

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2025

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-39059



AVITA MEDICAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

85-1021707
(IRS Employer
Identification No.)

**28159 Avenue Stanford
Suite 220
Valencia, CA 91355**

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (661) 367-9170

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

Title of each class	Trading Symbol	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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has selected 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$0.0001, outstanding as of November 3, 2025 was 30,493,111.

TABLE OF CONTENTS

<u>NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	3
<u>PART I – FINANCIAL INFORMATION</u>	4
Item 1. <u>Financial Statements</u>	4
<u>Consolidated Balance Sheets – As of September 30, 2025 (unaudited) and December 31, 2024</u>	4
<u>Consolidated Statements of Operations for the three-months and nine-months ended September 30, 2025 and 2024 (unaudited)</u>	5
<u>Consolidated Statements of Comprehensive Loss for the three-months and nine-months ended September 30, 2025 and 2024 (unaudited)</u>	6
<u>Consolidated Statements of Stockholders’ Equity (Deficit) for the three-months and nine-months ended September 30, 2025 and 2024 (unaudited)</u>	7
<u>Consolidated Statements of Cash Flows for the nine-months ended September 30, 2025 and 2024 (unaudited)</u>	9
<u>Notes to Consolidated Financial Statements (unaudited)</u>	10
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	35
Item 4. <u>Controls and Procedures</u>	36
<u>Part II – OTHER INFORMATION</u>	37
Item 1. <u>Legal Proceedings</u>	37
Item 1A <u>Risk Factors</u>	37
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	37
Item 3. <u>Defaults Upon Senior Securities</u>	37
Item 4. <u>Mine Safety Disclosures</u>	37
Item 5. <u>Other Information</u>	37
Item 6. <u>Exhibits</u>	38
<u>Signatures</u>	39

NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including uncertainties associated with our expectations regarding future revenue, or future growth in revenue, profit, or gross and/or operating margins; the ability to achieve or sustain profitability; industry market conditions; increased competition; changes in our production capacity; failure to obtain, maintain and enforce our intellectual property rights, including our expectations regarding the future scope of such rights; failure to obtain and/or maintain regulatory approvals and comply with applicable regulations; the conduct or outcome of pre-clinical or clinical (human) studies; operational and management restructuring activities; our ability to find and maintain partnerships relating to collaborations, strategic arrangements, and licensing arrangements; mergers and acquisitions (and related integration activities); if third parties fail to uphold their contractual duties or meet expected deadlines; our ability to obtain and maintain favorable coverage and reimbursement determinations from third party payors; market reaction to growth or product initiatives; our ability to expand our sales and marketing organizations to address existing and new markets that we intend to target; market penetration of our products; the ability to continue to scale our manufacturing operations to meet the demand for our products; our ability to attract and retain qualified personnel, including management; solvency; non-compliance with debt covenants, which may result in the acceleration of our debt obligations or the need for renegotiations with our lenders, tax and interest rates; inflationary pressures on the U.S. and global economies, respectively; changes in the legal or regulatory environments; the impact of a cybersecurity breach, terrorist attack or other geopolitical instability, pandemic or epidemic, or natural disaster; and future working capital, costs, productivity, business process, rationalization, investment (including rates), consulting, operational, financial, and capital projects and/or initiatives. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “aim,” “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” or “would” or the negative of these terms or other similar expressions.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q and are subject to a number of important factors that could cause actual results to differ materially from those in the forward-looking statements, including the factors described under the sections in this Quarterly Report on Form 10-Q titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties.

You should read this Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

PART I – Financial Information

Item 1. FINANCIAL STATEMENTS

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

	As of	
	September 30, 2025	December 31, 2024
ASSETS	(Unaudited)	
Cash and cash equivalents	\$ 15,422	\$ 14,050
Marketable securities	7,891	21,835
Accounts receivable, net	9,013	11,786
Prepays and other current assets	1,801	2,060
Inventory	7,240	7,269
Total current assets	41,367	57,000
Plant and equipment, net	9,884	10,018
Operating lease right-of-use assets	3,128	3,571
Corporate-owned life insurance (“COLI”) asset	3,071	3,006
Intangible assets, net	5,204	5,570
Other long-term assets	1,074	546
Total assets	\$ 63,728	\$ 79,711
LIABILITIES, NON-QUALIFIED DEFERRED COMPENSATION PLAN SHARE AWARDS AND STOCKHOLDERS’ EQUITY (DEFICIT)		
Accounts payable and accrued liabilities	\$ 8,107	\$ 6,294
Accrued wages and fringe benefits	5,795	10,451
Loan facility	42,449	-
Current non-qualified deferred compensation (“NQDC”) liability	331	2,094
Contingent liability	3,000	-
Other current liabilities	2,149	1,319
Total current liabilities	61,831	20,158
Loan facility - long-term	-	42,245
Non-qualified deferred compensation liability	4,081	2,969
Contract liabilities	298	324
Operating lease liabilities, long-term	2,324	2,840
Contingent liability, long-term	-	3,000
Warrant liabilities	1,860	3,432
Total liabilities	70,394	74,968
Non-qualified deferred compensation plan share awards	-	244
Commitments and contingencies (Note 11)		
Stockholders' equity (deficit):		
Common stock, \$0.0001 par value per share, 200,000,000 shares authorized, 30,493,111 and 26,354,042, shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	3	3
Preferred stock, \$0.0001 par value per share, 10,000,000 shares authorized, no shares issued or outstanding at September 30, 2025 and December 31, 2024	-	-
Company common stock held by the non-qualified deferred compensation plan	(1,281)	(1,319)
Additional paid-in capital	392,782	367,568
Accumulated other comprehensive loss	(1,390)	(1,939)
Accumulated deficit	(396,780)	(359,814)
Total stockholders’ equity (deficit)	(6,666)	4,499
Total liabilities, non-qualified deferred compensation plan share awards and stockholders’ equity (deficit)	\$ 63,728	\$ 79,711

The accompanying notes form part of the unaudited Consolidated Financial Statements.

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

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Sales revenue	\$ 16,897	\$ 19,394	\$ 53,448	\$ 45,681
Lease revenue	165	152	547	164
Total revenues	17,062	19,546	53,995	45,845
Cost of sales	(3,187)	(3,190)	(9,490)	(6,814)
Gross profit	13,875	16,356	44,505	39,031
Operating expenses:				
Sales and marketing	(12,053)	(15,144)	(41,200)	(44,086)
General and administrative	(7,227)	(9,590)	(20,283)	(26,071)
Research and development	(3,748)	(5,428)	(15,148)	(15,510)
Total operating expenses	(23,028)	(30,162)	(76,631)	(85,667)
Operating loss	(9,153)	(13,806)	(32,126)	(46,636)
Interest expense	(1,268)	(1,359)	(3,754)	(4,063)
Other (expense) income, net	(2,751)	(1,068)	(1,058)	478
Loss before income taxes	(13,172)	(16,233)	(36,938)	(50,221)
Income tax (expense) benefit	(15)	28	(28)	(35)
Net loss	\$ (13,187)	\$ (16,205)	\$ (36,966)	\$ (50,256)
Net loss per common share:				
Basic and diluted	\$ (0.46)	\$ (0.62)	\$ (1.37)	\$ (1.95)
Weighted-average common shares:				
Basic and diluted	28,393,445	25,983,929	27,012,691	25,794,690

The accompanying notes form part of the unaudited Consolidated Financial Statements.

AVITA MEDICAL, INC.
Consolidated Statements of Comprehensive Loss
(In thousands)
(Unaudited)

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Net loss	\$ (13,187)	\$ (16,205)	\$ (36,966)	\$ (50,256)
Change in fair value due to credit risk on loan facility	689	(554)	563	(116)
Net unrealized gain (loss) on marketable securities	-	45	(14)	(62)
Comprehensive loss	<u>\$ (12,498)</u>	<u>\$ (16,714)</u>	<u>\$ (36,417)</u>	<u>\$ (50,434)</u>

The accompanying notes form part of the unaudited Consolidated Financial Statements.

AVITA MEDICAL, INC.
Consolidated Statements of Stockholders' Equity (Deficit)
(In thousands, except shares)
(Unaudited)

	<u>Common Stock</u>		Company common stock held by the NQDC Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount					
Balance at June 30, 2025	26,613,678	\$ 3	\$ (1,296)	\$ 374,073	\$ (2,079)	\$ (383,593)	\$ (12,892)
Net loss	-	-	-	-	-	(13,187)	(13,187)
Issuance of common stock under private placement	3,440,377	-	-	14,792	-	-	14,792
Issuance costs associated with private placement	-	-	-	(1,058)	-	-	(1,058)
Issuance of common stock related to debt amendment	400,000	-	-	2,152	-	-	2,152
Stock-based compensation	-	-	-	2,775	-	-	2,775
Vesting of restricted stock units	23,591	-	-	-	-	-	-
Exercise of stock options	6,600	-	-	33	-	-	33
Distribution of Company common stock held by the NQDC Plan	-	-	58	(32)	-	-	26
Vesting of Company common stock held by the NQDC Plan	8,865	-	(43)	43	-	-	-
Change in redemption value of share awards in NQDC Plan	-	-	-	4	-	-	4
Change in fair value due to credit risk on loan facility	-	-	-	-	689	-	689
Balance at September 30, 2025	<u>30,493,111</u>	<u>\$ 3</u>	<u>\$ (1,281)</u>	<u>\$ 392,782</u>	<u>\$ (1,390)</u>	<u>\$ (396,780)</u>	<u>\$ (6,666)</u>

	<u>Common Stock</u>		Company common stock held by the NQDC Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount					
Balance at June 30, 2024	25,949,906	\$ 3	\$ (1,022)	\$ 358,510	\$ (1,556)	\$ (332,020)	\$ 23,915
Net loss	-	-	-	-	-	(16,205)	(16,205)
Stock-based compensation	-	-	-	4,040	-	-	4,040
Vesting of restricted stock units	50,157	-	-	-	-	-	-
Exercise of stock options	183,867	-	-	1,008	-	-	1,008
Distribution/diversification of Company common stock held by the NQDC Plan	-	-	58	(2)	-	-	56
Vesting of Company common stock held by the NQDC Plan	33,699	-	(291)	291	-	-	-
Change in redemption value of share awards in NQDC Plan	-	-	-	(78)	-	-	(78)
Net unrealized gain on marketable securities	-	-	-	-	45	-	45
Change in fair value due to credit risk on loan facility	-	-	-	-	(554)	-	(554)
Balance at September 30, 2024	<u>26,217,629</u>	<u>\$ 3</u>	<u>\$ (1,255)</u>	<u>\$ 363,769</u>	<u>\$ (2,065)</u>	<u>\$ (348,225)</u>	<u>\$ 12,227</u>

Common Stock							
	Shares	Amount	Company common stock held by the NQDC Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulate d Deficit	Total Stockholder s' Equity (Deficit)
Balance at December 31, 2024	26,354,042	\$ 3	\$ (1,319)	\$ 367,568	\$ (1,939)	\$ (359,814)	\$ 4,499
Net loss	-	-	-	-	-	(36,966)	(36,966)
Issuance of common stock under private placement	3,440,377	-	-	14,792	-	-	14,792
Issuance costs associated with private placement	-	-	-	(1,058)	-	-	(1,058)
Issuance of common stock related to debt amendment	400,000	-	-	2,152	-	-	2,152
Stock-based compensation	-	-	-	8,121	-	-	8,121
Vesting of restricted stock units	85,707	-	-	-	-	-	-
Exercise of stock options	74,725	-	-	407	-	-	407
ESPP purchase	114,787	-	-	548	-	-	548
Distribution of Company common stock held by the NQDC Plan	-	-	217	(17)	-	-	200
Vesting of Company common stock held by the NQDC Plan	23,473	-	(179)	179	-	-	-
Change in redemption value of share awards in NQDC Plan	-	-	-	90	-	-	90
Net unrealized loss on marketable securities	-	-	-	-	(14)	-	(14)
Change in fair value due to credit risk on loan facility	-	-	-	-	563	-	563
Balance at September 30, 2025	<u>30,493,111</u>	<u>\$ 3</u>	<u>\$ (1,281)</u>	<u>\$ 392,782</u>	<u>\$ (1,390)</u>	<u>\$ (396,780)</u>	<u>\$ (6,666)</u>

Common Stock							
	Shares	Amount	Company common stock held by the NQDC Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulate d Deficit	Total Stockholder s' Equity
Balance at December 31, 2023	25,682,078	\$ 3	\$ (1,130)	\$ 350,039	\$ (1,887)	\$ (297,969)	\$ 49,056
Net loss	-	-	-	-	-	(50,256)	(50,256)
Stock-based compensation	-	-	-	10,603	-	-	10,603
Vesting of restricted stock units	94,123	-	-	-	-	-	-
Exercise of stock options	301,524	-	-	1,701	-	-	1,701
ESPP purchase	96,253	-	-	786	-	-	786
Distribution/diversification of Company common stock held by the NQDC Plan	-	-	245	76	-	-	321
Vesting of Company common stock held by the NQDC Plan	43,651	-	(370)	370	-	-	-
Change in redemption value of share awards in NQDC Plan	-	-	-	194	-	-	194
Net unrealized loss on marketable securities	-	-	-	-	(62)	-	(62)
Change in fair value due to credit risk on loan facility	-	-	-	-	(116)	-	(116)
Balance at September 30, 2024	<u>26,217,629</u>	<u>\$ 3</u>	<u>\$ (1,255)</u>	<u>\$ 363,769</u>	<u>\$ (2,065)</u>	<u>\$ (348,225)</u>	<u>\$ 12,227</u>

The accompanying notes form part of the unaudited Consolidated Financial Statements.

