were offset by a decrease of \$0.2 million in R&D costs, which was primarily due to a decrease in professional fees and development expenses.

Interest expense increased approximately \$1.3 million in comparison to the same period in the prior year due to the interest expense related to the long-term debt incurred as part of the OrbiMed Credit Agreement, for a principal amount owed of \$40.0 million.

Other income, net increased by \$0.8 million to income of \$1.6 million. In the current period other income consists of income of \$2.1 million related to the change in fair value of warrant liability, \$0.7 million in income related to our investments. Income was offset by a non-cash charge of \$1.2 million due to the change in fair value of the debt. The prior period income consisted of \$0.7 million related to our investments and \$0.1 million in gains.

Net loss was \$15.4 million, or a loss of \$0.60 per basic and diluted share, compared to a net loss of 10.4 million, or a loss of \$0.41 per basic and diluted share, in the same period in 2023.

As of June 30, 2024, the Company had approximately \$54.1 million in cash, cash equivalents, and marketable securities.

Webcast and Conference Call Information

AVITA Medical will host a conference call on Thursday, August 8, 2024, at 1:30 p.m. Pacific Time (Friday, August 9, 2024, at 6:30 a.m. Australian Eastern Standard Time) to discuss its financial results and recent business highlights. To participate by telephone, please register in advance to receive dial-in details and a personal PIN at <https://register.vevent.com/register/B1460b032551fb410185009f5eac59ddac>. The live webcast will be accessible through the Events section of AVITA Medical's Investor Relations website at ir.avitamedical.com. A replay of the webcast will be available shortly after the live event.

About AVITA Medical, Inc.

AVITA Medical® is a commercial-stage regenerative medicine company transforming the standard of care in wound care management and skin restoration with innovative devices. At the forefront of our platform is the RECELL® System, approved by the Food and Drug Administration for the treatment of thermal burn wounds and full-thickness skin defects, and for repigmentation of stable depigmented vitiligo lesions. RECELL harnesses the regenerative properties of a patient's own skin to create Spray-On Skin™ Cells, delivering a transformative solution at the point-of-care. This breakthrough technology serves as the catalyst for a new treatment paradigm enabling improved clinical outcomes. AVITA Medical also holds the exclusive rights to market, sell, and distribute PermeaDerm®, a biosynthetic wound matrix, in the United States.

In international markets, the RECELL System is approved to promote skin healing in a wide range of applications including burns, full-thickness skin defects, and vitiligo. The RECELL System is TGA-registered in Australia, has received CE-mark approval in Europe, and has PMDA approval in Japan.

To learn more, visit www.avitamedical.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to significant risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements generally may 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,” and similar words or expressions, and the use of future dates. Forward-looking statements include, but are not limited to, statements relating to the timing and realization 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. These statements are made as of the date of this release, and the Company undertakes no obligation to publicly update or revise any of these statements, except as required by law. For additional information and other important factors that may cause actual results to differ materially from forward-looking statements, please see the “Risk Factors” section of the Company’s latest Annual Report on Form 10-K and other publicly available filings for a discussion of these and other risks and uncertainties.

Investor & Media Contact:

Jessica Ekeberg
Phone +1-661-904-9269
investor@avitamedical.com
media@avitamedical.com

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

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

| | As of | |
|--|---------------|-------------------|
| | June 30, 2024 | December 31, 2023 |
| ASSETS | | |
| Cash and cash equivalents | \$ 17,452 | \$ 22,118 |
| Marketable securities | 36,604 | 66,939 |
| Accounts receivable, net | 8,717 | 7,664 |
| BARDA receivables | 94 | 30 |
| Prepays and other current assets | 3,382 | 1,659 |
| Inventory | 6,709 | 5,596 |
| Total current assets | 72,958 | 104,006 |
| Plant and equipment, net | 7,024 | 1,877 |
| Operating lease right-of-use assets | 3,938 | 2,440 |
| Corporate-owned life insurance ("COLI") asset | 2,888 | 2,475 |
| Intangible assets, net | 545 | 487 |
| Other long-term assets | 473 | 355 |
| Total assets | \$ 87,826 | \$ 111,640 |
| LIABILITIES, NON-QUALIFIED DEFERRED COMPENSATION PLAN SHARE AWARDS AND STOCKHOLDERS' EQUITY | | |
| Accounts payable and accrued liabilities | 4,155 | 3,793 |
| Accrued wages and fringe benefits | 7,624 | 7,972 |
| Current non-qualified deferred compensation ("NQDC") liability | 753 | 168 |
| Other current liabilities | 1,255 | 1,266 |
| Total current liabilities | 13,787 | 13,199 |
| Long-term debt | 40,989 | 39,812 |
| Non-qualified deferred compensation liability | 3,148 | 3,663 |
| Contract liabilities | 340 | 357 |
| Operating lease liabilities, long term | 3,281 | 1,702 |
| Warrant liability | 1,968 | 3,158 |
| Total liabilities | 63,513 | 61,891 |
| Non-qualified deferred compensation plan share awards | 398 | 693 |
| Commitments and contingencies (Note 13) | | |
| Stockholders' equity: | | |
| Common stock, \$0.0001 par value per share, 200,000,000 shares authorized, 25,949,906 and 25,682,078, shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively | 3 | 3 |
| Preferred stock, \$0.0001 par value per share, 10,000,000 shares authorized, no shares issued or outstanding at June 30, 2024 and December 31, 2023 | - | - |
| Company common stock held by the non-qualified deferred compensation plan | (1,022) | (1,130) |
| Additional paid-in capital | 358,510 | 350,039 |
| Accumulated other comprehensive loss | (1,556) | (1,887) |
| Accumulated deficit | (332,020) | (297,969) |
| Total stockholders' equity | 23,915 | 49,056 |
| Total liabilities, non-qualified deferred compensation plan share awards and stockholders' equity | \$ 87,826 | \$ 111,640 |

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

| | Three-Months Ended | | Six-Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Sales revenue | \$ 15,183 | \$ 11,753 | \$ 26,287 | \$ 22,303 |
| Lease revenue | 12 | - | 12 | - |
| Total revenues | 15,195 | 11,753 | 26,299 | 22,303 |
| Cost of sales | (2,111) | (2,204) | (3,624) | (3,871) |
| Gross profit | 13,084 | 9,549 | 22,675 | 18,432 |
| BARDA income | - | 530 | - | 1,157 |
| Operating expenses: | | | | |
| Sales and marketing | (16,302) | (10,003) | (28,942) | (16,543) |
| General and administrative | (7,519) | (6,165) | (16,481) | (14,460) |
| Research and development | (4,887) | (5,076) | (10,081) | (9,662) |
| Total operating expenses | (28,708) | (21,244) | (55,504) | (40,665) |
| Operating loss | (15,624) | (11,165) | (32,829) | (21,076) |
| Interest expense | (1,347) | (7) | (2,703) | (11) |
| Other income, net | 1,611 | 801 | 1,544 | 1,526 |
| Loss before income taxes | (15,360) | (10,371) | (33,988) | (19,561) |
| Income tax expense | (33) | (13) | (63) | (43) |
| Net loss | \$ (15,393) | \$ (10,384) | \$ (34,051) | \$ (19,604) |
| Net loss per common share: | | | | |
| Basic and diluted | \$ (0.60) | \$ (0.41) | \$ (1.32) | \$ (0.78) |
| Weighted-average common shares: | | | | |
| Basic and diluted | 25,760,278 | 25,239,723 | 25,699,030 | 25,221,009 |