AVITA Medical, Inc.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Nine-Months Ended	
	September 30, 2025	September 30, 2024
Cash flow from operating activities:		
Net loss	\$ (36,966)	\$ (50,256)
Adjustments to reconcile net loss to net cash used in operating activities:		
Fair value of common stock issued related to loan amendment	2,152	-
Change in fair value of loan facility	767	2,619
Change in fair value of warrant liability	(1,572)	(399)
Depreciation and amortization	1,647	717
Stock-based compensation	8,146	10,698
Non-cash lease expense	662	633
Loss on fixed asset disposal	590	25
Loss on patent disposal	11	16
Remeasurement and foreign currency transaction loss	17	23
Excess and obsolete inventory related charges	695	408
Provision for credit losses	(17)	33
Amortization of premium of marketable securities	(224)	(1,479)
Non-cash changes in the fair value of NQDC plan	(1,069)	36
Changes in operating assets and liabilities:		
Trade and other receivables	3,714	(2,656)
Prepays and other current assets	257	(1,314)
Inventory	(666)	(1,041)
Operating lease liability	(716)	(667)
Corporate-owned life insurance ("COLI") asset	406	(271)
Other long-term assets	(529)	(192)
Accounts payable and accrued expenses	1,762	(65)
Accrued wages and fringe benefits	(4,656)	1,804
Current non-qualified deferred compensation liability	(1,739)	1,625
Other current liabilities	(111)	112
Non-qualified deferred compensation plan liability	1,707	(1,242)
Contract liabilities	(25)	(25)
Net cash used in operating activities	(25,757)	(40,858)
Cash flow from investing activities:		
Purchase of marketable securities	(11,346)	(18,609)
Maturities of marketable securities	25,500	61,200
Purchase of plant and equipment	(1,679)	(7,559)
Patent filing fees	(34)	(140)
Net cash provided by investing activities	12,441	34,892
Cash flow from financing activities:		
Proceeds from private placement of common stock	14,792	-
Issuance costs associated with private placement	(1,058)	-
Proceeds from exercise of stock options	406	1,701
Employee stock purchase plan ("ESPP") purchases	548	786
Net cash provided by financing activities	14,688	2,487
Net increase (decrease) in cash and cash equivalents	1,372	(3,479)
Cash and cash equivalents beginning of the period	14,050	22,118
Cash and cash equivalents end of the period	\$ 15,422	\$ 18,639
Supplemental Disclosure of Cash Flow Information:		
Income taxes paid during the period	\$ -	\$ 21
Interest paid during the period	\$ 3,738	\$ 4,062
Non-cash investing activities:		
Capital expenditures not yet paid	\$ 150	\$ 407
Right-of-use-asset obtained in exchange for lease liabilities	\$ 201	\$ 2,026

The accompanying notes form part of the unaudited Consolidated Financial Statements.

AVITA MEDICAL, INC.
Notes to Consolidated Financial Statements
(Unaudited)

1. The Company

Nature of the Business

AVITA Medical, Inc. and its subsidiaries (collectively, “AVITA Medical” or the “Company”) is a leading therapeutic acute wound care company delivering transformative solutions. The Company’s technologies are designed to optimize wound healing, effectively accelerating the time to patient recovery. The Company’s solutions improve the healing outcomes for patients with traumatic injuries and surgical repairs, addressing critical healing needs that arise from unpredictable and life-changing events. At the forefront of the Company’s portfolio is the patented and proprietary RECELL[®] System (“RECELL System” or “RECELL”), approved by the U.S. Food and Drug Administration (the “FDA”) for the treatment of thermal burn wounds and full-thickness skin defects. RECELL harnesses the healing properties of a patient’s own skin to create an autologous skin cell suspension, Spray-On Skin[™] Cells, offering an innovative solution for improved clinical outcomes at the point-of-care.

The single-use RECELL Autologous Cell Harvesting Device (“RECELL Ease-of-Use” or “RECELL EOU”) is approved by the FDA for the treatment of thermal burn wounds and full-thickness skin defects. The Company’s next-generation device, RECELL GO[™] Autologous Cell Harvesting Device (“RECELL GO”), was approved by the FDA in May of 2024 to treat thermal burn wounds and full-thickness skin defects. RECELL GO introduces enhanced features that improve consistency and standardization across clinical settings. It consists of two components: a multi-use, AC-powered RECELL GO Processing Device (the “RPD”) and a RECELL GO Preparation Kit (the “RPK”). The RPK contains the single-use RECELL GO Cartridge, disaggregation head, RECELL Enzyme[™], and other components. The RPD provides the control for the RPK, manages the pressure applied to disaggregate the donor skin cells, and precisely regulates the incubation times of the RECELL Enzyme and solutions to optimize cell yield and promote cell viability.

RECELL GO mini[™] Autologous Cell Harvesting Device (“RECELL GO mini”), which was approved by the FDA in December of 2024, is a line extension of RECELL GO, designed specifically to treat smaller wounds up to 480 cm². It utilizes the same RPD but features a RECELL GO mini Preparation Kit (the “mini RPK”), which includes a single-use RECELL GO mini Cartridge optimized for smaller skin samples. These modifications are intended to align with the needs of clinicians treating smaller wounds, and to support broader adoption of the RECELL GO platform in trauma centers.

The Company holds the rights to manufacture, market, sell, and distribute PermeaDerm[®], a biosynthetic wound matrix, in the United States under the terms of an exclusive multi-year distribution agreement (the “Distribution Agreement”) and a contract manufacturing agreement (the “Manufacturing Agreement”) with Stedical Scientific, Inc. (“Stedical”). The Company also holds the rights to market, sell, and distribute Cohealyx[™], a unique collagen-based dermal matrix, under the terms of an exclusive multi-year development and distribution agreement (the “Regenity Agreement”) with Collagen Matrix, Inc. dba Regenity Biosciences (“Regenity”). Under the terms of the Regenity Agreement, Regenity manufactures and supplies Cohealyx and the Company holds the exclusive marketing, sales, and distribution rights to this product under its private label in the U.S., and potentially in countries in the European Union, as well as in Australia and Japan. See Note 11 to the Consolidated Financial Statements for additional information regarding the Company’s commitments with Stedical and Regenity.

Liquidity, Capital Resources and Going Concern

The Company’s Consolidated Financial Statements have been prepared on the basis of the Company continuing as a going concern for the next 12 months. The Company has incurred operating losses and negative cash flows from operations since its inception and has an accumulated deficit of \$396.8 million as of September 30, 2025. For the nine months ended September 30, 2025 and 2024, the Company used \$25.8 million and \$40.9 million of cash, respectively, in its operating activities. For the years ended December 31, 2024 and 2023, the Company used \$48.9 million and \$38.0 million of cash, respectively, in its operating activities. As of September 30, 2025, the Company had cash, cash equivalents, and marketable securities of \$23.3 million. Historically, the Company has funded its operations principally through the sales of its products, issuance of equity securities, and debt financing.

On August 12, 2025, the Company completed a private placement (the “Placement”) on the Australian Securities Exchange (“ASX”) to institutional and professional investors to raise gross proceeds of \$14.8 million, or \$13.8 million after deducting sales commissions and offering expenses, through the issuance of 17,201,886 CHESS Depositary Interests (“CDIs”) on the ASX, which is the equivalent of 3,440,377 shares of Common stock. Proceeds of the Placement will be used for working capital requirements and will provide additional strategic flexibility to support continued growth of the Company’s therapeutic acute wound portfolio.

In connection with the Loan Facility defined in Note 6 to the Consolidated Financial Statements, the Company will need to be in compliance with a minimum trailing 12-month net revenue covenant at the end of each quarter and maintain a minimum quarterly cash and cash equivalents balance. The Company was not in compliance with the trailing 12-month net revenue covenants for the first quarter of 2025 and the second quarter of 2025. On March 31, 2025, the Company received a waiver related to the trailing 12-month net revenue covenant for the first quarter of 2025, which was set at \$73.0 million. On June 30, 2025, the Company received a waiver related to the trailing 12-month net revenue covenant for the second quarter of 2025, which was set at \$78.0 million. On August 7, 2025, the Company amended the Credit Agreement (as defined in Note 6 to the Consolidated Financial Statements), to amend the trailing 12-month revenue covenant to \$73.0 million for the quarter ending September 30, 2025, to \$77.0 million for the quarter ending December 31, 2025, to \$90.0 million for the quarter ending March 31, 2026, and to \$103.0 million for the quarter ending June 30, 2026. The \$115.0 million revenue covenant for all subsequent quarters through the date of debt maturity remains in effect. See Note 6 to the Consolidated Financial Statements for additional information regarding the amendment. On September 30, 2025, the Company received a waiver related to the trailing 12-month net revenue covenant for the third quarter of 2025. As of September 30, 2025, subject to all applicable waivers and amendments, the Company was in compliance with all other quantitative covenants in the Credit Agreement.

Based on the Company's liquidity position at September 30, 2025 and the Company's current forecast of operating results and cash flows, management has determined that, absent any mitigating action, it is probable the Company will not be able to maintain compliance of the minimum cash balance covenant pursuant with the terms of its Credit Agreement within the next twelve months following the date of issuance of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q. Should such situation arise, the Lender (as defined in Note 6 to the Consolidated Financial Statements) could exercise its right to accelerate repayment of the outstanding debt. These events and conditions raise substantial doubt about the Company's ability to continue as a going concern.

As a result of this conclusion, and due to the Company's current debt servicing obligations, the long-term portion of the credit facility has been classified as a current liability in the accompanying Consolidated Financial Statements as of September 30, 2025.

The Company is actively evaluating strategies to obtain the required additional funding for future operations. These strategies include, but are not limited to, obtaining additional equity financing, issuing debt or entering into other financing agreements. In April 2023, the Company filed a Registration Statement on Form S-3 with the SEC in relation to the registration of common stock, preferred stock, debt securities, warrants or any combination thereof for up to an aggregate of \$200.0 million, of which 3,799,164 shares of the Company's common stock may be issued and sold pursuant to an at-the-market offering program for sales of the Company's common stock under a sales agreement with Cowen and Company, LLC. However, there can be no assurance that such funding will be available to the Company when needed, either on favorable terms or at all.

The Company's Consolidated Financial Statements do not include any adjustments to the carrying amount of assets, liabilities, and reported expenses that may be necessary if the Company were unable to continue as a going concern.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (the "SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the Consolidated Financial Statements reflect all adjustments of a normal and recurring nature that are considered necessary for a fair presentation of the results for the interim periods presented. The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in the Company's Annual Report on Form 10-K for the year-ended December 31, 2024 filed with the SEC on February 13, 2025 and lodged with the ASX on February 14, 2025 (the "2024 Annual Report").

There have been no changes to the Company's significant accounting policies as described in the 2024 Annual Report that have had a material impact on the Company's Consolidated Financial Statements. See the summary of the Company's significant accounting policies set forth in the notes to its Consolidated Financial Statements included in the 2024 Annual Report.

Principles of Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated upon consolidation.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments affected by this ASU require (i) enhanced disclosures in connection with an entity's effective tax rate reconciliation and (ii) income taxes paid disaggregated by jurisdiction. These amendments are effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact of adopting this ASU on its Consolidated Financial Statements and disclosures.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income (Topic 220): Expense Disaggregation Disclosures*, which requires disaggregated disclosures of certain costs and expenses in the notes to financial statements. This guidance will be effective for annual reporting periods beginning after December 15, 2026, and for interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its Consolidated Financial Statements and disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*, which addresses changes in software development methods and increases the operability of the recognition guidance for improved financial reporting. This guidance is effective for annual reporting periods beginning after December 15, 2027, and for interim reporting periods within those annual reporting periods. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its Consolidated Financial Statements and disclosures.

Use of Estimates

The preparation of the accompanying Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts (including the stand-alone selling price ("SSP") for the RPD, allowance for credit losses, reserves for inventory excess and obsolescence, carrying value of long-lived assets, the useful lives of long-lived assets, accounting for marketable securities, income taxes, fair value of loan facility, fair value of warrants and stock-based compensation) and related disclosures. Estimates have been prepared based on the current and available information. However, actual results could differ from estimated amounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held at deposit institutions and cash equivalents. Cash equivalents consist primarily of money market funds. Cash equivalents also include short-term highly liquid investments with original maturities of three months or less from the date of purchase. The Company holds cash at deposit institutions in the amount of \$7.1 million and \$2.3 million as of September 30, 2025 and December 31, 2024, respectively. The Company does not have cash on deposit denominated in foreign currency in foreign institutions as of September 30, 2025 and December 31, 2024. As of September 30, 2025 and December 31, 2024, the Company held cash equivalents in the amounts of \$8.3 million and \$11.7 million, respectively.

Concentrations

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, trade receivables, and debt and other liabilities. As of September 30, 2025 and December 31, 2024, substantially all the Company's cash and cash equivalents were deposited in accounts at financial institutions, and those deposited amounts exceed federally insured limits and are subject to the risk of bank failure.

As of September 30, 2025, no single commercial customer accounted for more than 10% of net accounts receivable. As of December 31, 2024, two commercial customers accounted for more than 10% of accounts receivable. Customer A constituted 21% of the accounts receivable, while Customer B represented 11%. For the three-months and nine-months ended September 30, 2025 and 2024, no single customer accounted for more than 10% of revenues.

Revenue Recognition

The Company generates revenues primarily from:

- The sale of RECELL EOU, RPK and mini RPK (collectively, the “RPKs”), PermeaDerm and Cohealyx products to hospitals, other treatment centers, and distributors.
- Lease revenue for the RPD.

The Company’s sale of the RECELL EOU, PermeaDerm and Cohealyx products are accounted for under ASC 606, *Revenue from contracts with customers* (“ASC 606”). Revenue for the RECELL System is disaggregated between two accounting standards: (1) ASC 606 for the RPKs and (2) ASC 842, *Leases* (“ASC 842”) for the RPD.

To determine revenue recognition for contracts that are within the scope of ASC 606, the Company performs the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognize revenue when/as a performance obligation(s) is(are) satisfied

In order for an arrangement to be considered a contract, it must be probable that the Company will collect the consideration to which it is entitled for goods or services to be transferred. The Company then assesses the goods or services promised within the contract to determine whether each promised good or service is a performance obligation. Performance obligations are promises in a contract to transfer a distinct good or service to the customer that (i) the customer can benefit from on its own or together with other readily available resources, and (ii) is separately identifiable from other promises in the contract.

The Company determines the transaction price based on the amount of consideration the Company expects to receive for providing the promised goods or services in the contract. Consideration may be fixed, variable, or a combination of both. At contract inception for arrangements that include variable consideration, the Company estimates the probability and extent of consideration it expects to receive under the contract utilizing either the most likely amount method or expected amount method, whichever best estimates the amount expected to be received. The Company then considers any constraints on the variable consideration and includes in the transaction price variable consideration to the extent it is deemed probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

When accounting for a contract that contains multiple performance obligations, the Company must develop judgmental assumptions to determine the estimated SSP for each performance obligation identified in the contract. The Company utilizes the observable SSP when available, which represents the price charged for the promised product or service when sold separately. When the SSP for the Company’s products or services are not directly observable, the Company determines the SSP using relevant information available and apply suitable estimation methods including, but not limited to, the cost-plus margin approach. The Company then allocates the transaction price to each performance obligation based on the relative SSP and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied.

Most of the Company’s contracts have a single performance obligation. As such, the Company recognizes revenue when its customers obtain control of promised goods or services, in an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized net of volume discounts (variable consideration). For the Company’s contracts that have an original duration of one year or less, since contract inception and customer payment occur within the same period the Company does not consider the time value of money. Further, because of the short duration of these contracts, the Company has not disclosed the transaction price for the remaining performance obligations as of each reporting period or when the Company expects to recognize this revenue. The Company has further applied the practical expedient to exclude sales tax in the transaction price and expense contract acquisition costs such as commissions and shipping and handling expenses as incurred.

Revenue recognition for contracts that are within the scope of ASC 606 and ASC 842

The Company enters into contracts with customers where it receives consideration for the RPKs and does not receive additional consideration for the RPD. As a result, judgment and analysis are required to determine the appropriate accounting, including: (i) whether the arrangement contains an embedded lease, and if so, whether such embedded lease is a sales-type lease or an operating lease, (ii) the amount of the total consideration, as well as variable consideration, (iii) the identification of the distinct performance obligations contained within the arrangement, (iv) how the arrangement consideration should be allocated to each performance obligation when multiple performance obligations exist, including the determination of standalone selling price, and (v) when to recognize revenue on the performance obligations.

In determining whether the lease components are related to a sales-type lease or an operating lease, the Company evaluates if the lease transfers ownership at the end of the lease term, the existence of purchase options, the lease term in relation to the economic life of the asset, if the lease payments exceed the fair value of the asset, and if the asset is of a specialized nature. The Company also evaluates if the lease results in a loss at the lease commencement date. As the lease term is for a major part of the economic life, the lease meets the classification criteria for sales-type lease. However, to determine if the contract results in a loss at the lease commencement date the Company evaluated the consideration in the contract. The consideration at lease commencement does not contain fixed payments, purchase options, penalty payments or residual value guarantees. The variable consideration is related to the sale of the RPKs. As the variable lease payments are not dependent on an index or rate, the variable consideration is excluded from consideration at contract inception resulting in a loss at lease commencement. As such, the Company classifies the lease as an operating lease.

The contracts contain an operating lease component, the RPD, and non-lease components, the RPKs. The lease component will be accounted for under the ASC 842 and the non-lease component will be accounted for under ASC 606, as described above. In accordance with ASC 842, the consideration in the contract will be allocated to each separate lease component and non-lease component of the contract. The consideration is allocated to these lease and non-lease components based on the SSP (as described above for contracts within the scope of ASC 606). In accordance with ASC 842, variable lease payments will be recognized once the sale of the RPKs occurs and control has transferred to the customer. Consideration will be allocated to the RPD and the RPKs based on the SSP. Consideration related to the RPD will be recognized as Lease revenue and consideration related to the RPKs will be recognized as Sales revenues in accordance with guidance in ASC 606, as described above, upon transfer of control of the RPKs, which generally occurs at the time the product is shipped or delivered depending on the customer's shipping terms.

Assets in the Company's lease program are reported in Plant and equipment, net on the Consolidated Balance Sheets and are depreciated over the useful life of the RPD device's 200 uses, as indicated in the Instructions for Use that were approved by the FDA, and expensed as Costs of goods sold in the Consolidated Statements of Operations. The RPD depreciation has a direct relationship to the number of RPKs sold. Based on customer usage, each purchase of a RPKs results in a 1/200 depreciation to the RPD.

3. Marketable Securities

The following table summarizes the amortized cost and estimated fair values of securities available-for-sale:

	As of September 30, 2025			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Carrying Value
(in thousands)				
Cash equivalents:				
Money market funds	\$ 6,339	\$ -	\$ -	\$ 6,339
U.S. Treasury securities	1,989	-	-	1,989
Total cash equivalents	<u>8,328</u>	<u>-</u>	<u>-</u>	<u>8,328</u>
Current marketable securities:				
U.S. Treasury securities	\$ 7,891	\$ -	\$ -	\$ 7,891
Total current marketable securities	<u>7,891</u>	<u>-</u>	<u>-</u>	<u>7,891</u>

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Carrying Value
(in thousands)				
Cash equivalents:				
Money market funds	\$ 11,720	\$ -	\$ -	\$ 11,720
Total cash equivalents	<u>\$ 11,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,720</u>
Current marketable securities:				
U.S. Treasury securities	\$ 21,821	\$ 14	\$ -	\$ 21,835
Total current marketable securities	<u>\$ 21,821</u>	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 21,835</u>

The maturities of the Company's available-for-sale securities are summarized in the following table using contractual maturities. Actual maturities may differ from contractual maturities due to obligations that are called or prepaid.

	As of September 30, 2025		As of December 31, 2024	
	Amortized Cost	Carrying Value	Amortized Cost	Carrying Value
(in thousands)				
Due in one year or less	\$ 7,891	\$ 7,891	\$ 21,821	\$ 21,835

Unrealized gains and losses, net of any related tax effects for available-for-sale securities are excluded from earnings and are included in other comprehensive loss and reported as a separate component of stockholders' equity until realized. Realized gains and losses on marketable securities are included in Other income, net, in the accompanying Consolidated Statements of Operations. The Company had a net unrealized loss of \$0 and net unrealized gain of \$14,000 as of September 30, 2025 and December 31, 2024, respectively. The Company did not have sales of investments during the three-months and nine-months ended September 30, 2025 and 2024 that resulted in realized gains or losses. As of September 30, 2025 and December 31, 2024, the Company did not recognize credit losses. The Company has accrued interest income receivable of \$32,000 and \$121,000 as of September 30, 2025 and December 31, 2024, respectively, recorded in Prepaids and other current assets in the Consolidated Balance Sheets.

4. Fair Value Measurements

ASC 820, *Fair Value Measurement*, the authoritative guidance on fair value measurements establishes a framework with respect to measuring assets and liabilities at fair value on a recurring basis and non-recurring basis. Under the framework, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. The framework also establishes a three-tier hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability and are developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability and are developed based on the best information available in the circumstances. The hierarchy consists of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs are unobservable inputs for the asset or liability.

The following tables present information about the Company's financial assets measured at fair value on a recurring basis, based on the three-tier fair value hierarchy:

(in thousands)	As of September 30, 2025			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	\$ 6,339	\$ -	\$ -	\$ 6,339
U.S. Treasury securities	-	1,989	-	1,989
Total cash equivalents	\$ 6,339	\$ 1,989	\$ -	\$ 8,328
Current marketable securities:				
U.S. Treasury securities	\$ -	\$ 7,891	\$ -	\$ 7,891
Total current marketable securities	\$ -	\$ 7,891	\$ -	\$ 7,891
Total marketable securities and cash equivalents	\$ 6,339	\$ 9,880	\$ -	\$ 16,219
Financial liabilities:				
Loan facility	\$ -	\$ -	\$ 42,449	\$ 42,449
Warrant liabilities	742	-	1,118	1,860
Non-qualified deferred compensation plan liability	-	4,412	-	4,412
Total financial liabilities	\$ 742	\$ 4,412	\$ 43,567	\$ 48,721
Financial assets:				
Corporate-owned life insurance policies	\$ -	\$ 3,071	\$ -	\$ 3,071
Total financial assets	\$ -	\$ 3,071	\$ -	\$ 3,071

(in thousands)	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds	\$ 11,720	\$ -	\$ -	\$ 11,720
Total cash equivalents	\$ 11,720	\$ -	\$ -	\$ 11,720
Current marketable securities:				
U.S. Treasury securities	\$ -	\$ 21,835	\$ -	\$ 21,835
Total current marketable securities	\$ -	\$ 21,835	\$ -	\$ 21,835
Total marketable securities and cash equivalents	\$ 11,720	\$ 21,835	\$ -	\$ 33,555
Financial liabilities:				
Loan facility	\$ -	\$ -	\$ 42,245	\$ 42,245
Warrant liability	-	-	3,432	3,432
Non-qualified deferred compensation plan liability	-	5,063	-	5,063
Total financial liabilities	\$ -	\$ 5,063	\$ 45,677	\$ 50,740
Financial assets:				
Corporate-owned life insurance policies	\$ -	\$ 3,006	\$ -	\$ 3,006
Total financial assets	\$ -	\$ 3,006	\$ -	\$ 3,006

The following table presents the summary of changes in the fair value of the Company's Level 3 financial instruments:

(in thousands)	As of September 30, 2025		As of December 31, 2024	
	Loan facility	Warrant liability	Loan facility	Warrant liability
Balance beginning of period	\$ 42,245	\$ 3,432	\$ 39,812	\$ 3,158
Change in fair value in earnings	767	(2,314)	2,463	274
Change in fair value in other comprehensive loss	(563)	-	(30)	-
Balance end of period, at fair value	\$ 42,449	\$ 1,118	\$ 42,245	\$ 3,432

The Company's Level 1 assets include money market instruments and are valued based upon observable market prices. The Company's Level 1 liabilities include the Penny Warrants (as defined below) and are valued based upon observable market prices. Level 2 assets consist of U.S Treasury securities. Level 2 securities are valued based upon observable inputs that include reported trades, broker/dealer quotes, bids and offers. The corporate-owned life insurance contracts are recorded at cash surrender value, which approximates the fair value and is categorized as Level 2. Non-qualified deferred compensation plan liability is measured at fair value based on quoted prices of identical instruments to the investment vehicles selected by the participants and it is recorded as Level 2. There were no transfers between fair value measurement levels during the periods ended September 30, 2025 and December 31, 2024.

Loan Facility

The fair value of the loan facility was determined using a Monte Carlo Simulation ("MCS") in order to predict the probability of different outcomes. The valuation was performed based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the loan facility is recorded in the Consolidated Balance Sheets. The fair value is estimated by the Company each reporting period and the change in the fair value is recorded in both earnings and other comprehensive income depending on the instrument's inherent credit risk and market risk related to the loan facility valuation.

As the loan facility is subject to net revenue requirements, the valuation of the loan facility was determined using MCS. The underlying metric to be simulated is the projected Trailing Twelve Month ("TTM") revenues at each quarter end through the maturity date of October 18, 2028. Based on the simulated metric, the different levels of simulated TTM revenues may trigger different discounted cash flow scenarios in which the TTM revenues are lower than the targeted revenues per the Credit Agreement (as defined in Note 6 to the Consolidated Financial Statements) or the TTM revenues are equal to or higher than the targeted revenues per the Credit Agreement, as discussed in Note 6 to the Consolidated Financial Statements. MCS performs 100,000 iterations of various simulated revenues to determine the fair value of the loan facility.

The below assumptions were used in the MCS:

	September 30, 2025	December 31, 2024
Risk-free interest rate	3.57%	4.25%
Revenue volatility	63.00%	63.00%
Revenue discount rate	14.96%	14.11%

Warrant Liabilities

On February 13, 2025, the Company issued 145,180 warrants with an exercise price of \$0.01 per share (the "Penny Warrants"). The Penny Warrants were issued in connection with the Credit Agreement. The fair value of the Penny Warrants liability was determined based on quoted prices in active markets, which represents a Level 1 measurement within the fair value hierarchy. The fair value of the Penny Warrants liability, which is reported within Warrant liabilities on the Consolidated Balance Sheets, is estimated by the Company based on the closing price of the Company's Common Stock as quoted on the Nasdaq Capital Market ("Nasdaq") under the ticker code, "RCEL."

On the Closing Date of the Credit Agreement, the Company issued 409,661 warrants with an exercise price of \$10.9847 per share. As a result of the Placement and the issuance of Common stock, the exercise price of these warrants was adjusted to \$10.218 (the "\$10.218 Warrants"). The fair value of the \$10.218 Warrants liability was determined based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The fair value of the \$10.218 Warrants liability, which is reported within Warrant liabilities on the Consolidated Balance Sheets, is estimated by the Company based on the Black-Scholes option pricing model with the following key inputs:

	September 30, 2025	December 31, 2024
Price of common stock	\$ 5.11	\$ 12.80
Expected term	8.05 years	8.80 years
Expected volatility	60.42%	48.89%
Exercise price	\$ 10.2180	\$ 10.9847
Risk-free interest rate	3.98%	4.49%
Expected dividends	0.00%	0.00%

5. Revenues

The Company generates revenues primarily from:

- The sale of EOU, RECELL GO RPK, RECELL GO mini RPK, PermeaDerm, and Cohealyx products to hospitals, other treatment centers, and distributors.
- Lease revenue for the RECELL GO RPD.

EOU, PermeaDerm, and Cohealyx Sales

The Company's sale of the EOU, PermeaDerm and Cohealyx products are accounted for under ASC 606, as discussed in Note 2 to the Consolidated Financial Statements. See Note 11 to the Consolidated Financial Statements for additional information regarding the Company's commitments with Stedical and Regenity.

RECELL GO and RECELL GO mini Sales

Revenue for the RECELL GO device is disaggregated between two accounting standards: (1) ASC 606 for the RPK and (2) ASC 842 for the RPD. The RECELL GO and RECELL GO mini devices consist of single-use RPKs and a durable AC powered device, the RPD. The Company enters into contracts with customers where it receives consideration for the single-use RPKs and does not receive additional consideration for the RPD. The consideration in the contract is allocated based on the SSP. Upon sale of the RPKs, the consideration is allocated to the lease and non-lease components. Consideration received for the RPK is recorded in Sales revenue in the Consolidated Statement of Operations and consideration for the lease is recorded in Lease revenue in the Consolidated Statement of Operations. During the three and nine-months ended September 30, 2025, the Company recorded approximately \$8.3 million and \$27.3 million in Sales revenue related to the RPKs, respectively, and \$165,000 and \$547,000 in Lease revenue related to the RPD, respectively, in the Consolidated Statement of Operations. During the three and nine-months ended September 30, 2024, the Company recorded approximately \$7.6 million and \$8.2 million in Sales revenue related to the RPK and \$152,000 and \$164,000 in Lease revenue related to the RPD in the Consolidated Statement of Operations.

Distributor Transactions

For international markets, the Company exclusively partners with third-party distributors (currently, COSMOTEC in Japan, PolyMedics Innovation GmbH in Germany, Joint Operations Ltd in the United Kingdom, and Revolution Surgical Pty Ltd in Australia and New Zealand). Revenue recognition occurs when the distributors obtain control of the product. The terms of sales transactions through distributors are generally consistent with the terms of direct sales to customers and do not contain return rights. These transactions are accounted for in accordance with the Company's revenue recognition policy described in Note 2 to the Consolidated Financial Statements.

Variable Consideration

The Company evaluates its contracts with customers for forms of variable consideration, which may require an adjustment to the transaction price based on their estimated impact. For commercial customers, revenue from the sale of goods is recognized net of volume discounts. The Company uses the expected value method when estimating variable consideration. Revenue is only recognized to the extent that it is probable that a significant reversal will not occur.

Volume Discounts — The Company generally provides contracted customers with volume discounts that are explicitly stated in the Company's customer contracts. The RECELL system is sold with respective volume discounts based on aggregated sales over a 12-month period on a customer-by-customer basis. Revenue from these sales is recognized based on the price specified in the contract, net of estimated volume discounts, and net of any sales tax charged. Goods sold are not eligible for return. The Company has determined such discounts are not distinct from the Company's sale of products to the customer and, therefore, these payments have been recorded as a reduction of revenue and as a reduction to accounts receivable, net.

Contract Assets and Contract Liabilities

Contract assets include amounts related to the Company's contractual right to consideration for both completed and partially completed performance for which the Company does not have the right to payment. As of September 30, 2025 and December 31, 2024, the Company does not have any contract assets.

Contract liabilities are recorded when the Company receives payment prior to satisfying its obligation to transfer goods to a customer. The Company had unsatisfied performance obligations of \$331,000 and \$357,000 as of September 30, 2025 and December 31, 2024, respectively. These balances are classified between current and long-term. As of September 30, 2025 and December 31, 2024, a total of \$33,000 was included in Other current liabilities and \$298,000 and \$324,000, respectively, in Contract liabilities in the Consolidated Balance Sheets. As of December 31, 2023, the Company had an unsatisfied performance obligation of \$390,000.

For the three and nine-months ended September 30, 2025, the Company recognized revenue of approximately \$64,000 and \$192,000, respectively, for amounts included in the beginning balance in Contract liabilities. For the three and nine-months ended September 30, 2024, the Company recognized revenue of approximately \$64,000 and \$164,000, respectively, for amounts included in the beginning balance in Contract liabilities.

Remaining Performance Obligations

The Company's remaining performance obligations are calculated as the dollar value of the remaining unsatisfied performance obligations on executed contracts. The estimated revenue expected to be recognized in the future once the performance obligations are satisfied under the Company's existing customer agreements was \$331,000 and \$357,000 as of September 30, 2025 and December 31, 2024, respectively. These amounts are classified between current and long-term in Other current liabilities and Contract liabilities in the Consolidated Balance Sheets. The Company expects to recognize approximately \$33,000 as revenue in the next twelve months.

Cost to Obtain and Fulfill a Contract

Contract fulfillment costs include commissions and shipping expenses. The Company has opted to immediately expense the incremental cost of obtaining a contract when the underlying related asset would have been amortized over one year or less. The Company generally does not incur costs to obtain new contracts.

Disaggregated Revenue

The Company disaggregates revenue from contracts with customers into geographical regions, by customer type and by product. As noted in the segment footnote (Note 10 to the Consolidated Financial Statements), the Company's business consists of one reporting segment. A reconciliation of revenue by geographical region, customer type and product is provided in Note 10.

6. Loan Facility

On October 18, 2023 (the "Closing Date") the Company entered into a credit agreement, by and between the Company, as borrower, and an affiliate of OrbiMed Advisors, LLC (the "Lender") as the lender and administrative agent (the "Credit Agreement"). The Credit Agreement provides for a five-year senior secured credit facility in an aggregate principal amount of up to \$90.0 million, of which (i) \$40.0 million was made available on the Closing Date (the "Initial Commitment Amount"), (ii) \$25.0 million would be made available, at the Company's discretion, on or prior to December 31, 2024, subject to certain net revenue requirements, and (iii) \$25.0 million would be made available, at the Company's discretion, on or prior to June 30, 2025, subject to certain net revenue covenants (the "Loan Facility"). The maturity date of the Credit Agreement is October 18, 2028 ("Maturity Date"). On the Closing date, the Company closed on the Initial Commitment Amount, less certain fees and expenses payable to or on behalf of the Lender. The Company received net proceeds of \$38.8 million upon closing after deducting the Lender's transaction costs in connection with the Loan Facility.

All obligations under the Credit Agreement are guaranteed by the Company and secured by substantially all of the Company's assets. The loan will be due in full on the Maturity Date unless the Company elects to repay the principal amount at any time prior to the Maturity Date. Upon prepayment, the Company will owe an exit fee of 3% on the principal amount of the loans as well as the applicable repayment premium. The repayment premium varies between 0.0% - 3.0% of the principal amount of the loan, depending on certain conditions that are defined in the Credit Agreement. The repayment premium may also incorporate the make-whole amount. The make-whole amount represents the remaining scheduled interest payments on the Loan Facility during the period commencing on the prepayment date through the 24-month anniversary of the Closing Date. The Credit Agreement further states that the Company will be required to repay portions of the principal amount of the Loan Facility if the Company does not achieve certain net revenue covenants. If, for any quarter until the Maturity Date, the Company's net revenue does not equal or exceed the applicable trailing 12-month amount as set forth in the Credit Agreement, then the Company shall repay, in equal quarterly installments of 5.0% of the outstanding principal amount of the Loan Facility on the date the net revenue amount was not satisfied, together with the exit fee and repayment premium, if applicable. The Company shall repay amounts outstanding in full immediately upon an acceleration as a result of an event of default as set forth in the Credit Agreement, together with a repayment premium and other fees. As of September 30, 2025, the Company has not made any repayments on the outstanding debt balance.

During the term of the Credit Agreement, interest payable in cash by the Company shall accrue on any outstanding debt at a rate per annum equal to the greater of (x) the SOFR rate for such period and (y) 4.00% plus, in either case, 8.00%. As of September 30, 2025, the interest rate was 12.28%. During an event of default, any outstanding amount will bear interest at a rate of 4.00% in excess of the otherwise applicable rate of interest. The Company paid certain fees with respect to the Credit Agreement, including an upfront fee, an unused fee on the undrawn portion of the Loan Facility, and certain fees related to amendments to the Credit Agreement; continues to pay an administration fee; and may have to pay a repayment premium and an exit fee, as well as certain other fees and expenses of the Lender.

The Credit Agreement contains a number of customary representations, warranties, and covenants that, among other things, will limit or restrict the ability of the Company to (subject to certain qualifications and exceptions): create liens and encumbrances; incur additional indebtedness; merge, dissolve, liquidate or consolidate; make acquisitions, investments, advances or loans; dispose of or transfer assets; pay dividends or make other payments in respect of their capital stock; amend certain material documents; redeem or repurchase certain debt; engage in certain transactions with affiliates; and enter into certain restrictive agreements. In addition, the Company will be required to maintain at least \$10.0 million of unrestricted cash and cash equivalents.

The Credit Agreement contains certain customary events of default, including: nonpayment of principal, interest, fees or other amounts; material inaccuracy of a representation or warranty; failure to perform or observe covenants; material defaults on other indebtedness; bankruptcy and insolvency events; material monetary judgments; loss of certain key permits, persons and contracts; material adverse effects; certain regulatory matters; and any change of control. One such event of default is if the Company's Quarterly Report on Form 10-Q is subject to any qualification or statement which is of a "going concern" or similar nature.

On the Closing Date, the Company issued to an affiliate of the Lender the \$10.218 Warrants, with a term of 10 years from the issuance date. The \$10.218 Warrants contain customary share adjustment provisions, as well as weighted average price protection in certain circumstances. As a result of the Placement, the \$10.218 Warrants were repriced from their original exercise price of \$10.9847 to \$10.218.

On November 7, 2024, the Lender and the Company mutually agreed to a third amendment (the "Third Amendment") to the Credit Agreement. Under the terms of the Third Amendment and subject to the payment by the Company of a consent fee to the Lender, the Company and the Lender mutually agreed to (1) terminate the two additional tranches of available debt in the aggregate amount of \$50.0 million and (2) remove the trailing 12-month revenue covenant for the fourth quarter of 2024, which was set at \$67.5 million.

On February 13, 2025, the Lender and the Company mutually agreed to a fourth amendment (the "Fourth Amendment") to the Credit Agreement, which amended the trailing 12-month revenue covenant to \$73.0 million for the quarter ending March 31, 2025, to \$78.0 million for the quarter ending June 30, 2025, to \$84.0 million for the quarter ending September 30, 2025, to \$92.0 million for the quarter ending December 31, 2025 and to \$103.0 million for the quarter ending March 31, 2026. The \$115.0 million revenue covenant for all subsequent quarters through the Maturity Date remained in effect. As a condition to the execution of the Fourth Amendment, the Company issued to the Lender the Penny Warrants, with a term of 10 years from the issuance date. The Penny Warrants contain customary share adjustment provisions, as well as weighted average price protection in certain circumstances.

On March 31, 2025, the Company received a waiver related to the trailing 12-month revenue covenant for the first quarter of 2025 and paid the Lender a fee. On June 30, 2025, the Company received a waiver related to the trailing 12-month revenue covenant for the second quarter of 2025 for no fee.

On August 7, 2025, the Company entered into a fifth amendment to the Credit Agreement (the “Fifth Amendment”), which amended the trailing 12-month revenue covenant to \$73.0 million for the quarter ending September 30, 2025, to \$77.0 million for the quarter ending December 31, 2025, to \$90.0 million for the quarter ending March 31, 2026, and to \$103.0 million for the quarter ending June 30, 2026, and waived a requirement that the Company’s Quarterly Report on Form 10-Q not contain any qualification or statement which is of a “going concern” or similar nature in the Company’s Quarterly Report on Form 10-Q for the quarter ending June 30, 2025. The \$115.0 million revenue covenant for all subsequent quarters through the date of debt maturity remained in effect. As a condition to the execution of the Fifth Amendment, the Company issued 400,000 shares of its Common stock to the Lender and recorded the fair value on issuance of \$2.2 million in Other expense, net in the Consolidated Statement of Operations.

On September 30, 2025, the Company received a waiver related to the trailing 12-month net revenue covenant for the third quarter of 2025. As of September 30, 2025, as a result of the applicable waivers and amendments, the Company was in compliance with all financial covenants in the Credit Agreement. See Note 16 to the Consolidated Financial Statements for additional information regarding a sixth amendment to the Credit Agreement.

As permitted under ASC 825, *Financial Instruments*, the Company elected the fair value option (“FVO”) to record the loan facility and warrants with changes in fair value recorded in the Consolidated Statements of Operations in Other income, net. Changes related to instrument-specific credit risk are revalued by comparing the amount of the total change in fair value of the loan facility to the amount of change in fair value that would have occurred if the Company’s credit spread had not changed between the reporting periods, and is recorded in Accumulated other comprehensive loss in the Consolidated Balance Sheets.

The difference between the fair value of the loan facility and the unpaid principal balance of \$40.0 million is an additional liability of \$2.4 million and \$2.2 million as of September 30, 2025 and December 31, 2024, respectively. For changes in fair value, refer to Note 4 to the Consolidated Financial Statements.

7. Inventory

The composition of the inventory is as follows (in thousands):

	As of	
	September 30, 2025	December 31, 2024
Raw materials	\$ 2,093	\$ 2,449
Work in process	100	389
Finished goods	5,047	4,431
Total inventory	\$ 7,240	\$ 7,269

The Company values its inventories to reflect the lower of cost or net realizable value. Charges for estimated excess and obsolescence are recorded in Cost of sales in the Consolidated Statements of Operations and were \$152,000 and \$173,000 for the three-months ended September 30, 2025 and 2024, respectively, and \$695,000 and \$408,000 for the nine-months ended September 30, 2025 and 2024, respectively.

8. Intangible Assets

The composition of intangible assets, net is as follows (in thousands):

	Weighted Average Useful Life	As of September 30, 2025			As of December 31, 2024		
		Gross Amount	Accumulated Amortization	Net Carry Amount	Gross Amount	Accumulated Amortization	Net Carry Amount
Patent 1	7	136	(54)	82	136	(46)	90
Patent 2	8	238	(83)	155	238	(61)	177
Patent 3	15	118	(22)	96	108	(25)	83
Patent 4	15	73	(12)	61	67	(9)	58
Patent 5	16	55	(5)	50	46	(3)	43
Patent 6	1	156	(76)	80	121	(42)	79
Regenity License	9	5,000	(374)	4,626	5,000	(14)	4,986
Trademarks	Indefinite	54	-	54	54	-	54
Total intangible assets		\$ 5,830	\$ (626)	\$ 5,204	\$ 5,770	\$ (200)	\$ 5,570

For the three-months and nine-months ended September 30, 2025 and 2024, the Company did not identify any events or changes in circumstances that indicated that the carrying value of its intangibles may not be recoverable. As such, there was no impairment of intangible assets recognized for the three and nine-months ended September 30, 2025 and 2024. Amortization expense of intangibles included in the Consolidated Statements of Operations was \$153,000 and \$23,000 for the three-months ended September 30, 2025 and 2024, respectively, and \$441,000 and \$56,000 for the nine-months ended September 30, 2025 and 2024, respectively. Due to Regenity receiving 510(k) clearance for Cohealyx in December 2024, the Company recorded a license (the “Regenity License”) of \$5.0 million. For further details refer to Note 11 to the Consolidated Financial Statements.

The Company expects the future amortization of amortizable intangible assets held as of September 30, 2025 to be as follows (in thousands):

	<u>Estimated Amortization Expense</u>
Remainder of 2025	\$ 153
2026	576
2027	544
2028	544
2029	544
Thereafter	2,789
Total	<u>\$ 5,150</u>

9. Plant and Equipment

The composition of plant and equipment, net is as follows (in thousands):

	Useful Lives	As of	
		<u>September 30, 2025</u>	<u>December 31, 2024</u>
Computer equipment	3 - 5 years	\$ 1,867	\$ 1,645
Computer software	3 years	923	836
Construction in progress (“CIP”)		806	442
Furniture and fixtures	7 years	1,221	1,177
Laboratory and other equipment	3 - 5 years	1,247	954
Leasehold improvements	Lesser of life or lease term	4,870	4,607
RECELL molds	5 years	606	503
RECELL GO RPD CIP		1,083	1,464
RECELL GO RPD		407	453
Operating lease assets - RPD	200 uses	1,534	1,384
Less: accumulated amortization and depreciation		(4,680)	(3,447)
Total plant and equipment, net		<u>\$ 9,884</u>	<u>\$ 10,018</u>

Construction in progress consists primarily of leasehold improvements, and RECELL GO RPD CIP consists of materials for the manufacture of the RPDs. RPDs have a useful life of 200 uses and are being amortized based on customer usage as determined by orders placed for the sales of the RPKs. RECELL GO RPD represents assets available to be leased by customers and are not depreciated until leased.

Depreciation expense related to plant and equipment was \$421,000 and \$288,000 for the three-months ended September 30, 2025 and 2024, respectively, and \$1.2 million and \$661,000 for the nine-months ended September 30, 2025 and 2024, respectively. No impairment was recorded for the three and nine-months ended September 30, 2025 and 2024.

Lesser Arrangements

As discussed in Note 5 to the Consolidated Financial Statements, the contracts for the RECELL GO device include an operating lease for the customer’s right to use the RPD. The lease arrangement does not contain fixed consideration. Variable lease payments are not included in the calculation of consideration at lease inception. The variable consideration related to the lease is allocated based on the SSP and is recognized when control of the RPKs is transferred to the customer.

The table below summarizes the Company's Lease revenue as presented in the Consolidated Statement of Operations for the three and nine-months ended September 30, 2025 and 2024.

(in thousands)	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Variable lease revenue	\$ 165	\$ 152	\$ 547	\$ 164

Assets held for lease and included in Plant and equipment consisted of the following (in thousands):

	As of	
	September 30, 2025	December 31, 2024
Rental RPD assets	\$ 1,534	\$ 1,384
Accumulated depreciation	(83)	(47)
Net rental RPD assets	\$ 1,451	\$ 1,337

10. Reporting Segment and Geographic Information

The Company views its operations and manages its business in one reporting segment. Long-lived assets are primarily located in the United States as of September 30, 2025 and December 31, 2024.

Revenue by region for the three and nine-months ended September 30, 2025 and 2024 were as follows (in thousands):

Revenue by region:	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
United States	\$ 16,032	\$ 19,048	\$ 51,685	\$ 44,162
Japan	605	388	1,666	1,237
European Union	-	-	49	155
Australia	80	54	160	132
United Kingdom	345	56	435	159
Total	\$ 17,062	\$ 19,546	\$ 53,995	\$ 45,845

Revenue by customer type for the three and nine-months ended September 30, 2025 and 2024 were as follows (in thousands):

Revenue by customer type:	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Commercial sales	\$ 16,998	\$ 19,482	\$ 53,803	\$ 45,681
Deferred commercial revenue recognized	8	8	25	25
BARDA revenue for right of first access	56	56	167	139
Total	\$ 17,062	\$ 19,546	\$ 53,995	\$ 45,845

Commercial revenue by product for the three and nine-months ended September 30, 2025 and 2024 were as follows (in thousands):

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Commercial revenue by product:				
RECELL	\$ 15,427	\$ 19,059	\$ 49,921	\$ 44,811
Other wound care products	1,406	271	3,335	706
Lease revenue	165	152	547	164
Total commercial sales	<u>\$ 16,998</u>	<u>\$ 19,482</u>	<u>\$ 53,803</u>	<u>\$ 45,681</u>

Consolidated net loss by segment for the three and nine-months ended September 30, 2025 and 2024 were as follows (in thousands):

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total revenues	\$ 17,062	\$ 19,546	\$ 53,995	\$ 45,845
Purchases of inventory	(2,668)	(2,804)	(8,443)	(5,883)
Other cost of sales	(519)	(386)	(1,047)	(931)
Gross profit	<u>13,875</u>	<u>16,356</u>	<u>44,505</u>	<u>39,031</u>
Operating expenses:				
Sales and marketing	(12,053)	(15,144)	(41,200)	(44,086)
General and administrative	(7,227)	(9,590)	(20,283)	(26,071)
Research and development	(3,748)	(5,428)	(15,148)	(15,510)
Total operating expenses	<u>(23,028)</u>	<u>(30,162)</u>	<u>(76,631)</u>	<u>(85,667)</u>
Operating loss	(9,153)	(13,806)	(32,126)	(46,636)
Interest expense	(1,268)	(1,359)	(3,754)	(4,063)
Other (expense) income, net	(2,751)	(1,068)	(1,058)	478
Loss before income taxes	<u>(13,172)</u>	<u>(16,233)</u>	<u>(36,938)</u>	<u>(50,221)</u>
Income tax expense	(15)	28	(28)	(35)
Net loss	<u>\$ (13,187)</u>	<u>\$ (16,205)</u>	<u>\$ (36,966)</u>	<u>\$ (50,256)</u>

11. Commitments and Contingencies

The Company is subject to certain contingencies arising in the ordinary course of business. The Company records accruals for these contingencies to the extent that a loss is both probable and reasonably estimable. If some amount within a range of loss appears more likely than any other amount within the range, that amount is accrued. Alternatively, when no amount within a range of loss appears to be a better estimate than any other amount, the lowest amount in the range is accrued. The Company expenses legal costs associated with loss contingencies as incurred. As of September 30, 2025 and December 31, 2024, the Company did not have any outstanding or threatened litigation that would have a material impact on the Consolidated Financial Statements.

Commitments with Stedical

On January 26, 2024, the Company entered into the Distribution Agreement with Stedical. Under the terms of the Distribution Agreement, the Company held the exclusive rights to market, sell, and distribute PermeaDerm products, including any future enhancements or modifications, within the United States. The initial term is for five years, with the option to renew for an additional five years, contingent upon meeting certain minimum requirements.

On March 17, 2025, the Company and Stedical entered into an Amendment Two (the “Amendment”) of the Distribution Agreement. Under the terms of the Amendment, the Company’s share of revenue from PermeaDerm sales increased from 50% to 60% and Stedical becomes eligible for certain milestone payments conditioned upon AVITA Medical’s achievement of specified sales targets. In addition, Stedical’s share from the sale of PermeaDerm is reduced by the Company’s actual cost to manufacture PermeaDerm. For 2025, the Company is required to reach \$6.0 million in gross sales of PermeaDerm. For every year thereafter, the Company must achieve a minimum 20% increase in revenue from sales of PermeaDerm. In the event the Company fails to achieve the specified growth rate for two subsequent years, the Company will be required to make a cash payment to Stedical equal to the difference between what Stedical would have received if that growth target had been met for that second year and the amount of payments that were made to Stedical during that second year. The Amendment revises the initial term of the Distribution Agreement to ten years from the date of the Amendment.

Simultaneously to entering into the Amendment, on March 17, 2025, the Company entered into the Manufacturing Agreement with Stedical to manufacture PermeaDerm in the United States for the purposes of (i) sale in the United States under the terms of the Distribution Agreement and (ii) sale to Stedical for sale or distribution outside of the United States. The initial term of the Manufacturing Agreement is for ten years.

Development and Distribution Agreement with Regenity

On July 31, 2024, the Company entered into the Regenity Agreement to market, sell, and distribute Cohealyx, a unique collagen-based dermal matrix under the Company’s private label in the U.S., with the potential to commercialize the product in countries in the European Union, as well as in Japan and Australia. The initial term of the Regenity Agreement is five years, with an automatic extension of an additional five years, contingent upon meeting certain criteria. The Regenity Agreement also requires the Company to meet certain revenue targets, which may be reduced by the amount of product purchased during a given year, in order to maintain its exclusive distribution rights. In the event the Company fails to meet those revenue targets, Regenity may end the Company’s exclusivity under the Regenity Agreement unless the Company makes a cash payment to Regenity equal to the difference between what Regenity would have received if the revenue target were met and the amount of payments that were made to Regenity during the year.

Under the terms of the Regenity Agreement, the Company made a \$2.0 million payment upon receipt of 510(k) clearance by Regenity in December 2024. Depending on the results of certain clinical studies related to Cohealyx, the Company has an additional obligation to pay up to \$3.0 million on or before January 4, 2026 to guarantee development and manufacturing capacity (and related resources). As such, upon Regenity receiving 510(k) clearance in December 2024, the Company recorded \$5.0 million in Intangible assets, net on the Consolidated Balance Sheets. As of September 30, 2025 and December 31, 2024, the Company recorded \$3.0 million in Contingent liability and \$3.0 million in Contingent liability, long-term, respectively, on the Consolidated Balance Sheets.

12. Common and Preferred Stock

The Company’s CHES Depository Interests (“CDIs”) are quoted on the ASX under the ticker code, “AVH.” The Company’s shares of Common stock are quoted on Nasdaq under the ticker code, “RCEL.” One share of Common stock on Nasdaq is equivalent to approximately five CDIs on the ASX.

The Company is authorized to issue 200,000,000 shares of Common stock, par value \$0.0001 per share, and 10,000,000 shares of preferred stock, par value \$0.0001 per share, issuable in one or more series as designated by the Company’s Board of Directors. No other class of capital stock is authorized. As of September 30, 2025 and December 31, 2024, 30,493,111 and 26,354,042 shares of Common stock, respectively, were issued and outstanding and no shares of Preferred stock were issued and outstanding during any period.

Common stock held in the rabbi trust is classified in a manner similar to treasury stock and presented separately on the Consolidated Balance Sheets as Common stock held by the NQDC Plan. As of September 30, 2025 and December 31, 2024, a total of 129,411 and 244,218 shares awards have been deferred, respectively. Vested shares are converted to Common stock and are reclassified to permanent equity.

On August 7, 2025, as a condition to the execution of the Fifth Amendment, the Company issued 400,000 shares of its Common stock to the Lender.

On August 12, 2025, the Company completed the Placement on the ASX to institutional and professional investors to raise \$14.8 million through the issuance of 17,201,886 CDIs, which is the equivalent of 3,440,377 shares of Common stock.

13. Stock-Based Payment Plans

On June 4, 2025, at the Company's 2025 Annual Meeting of Stockholders (the "2025 Annual Meeting"), the Company's stockholders approved an amendment to the 2020 Omnibus Incentive Plan, Amended and Restated (the "Amended and Restated Plan") to increase the share reserve by an additional 2,500,000 shares of Common stock for a total of 6,750,000 shares of Common stock issuable under the Amended and Restated Plan. At the 2025 Annual Meeting, the Company's stockholders also approved the issuance of 4,295 service only share options and 10,022 tenure-based RSUs to each of the Company's six non-executive members of the Board of Directors, as well as the issuance of 520,000 service only share options to the CEO in accordance with ASX rules. These awards are subject to vesting conditions as denoted in the individual agreements.

In June 2023, the stockholders approved the Company's Employee Stock Purchase Plan (the "ESPP"), which became effective on July 1, 2023. On June 30, 2023, the Company filed a Registration Statement on Form S-8 to register 1,000,000 shares of Common stock under the ESPP, as a result of the Company's stockholders approving the ESPP at the Company's 2023 annual meeting of stockholders. The ESPP features two six-month offering periods per year, running from June 1 to November 30 and December 1 to May 31.

Stock-Based Payment Expenses

Stock-based payment transactions are recognized as compensation expense based on the fair value of the instrument on the date of grant. The Company uses the graded-vesting method to recognize compensation expense. Compensation cost is reduced for forfeitures as they occur in accordance with ASU 2016-09, *Simplifying the Accounting for Share-Based Payment*. No income tax benefit was recognized in the Consolidated Statements of Operations for stock-based payment arrangements for the three-months ended September 30, 2025 and 2024.

The Company has included stock-based compensation expense for all equity awards and the ESPP as part of operating expenses in the accompanying Consolidated Statements of Operations as follows:

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Sales and marketing expenses	\$ 712	\$ 854	\$ 1,811	\$ 2,842
General and administrative expenses	1,465	2,781	4,483	6,510
Research and development expenses	606	445	1,852	1,346
Total	\$ 2,783	\$ 4,080	\$ 8,146	\$ 10,698

A summary of share option activity as of September 30, 2025, and changes during the period ended, is presented below:

	Service Only Share Options	Performance-Based Share Options	Total Share Options
Outstanding shares at December 31, 2024	3,349,037	191,171	3,540,208
Granted	1,968,770	-	1,968,770
Exercised	(61,267)	(13,458)	(74,725)
Expired	(130,905)	(5,824)	(136,729)
Forfeited	(149,477)	(588)	(150,065)
Outstanding shares at September 30, 2025	4,976,158	171,301	5,147,459
Exercisable at September 30, 2025	1,794,030	161,707	1,955,737
Vested and expected to vest - September 30, 2025	4,976,158	171,301	5,147,459

A summary of the status of the Company's unvested RSUs as of September 30, 2025, and changes that occurred during the period, is presented below:

Unvested Shares	Performance		Total RSUs
	Tenure-Based RSUs	Condition RSUs	
Unvested RSUs outstanding at December 31, 2024	109,315	7,881	117,196
Granted	60,132	-	60,132
Vested	(101,299)	(7,881)	(109,180)
Forfeited	(1,100)	-	(1,100)
Unvested RSUs outstanding at September 30, 2025	67,048	-	67,048

14. Income Taxes

Income tax (expense) benefit for the three-months ended September 30, 2025 and 2024 was \$(15,000) and \$28,000, respectively. Income tax (expense) benefit for the nine-months ended September 30, 2025 and 2024 was \$(28,000) and \$(35,000), respectively. These amounts are related to state minimum taxes.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted into law. The OBBBA makes significant U.S. tax law changes and modifications, including accelerated tax deductions for qualified property and domestic research expenditures, and business interest expense limitations. The Company is assessing the impact of the OBBBA to its Consolidated Financial Statements.

15. Net Loss per Share

The following is a reconciliation of the basic and diluted loss per share computations:

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
(in thousands, except per share amounts)				
Net loss	\$ (13,187)	\$ (16,205)	\$ (36,966)	\$ (50,256)
Weighted-average common shares—outstanding, basic and diluted	28,393	25,984	27,013	25,795
Net loss per common share, basic and diluted	\$ (0.46)	\$ (0.62)	\$ (1.37)	\$ (1.95)

	Three-Months Ended		Nine-Months Ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Anti-dilutive shares excluded from diluted net loss per common share:				
Stock options	5,147,459	3,791,021	5,147,459	3,791,021
Restricted stock units	67,048	128,454	67,048	128,454
ESPP	54,920	75,339	54,920	75,339
Warrants	554,841	409,661	554,841	409,661

The Company's basic net loss per share is calculated by dividing the net loss by the weighted-average number of shares of common stock outstanding for the relevant period. In accordance with ASC 710-10, *Compensation - General*, 129,411 shares of Common stock held by the rabbi trust are excluded from the denominator in the basic and diluted net loss per common share calculations. For the purposes of the calculation of diluted net loss per share, options to purchase common stock, restricted stock units and unvested shares of Common Stock issued upon the early exercise of stock options have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive. Because the Company has reported a net loss for the three and nine-months ended September 30, 2025 and 2024, diluted net loss per common share is the same as the basic net loss per share for those periods.

16. Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report on Form 10-Q and determined that except as disclosed below, no events have occurred that would require adjustment to, or disclosures in, the Consolidated Financial Statements.

Amendment to Credit Agreement

On November 5, 2025, the Company entered into a sixth amendment to the Credit Agreement (the “Sixth Amendment”), which amended the trailing 12-month revenue covenant to \$70.0 million for the quarter ending December 31, 2025. The revenue covenants for all subsequent quarters through the Maturity Date remain in effect. The Sixth Amendment also waived a requirement that the Company’s Quarterly Report on Form 10-Q not contain any qualification or statement which is of a “going concern” or similar nature for the quarter ending September 30, 2025. In consideration for the amended covenant and waiver in the Sixth Amendment, the Company agreed to add \$500,000 to the principal balance of the Loan Facility, with interest paid on this amount as of November 1, 2025 and during the term of the Loan Facility and payable along with the original \$40,000,000 principal balance, either on the Maturity Date or when and if earlier repaid.

Departure of Chief Executive Officer and Director

Effective October 16, 2025 (the “Effective Date”), James Corbett departed from his roles as Chief Executive Officer and member of the Company’s Board of Directors (the “Board”). The Company and Mr. Corbett will enter into a separation and release agreement (reflecting certain terms of his employment agreement, as previously disclosed in the Company’s Definitive Proxy Statement filed April 22, 2025), as of the Effective Date.

Appointment of Interim Chief Executive Officer and Lead Independent Director

On the Effective Date, the Board appointed Cary Vance, the Company’s Chairman of the Board, as the Company’s Interim Chief Executive Officer. Mr. Vance will continue to serve as Chairman of the Board during his service, while Board member Jan Reed has been appointed Lead Independent Director of the Board.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of AVITA Medical, Inc.’s (“AVITA Medical”, the “Company”, “we”, “our”, or “us”) financial condition and results of operations should be read in conjunction with our unaudited Consolidated Financial Statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q.

Our actual results and the timing of certain events may differ materially from the results discussed, projected, anticipated, or indicated in any forward-looking statements. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Quarterly Report on Form 10-Q, they may not be predictive of results, conditions, or developments in future periods.

The following information and any forward-looking statements should be considered in light of factors discussed elsewhere in this Quarterly Report on Form 10-Q, including those risks referenced under Part II, Item 1A, “Risk Factors.”

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules and regulations of the Securities and Exchange Commission (the “SEC”) and the Australian Securities and Investments Commission (the “ASIC”), to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances under which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Please see “Note Regarding Forward-Looking Statements” on page 3.

Overview

We are a leading therapeutic acute wound care company delivering transformative solutions. Our technologies are designed to optimize wound healing, effectively accelerating the time to patient recovery. Our solutions improve the healing outcomes for patients with traumatic injuries and surgical repairs, addressing critical healing needs that arise from unpredictable and life-changing events. At the forefront of our portfolio is our patented and proprietary RECELL[®] System (“RECELL System” or “RECELL”), approved by the U.S. Food & Drug Administration (the “FDA”) for the treatment of thermal burn wounds and full-thickness skin defects. RECELL harnesses the healing properties of a patient’s own skin to create an autologous skin cell suspension, Spray-On Skin[™] Cells, offering an innovative solution for improved clinical outcomes at the point of care. In the United States, we also hold the rights to market, sell, manufacture, and distribute PermeaDerm[®], a biosynthetic wound matrix, under the terms of exclusive multi-year distribution and contract manufacturing agreements with Stedical Scientific, Inc. (“Stedical”). We also entered into an exclusive multi-year development and distribution agreement with Collagen Matrix, Inc. dba Regenity Biosciences (“Regenity”). Regenity will manufacture and supply Cohealyx[™], an AVITA Medical-branded, FDA-cleared, collagen-based dermal matrix. Under the agreement with Regenity, we will hold the exclusive rights to market, sell, and distribute Cohealyx in the U.S., with potential expansion into the European Union, Australia, and Japan.

The single-use RECELL Autologous Cell Harvesting Device (“RECELL Ease-of-Use” or “RECELL EOU”) is approved by the FDA for the treatment of thermal burn wounds and full-thickness skin defects. Our next-generation device, RECELL GO[®] Autologous Cell Harvesting Device (“RECELL GO”), is FDA-approved to treat thermal burn wounds and full-thickness skin defects. RECELL GO introduces enhanced features that improve consistency and standardization across clinical settings. It consists of two components: the RECELL GO Processing Device (the “RPD”) and the RECELL GO Preparation Kit (the “RPK”). The RPD is a multi-use, AC-powered device that controls the RPK. The RPK contains a single-use cartridge and the RECELL Enzyme[™]. The RPD regulates the pressure applied to disaggregate the cells and precisely controls the incubation time of the RECELL Enzyme to optimize cell yield and promote cell viability. RECELL GO mini[™] Autologous Cell Harvesting Device (“RECELL GO mini”), which was approved by the FDA in December 2024, is a line extension of RECELL GO, designed specifically to treat smaller wounds up to 480 cm². It utilizes the same RPD but features a RECELL GO mini Preparation Kit, which includes a single-use RECELL GO mini cartridge optimized for smaller skin samples. These modifications are intended to align with the needs of clinicians treating smaller wounds, and to support broader adoption of the RECELL GO platform in trauma centers.

To further our mission of improving clinical outcomes and establishing new standards of acute wound care, we have outlined the following strategic objectives:

- Increase market penetration in U.S. burn centers, positioning the RECELL portfolio as the standard of care in burn management through communication of clinical benefits, including reduction in length of stay
- Expand adoption of the RECELL portfolio for the treatment of traumatic and surgical wounds throughout the U.S.
- Expand adoption of RECELL GO mini in trauma and burn centers treating smaller wounds
- Expand adoption of Cohealyx
- Continue enrollment of the post-market study of Cohealyx in 2025 to develop clinical data to further support commercialization
- Continue enrollment of the post-market study of PermeaDerm in 2025 to develop clinical data to further support commercialization
- After obtaining CE mark for RECELL GO, commercialization in the European Union, the U.K., and Australia under our distribution agreements
- Drive commercial revenue growth, generate positive cash flow, and achieve operating profitability
- Seek additional business development opportunities complementary to our target markets

Business Environment and Current Trends

Changes in reimbursement rates and coverage policy by third party payors may place additional financial pressure on hospitals and the broader healthcare system. These changes could reduce demand for our products, particularly if healthcare providers face lower margins or additional administrative burdens. While we believe this issue contributed to a decline in demand for the RECELL System during the first half of the year, recent advocacy efforts are progressing towards a resolution which is expected to drive revenue recovery.

The macroeconomic environment may have unexpected adverse effects on businesses and healthcare institutions globally that may negatively impact our consolidated operating results. There remains significant uncertainty in the current macroeconomic environment due to factors including supply chain shortages, increased cost of healthcare, changes to inflation rates, a competitive labor market, tariffs, and other related global economic conditions and geopolitical conditions. If these conditions continue or worsen, they could adversely impact our future operating results.

Geopolitical conditions may also impact our operations. Although we do not have operations in Russia, Ukraine or the Middle East, the continuation of the military conflicts in these regions and/or an escalation of the conflicts beyond their current scope may further weaken the global economy that could result in additional inflationary pressures or supply chain constraints.

Recent Developments

On October 1, 2025, the Centers for Medicare & Medicaid Services (CMS) approved a New Technology Add-On Payment (NTAP) for the RECELL® System, applicable to acute non-thermal full-thickness skin defects—such as traumatic injuries and surgical wounds—that require inpatient care and are treated with RECELL in combination with a meshed autograft. This NTAP designation allows Medicare Part A inpatient claims to receive up to \$4,875 in additional reimbursement per case, beyond the standard MS-DRG base rate, provided CMS thresholds and coding criteria are met. The NTAP is effective from October 1, 2025, through September 30, 2026, and was granted under CMS’s alternative pathway recognizing RECELL’s FDA Breakthrough Device status, reinforcing its clinical value and supporting broader hospital adoption.

On September 14, 2025, we obtained the CE Mark for RECELL GO under the European Union Medical Device Regulation (EU MDR). This allows the Company to commercialize RECELL GO in Europe and other markets that recognize the CE Mark. Data recently presented at both the 2025 British Burn Association and the European Burns Association Congress demonstrated that adults with deep-partial thickness burns treated with RECELL experienced a 36% reduction in hospital stays compared with traditional grafting, underscoring the clinical value of the RECELL technology.

On April 1, 2025, we initiated a U.S. commercial launch of Cohealyx, a collagen-based dermal matrix branded by AVITA Medical and co-developed with Regenity. Cohealyx is designed to support cellular migration and revascularization, advancing readiness for wound bed closure. In pre-clinical and initial clinical utilization, Cohealyx is integrated into the wound bed as early as seven days.

Cohealyx, along with PermeaDerm and our flagship product, the RECELL System, support the standard of care for full-thickness wounds. Cohealyx is a dermal matrix that prepares wounds for grafting; RECELL Spray-On Skin Cells, used alone or in conjunction with a skin graft, achieve definitive wound closure; and PermeaDerm provides a translucent, variable porosity covering to protect the wound through all stages of management and healing. This integrated approach may improve clinical outcomes and expand our market opportunity.

We are executing a focused strategy targeting approximately 200 U.S. burn and trauma centers—including legacy burn centers—that represent the highest value and volume in the country’s acute wound care landscape. These institutions are central to our commercial efforts, given their concentration of complex inpatient cases and procedural throughput. By concentrating on burn and trauma centers, we aim to maximize impact and drive adoption of our portfolio across the most critical segments of acute wound care.

The post-market study, TONE, and the health care economics study, both related to our vitiligo initiative were published during the first quarter of 2025. However, the reimbursement environment for vitiligo remains challenging and uncertain. As a consequence, we continue to pause investment in vitiligo.

Results of Operations for the three-months ended September 30, 2025 compared to the three-months ended September 30, 2024.

The table below summarizes the results of our operations for each of the periods presented (in thousands).

Statement of Operations Data:	Three-Months Ended		\$ Change	% Change
	September 30, 2025	September 30, 2024		
Sales revenue	\$ 16,897	\$ 19,394	(2,497)	(13)%
Lease revenue	165	152	13	9%
Total revenues	17,062	19,546	(2,484)	(13)%
Cost of sales	(3,187)	(3,190)	3	(0)%
Gross profit	13,875	16,356	(2,481)	(15)%
Operating expenses:				
Sales and marketing	(12,053)	(15,144)	3,091	(20)%
General and administrative	(7,227)	(9,590)	2,363	(25)%
Research and development	(3,748)	(5,428)	1,680	(31)%
Total operating expenses	(23,028)	(30,162)	7,134	(24)%
Operating loss	(9,153)	(13,806)	4,653	(34)%
Interest expense	(1,268)	(1,359)	91	(7)%
Other (expense) income, net	(2,751)	(1,068)	(1,683)	158%
Loss before income taxes	(13,172)	(16,233)	3,061	(19)%
Income tax (expense) benefit	(15)	28	(43)	(154)%
Net loss	\$ (13,187)	\$ (16,205)	3,018	(19)%

Total revenues decreased by 13%, or \$2.5 million, to \$17.1 million, compared to \$19.5 million in the same period in the prior year. The decrease in commercial revenues was primarily driven by Medicare Administrative Contractor (MAC) reimbursement headwinds, partially offset by increased revenue from new product launches and expanding adoption within our established markets.

Gross profit margin was 81.3% compared to 83.7% in the corresponding period in the prior year. Note that the gross margin for RECELL products only was 83.6% for the quarter, which we believe will remain in this range for future quarters. The decrease in the overall gross margin percentage from the prior year was primarily caused by product mix and higher inventory reserve. We share the average sales price for Cohealyx at 50% and for PermeaDerm at 60%. Although these arrangements are highly beneficial, they inevitably result in an overall decrease in gross margin percentage. Therefore, the product mix is expected to continue to impact the overall gross margin percentage while increasing the gross profit, and given that costs associated with this revenue do not increase significantly, operating profit on a quarterly basis.

Total operating expenses decreased by 24%, or \$7.2 million, to \$23.0 million, compared with \$30.2 million in the corresponding period in the prior year.

Sales and marketing expenses decreased by 20%, or \$3.1 million, to \$12.1 million, compared to \$15.1 million in the corresponding period in the prior year. Lower costs in the current year are due to decreases in salaries and benefits of \$1.5 million, selling expenses of \$1.5 million, and travel expenses of \$0.2 million offset by an increase in other selling expenses of \$0.1 million. The decreases in salaries and benefits and travel expenses are due to the reduction of our sales force as part of cost savings initiatives. The decreases in selling expenses are due to lower commissions.

General and administrative expenses decreased by 25%, or \$2.4 million, to \$7.2 million, compared to \$9.6 million in the same period in the prior year. Lower costs in the current year are due to decreases in salaries and benefits of approximately \$1.7 million and stock-based compensation expenses of \$1.3 million, offset by increases in professional fees of \$0.6 million. The decrease in salaries and benefits and stock-based compensation is primarily attributable to higher severance and other related benefits in the prior year. The increase in professional fees is largely related to legal expenses due to corporate matters.

Research and development expenses decreased by 31%, or \$1.7 million, to \$3.7 million, compared to \$5.4 million in the same period in the prior year. Lower costs in the current year are due to decreases in salaries and benefits of approximately \$1.1 million, research and development expense of \$0.4 million, and other development expenses of \$0.2 million. The decreases in salaries and benefits are due to lower headcount. The decrease in research and development expenses are primarily due to the capitalization of project costs, specifically internally developed software.

Other expense, net increased by \$1.7 million to \$2.8 million from \$1.1 million in the prior period. In the current period, other income, net consists of a non-cash charges of \$2.2 million related to the amendment of our loan facility and \$0.9 million related to the change in fair value of loan facility, offset by \$0.3 million in income related to our investments. The prior period expense consisted of non-cash charges of \$1.0 million and \$0.8 million related to the changes in fair value of the debt and warrant liability, respectively, offset by \$0.6 million in income related to our investments and \$0.1 million in other gains, net.

Results of Operations for the nine-months ended September 30, 2025 compared to the nine-months ended September 30, 2024.

The table below summarizes the results of our operations for each of the periods presented (in thousands).

Statement of Operations Data:	Nine-Months Ended		\$ Change	% Change
	September 30, 2025	September 30, 2024		
Sales revenue	\$ 53,448	\$ 45,681	7,767	17%
Lease revenue	547	164	383	234%
Total revenues	53,995	45,845	8,150	18%
Cost of sales	(9,490)	(6,814)	(2,676)	(39)%
Gross profit	44,505	39,031	5,474	14%
Operating expenses:				
Sales and marketing	(41,200)	(44,086)	2,886	(7)%
General and administrative	(20,283)	(26,071)	5,788	(22)%
Research and development	(15,148)	(15,510)	362	(2)%
Total operating expenses	(76,631)	(85,667)	9,036	(11)%
Operating loss	(32,126)	(46,636)	14,510	(31)%
Interest expense	(3,754)	(4,063)	309	(8)%
Other (expense) income, net	(1,058)	478	(1,536)	nm
Loss before income taxes	(36,938)	(50,221)	13,283	(26)%
Income tax expense	(28)	(35)	7	(20)%
Net loss	\$ (36,966)	\$ (50,256)	13,290	(26)%

*nm = not meaningful

Total revenues increased by 18%, or \$8.2 million, to \$54.0 million, compared to \$45.8 million in the same period in the prior year. The growth in commercial revenues was largely driven by deeper penetration within customer accounts, new accounts for the treatment of traumatic and surgical wounds and, to a lesser extent, new product launches.

Gross profit margin was 82.4% compared to 85.1% in the corresponding period in the prior year. Note that the gross margin for RECELL products only was 84.5% for the nine months ended September 30, 2025, which we believe will remain in this range for future quarters. The decrease in the overall gross margin percentage from the prior year was primarily caused by volume discounts, a higher inventory reserve, and product mix.

Total operating expenses decreased by 11%, or \$9.0 million, to \$76.6 million, compared with \$85.7 million in the corresponding period in the prior year.

Sales and marketing expenses decreased by 7%, or \$2.9 million, to \$41.2 million, compared to \$44.1 million in the corresponding period in the prior year. Lower costs in the current year are due to decreases in stock-based compensation expense of \$0.9 million, salaries and benefits of \$0.7 million, recruiting expenses of \$0.6 million, seminars and meetings expenses of \$0.4 million, and travel expenses of \$0.3 million. The decreases are primarily due to the reduction of our sales force as part of cost savings initiatives.

General and administrative expenses decreased by 22%, or \$5.8 million, to \$20.3 million, compared to \$26.1 million in the same period in the prior year. Lower costs in the current year are due to decreases in salaries and benefits of \$3.4 million, stock-based compensation expense of \$1.9 million, and deferred compensation expense of \$0.9 million, offset by an increase of \$0.4 million in other corporate expenses. The decrease in salaries and benefits and stock-based compensation expense is primarily attributable to decreased headcount and lower severance payments. The decrease in deferred compensation expense is driven by lower stock price used to calculate the deferred compensation liability for the deferred restricted stock awards.

Research and development expenses decreased by 2%, or \$0.4 million, to \$15.1 million, compared to \$15.5 million in the same period in the prior year. Lower costs in the current year are due to decreases in research and development expenses of \$0.8 million, professional fees of \$0.4 million and other development expenses of \$0.2 million, offset by increases in salaries and benefits of approximately \$0.5 million and stock-based compensation expense of \$0.5 million. The decrease in professional fees is due to the completion of the vitiligo TONE study partially offset by clinical trial costs associated with PermeaDerm and Cohealyx post-market studies. The decreases in research and development expenses are due to the capitalization of project costs, specifically internally developed software. The increases in salaries and benefits and stock-based compensation expenses are due to increased headcount.

Other (expense) income, net decreased by \$1.5 million to other expense, net of \$1.1 million from other income, net of \$0.5 million in the prior period. In the current period, other (expense) income, net consists of \$3.0 million in debt issuance costs and \$0.8 million related to the change in fair value of loan facility, offset by a non-cash gain of \$1.6 million related to the change in fair value of warrants, \$0.7 million in income related to our investments, and \$0.4 million in other gains, net. The prior period income consisted of \$2.3 million in income related to our investments, \$0.4 million due to the change in fair value of warrant liability, and \$0.4 million in other gains, net, offset by a non-cash charge of \$2.6 million due to the change in fair value of the debt.

Liquidity and Capital Resources

Overview

We had approximately \$15.4 million in cash and cash equivalents and \$7.9 million in marketable securities as of September 30, 2025. We have funded our research and development activities, and more recently our substantial investment in sales and marketing activities, through the sale of our products, the issuance of equity securities, and debt financing. If capital is not available to us when amounts are needed, we could be required to delay, scale back or abandon commercial and development programs and other operations, which could adversely impact our business, financial condition, and operating results.

On August 12, 2025, we completed a private placement (the "Placement") on the ASX to institutional and professional investors to raise \$14.8 million, or \$13.8 million after deducting sales commissions and offering expenses, through the issuance of 17,201,886 CHESSE Depositary Interests ("CDIs"), which is the equivalent of 3,440,377 shares of Common stock. Proceeds of the Placement will be used for working capital requirements and will provide additional strategic flexibility to support continued growth of our therapeutic acute wound portfolio.

Based on our liquidity position as of September 30, 2025 and our current forecast of operating results and cash flows, management has determined that, absent any mitigating action, it is probable we may not be able to maintain compliance of the minimum cash balance covenant pursuant with the terms of our Credit Agreement within the next twelve months following the date of issuance of the Consolidated Financial Statements in this Quarterly Report on Form 10-Q. Should such situation arise, the Lender could exercise its right to accelerate repayment of the outstanding debt. These events and conditions raise substantial doubt about our ability to continue as a going concern. As a result of this conclusion, and due to our current debt servicing obligations, the long-term portion of the credit facility has been classified as a current liability in the Consolidated Balance Sheets as of September 30, 2025.

We are actively evaluating strategies to obtain the required additional funding for future operations. These strategies include, but are not limited to, obtaining additional equity financing, issuing debt or entering into other financing agreements. We intend to raise capital through the issuance of equity securities. In April 2023, we filed a Registration Statement on Form S-3 with the SEC in relation to the registration of common stock, preferred stock, debt securities, warrants or any combination thereof for up to an aggregate of \$200.0 million, of which 3,799,164 shares of our common stock may be issued and sold pursuant to an at-the-market offering program for sales of our common stock under a sales agreement with Cowen and Company, LLC. However, there can be no assurance that such funding will be available to us when needed, either on favorable terms or at all.

On October 18, 2023 (the “Closing Date”), we entered into a Credit Agreement (the “Credit Agreement”), by and between us, as borrower, and an affiliate of OrbiMed Advisors, LLC, as the lender and administrative agent (the “Lender”). The Credit Agreement provides for a five-year senior secured credit facility in an aggregate principal amount of up to \$90.0 million (the “Loan Facility”), of which \$40.0 million was borrowed on the Closing Date, less certain fees and expenses payable to or on behalf of the Lender. The indebtedness under the Credit Agreement is secured by substantially all of our assets and will accrue interest at a rate equal to the greater of (a) forward-looking one-month term SOFR rate and (b) four percent (4%) per annum, plus eight percent (8%). In the event that we do not meet certain 12-month trailing revenue targets at the end of future fiscal quarters, the outstanding balance of the loan must be repaid in equal quarterly installments of 5% of the funded amount through the maturity date. In addition, if we don’t maintain a minimum cash and cash equivalents balance at the end of each reporting period, we may have to repay amounts outstanding in full as a result of an event of default. The Credit Agreement contains representations, warranties, and covenants that are customary for this type of agreement.

On November 7, 2024, we entered into the third amendment (the “Third Amendment”) to the Credit Agreement. Under the terms of the Third Amendment and subject to our payment of a consent fee to the Lender, we mutually agreed to (1) terminate two additional tranches of available debt in the aggregate amount of \$50.0 million and (2) remove the trailing 12-month revenue covenant for the fourth quarter of 2024, which was set at \$67.5 million. All revenue covenants for subsequent quarters remained in effect.

On February 13, 2025, we entered into a fourth amendment to the Credit Agreement (the “Fourth Amendment”), which amended the trailing 12-month revenue covenant to \$73.0 million for the quarter ending March 31, 2025, to \$78.0 million for the quarter ending June 30, 2025, to \$84.0 million for the quarter ending September 30, 2025, to \$92.0 million for the quarter ending December 31, 2025 and to \$103.0 million for the quarter ending March 31, 2026. The \$115.0 million revenue covenant for all subsequent quarters through the date of debt maturity remained in effect. We were not in compliance with the trailing 12-month net revenue covenants for the first and second quarters of 2025. In consideration of the Fourth Amendment, we issued to the Lender warrants to purchase up to 145,180 shares of our common stock, at an exercise price of \$0.01 per share, with a term of 10 years from the issuance date.

On March 31, 2025, we received a waiver related to the trailing 12-month net revenue covenant for the first quarter of 2025, which was set at \$73.0 million. On June 30, 2025, we received a waiver related to the trailing 12-month net revenue covenant for the second quarter of 2025, which was set at \$78.0 million.

On August 7, 2025, we entered into a fifth amendment to the Credit Agreement (the “Fifth Amendment”), which amended the trailing 12-month revenue covenant to \$73.0 million for the quarter ending September 30, 2025, to \$77.0 million for the quarter ending December 31, 2025, to \$90.0 million for the quarter ending March 31, 2026, and to \$103.0 million for the quarter ending June 30, 2026, and waived the event of default caused by the “going concern” qualification in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2025. The \$115.0 million revenue covenant for all subsequent quarters through the date of debt maturity remains in effect. In consideration of the Fifth Amendment, we issued 400,000 shares of our Common stock to the Lender.

On September 30, 2025, we received a waiver related to the trailing 12-month net revenue covenant for the third quarter of 2025. On November 5, 2025, we entered into a sixth amendment to the Credit Agreement (the “Sixth Amendment”), which amended the trailing 12-month revenue covenant to \$70.0 million for the quarter ending December 31, 2025, and waived the event of default caused by the “going concern” qualification in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2025. The revenue covenants for all subsequent quarters through the Maturity Date remain in effect. In consideration for the Sixth Amendment, we agreed to add \$500,000 to the principal balance of the Loan Facility, with interest paid on this amount as of November 1, 2025 and during the term of the Loan Facility and payable along with the original \$40,000,000 principal balance, either at the Maturity Date or when and if earlier repaid.

The following table summarizes our cash flows for the periods presented (in thousands):

(in thousands)	Nine-Months Ended	
	September 30, 2025	September 30, 2024
Net cash used in operating activities	\$ (25,757)	\$ (40,858)
Net cash provided by investing activities	12,441	34,892
Net cash provided by financing activities	14,688	2,487
Net increase (decrease) in cash and cash equivalents	1,372	(3,479)
Cash and cash equivalents at beginning of the period	14,050	22,118
Cash and cash equivalents at end of the period	15,422	18,639

Net cash used in operating activities was \$25.8 million and \$40.9 million during the nine-months ended September 30, 2025 and 2024, respectively. The decrease in net cash used in operations was primarily due to cost saving initiatives and gross profit resulting from increased revenues.

Net cash provided by investing activities was \$12.4 million and \$34.9 million during the nine-months ended September 30, 2025 and 2024, respectively. The decrease in cash provided by investing activities is primarily attributable to lower cash inflows from maturities of marketable securities and lower cash outflows from purchases of marketable securities in the current year, as well as a decrease in cash outflow for capital expenditures compared to the prior year. The decrease in capital expenditures in the current year is primarily related to higher leasehold improvement costs for manufacturing output enhancements effected at the Ventura production facility in the prior year.

Net cash provided by financing activities was \$14.7 million and \$2.5 million during the nine-months ended September 30, 2025 and 2024, respectively. The increase in cash provided by financing activities is related to net proceeds received from the Placement, the proceeds from the exercises of stock options, and lower ESPP purchases.

Capital Management and Material Cash Requirements

We aim to manage capital so that the Company continues as a going concern while also maintaining optimal returns to stockholders, as well as other benefits for our stakeholders. We also aim to maintain a capital structure that ensures the lowest cost of capital available to us. We regularly review our capital structure and seek to take advantage of available opportunities to improve outcomes for us and our stockholders.

For the nine-months ended September 30, 2025, there were no dividends paid and we have no plans to commence the payment of dividends. Under the terms of the Regenity Agreement, we made a \$2.0 million payment during the three-months ended March 31, 2025. We have a further obligation to make up to an additional \$3.0 million payment on or before January 4, 2026 to guarantee development and manufacturing capacity (and related resources), contingent on positive results of certain clinical studies, and have recorded \$3.0 million in Contingent liability in the Consolidated Balance Sheets.

With the exception of the payment under the Regenity Agreement, we do not have any other purchase commitments or long-term contractual obligations except for lease obligations as of September 30, 2025 (see Note 8 to the Consolidated Financial Statements). In addition, we have no material off-balance sheet arrangements (as defined in the applicable rules and regulations established by the SEC) that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. While we have no committed plans to issue further shares on the market, we will continue to assess market conditions.

Critical Accounting Estimates

Except as disclosed in Note 2 of our Consolidated Financial Statements, there have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in the 2024 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our Interim Chief Executive Officer and our Chief Financial Officer evaluated, with the participation of our management, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. As of September 30, 2025, our Interim Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”), were effective.

Our disclosure controls and procedures have been formulated to ensure that (i) information that we are required to disclose in reports that we file or submit under the Securities Exchange Act was recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms and (ii) information required to be disclosed by us is accumulated and communicated to our management, including our Interim Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Controls over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Part II - Other Information

Item 1. LEGAL PROCEEDINGS

We are not currently a party to any legal proceedings that we believe will have a material adverse effect on our business or financial condition. We may, however, be subject to various claims or legal actions arising in the ordinary course of business from time to time.

Item 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed under Part I, Item 1A, “Risk Factors,” in the 2024 Annual Report, and as updated from time to time in the Company’s subsequent Quarterly Reports on Form 10-Q. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. There have been no material changes to the risk factors described in Part I, Item 1A, “Risk Factors,” included in the 2024 Annual Report and in Part II, Item 1A, “Risk Factors,” included in the Quarterly Report on Form 10-Q for the quarter-ended March 31, 2025 filed with the SEC on May 8, 2025.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

(a) The following exhibits are filed as part of the Quarterly Report on Form 10-Q:

Exhibit No.	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the registrant's Form 8-K12B filed on June 30, 2020)
3.2	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.2 of the registrant's Form 10-KT filed on February 28, 2022)
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 of the registrant's Form 8-K filed on May 15, 2025)
10.1	Offer Letter between the registrant and Dr. Michael Tarnoff, dated May 27, 2025 (incorporated by reference to Exhibit 10.1 of the registrant's 8-K filed on August 6, 2025) †
10.2	Waiver and Fifth Amendment to the Credit Agreement between the Lender and the registrant, dated August 7, 2025 (incorporated by reference to Exhibit 10.1 of the registrant's 8-K filed on August 7, 2025)
10.3	Second Amendment to Lease Agreement between the registrant and Hartco Ventura Inc. dated September 4, 2025 *
10.4	Executive Employment Agreement between the registrant and Cary Vance, dated October 16, 2025 †*
10.5	Waiver to Credit Agreement between the Lender and the registrant, dated October 18, 2025 *
31.1	Rule 13a-14(a) Certification of Chief Executive Officer *
31.2	Rule 13a-14(a) Certification of Chief Financial Officer *
32	18 U.S.C. Section 1350 Certifications **
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Management contract or compensation plan or arrangement

* Filed herewith

** Furnished herewith

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 thereunto duly authorized.

Date: November 6, 2025

AVITA MEDICAL, INC.

By: /s/ Cary Vance

Cary Vance
Interim Chief Executive Officer
(Principal Executive Officer)

By: /s/ David O'Toole

David O'Toole
Chief Financial Officer
(Principal Financial and Accounting Officer)

SECOND AMENDMENT TO LEASE (UNIT - G)

THIS SECOND AMENDMENT TO LEASE made and entered into this 4TH day of September, 2025 by and between Hartco-Ventura, Inc. as current Landlord, hereinafter referred to as "Lessor", and Avita Medical Americas, LLC, A Delaware Limited Liability Company hereinafter referred to as "Lessee".

WITNESSETH

WHEREAS, Lessor leased certain premises in the HARTCO-VENTURA Business Center, at 3007 Bunsen Ave. in the city of Ventura, County of Ventura, State of California, to Lessee, pursuant to the certain lease dated the 6th day of December, 2023; said Lease and amendment(s) thereto hereinafter collectively referred to as the "Lease", the premises being more particularly described therein; and

WHEREAS, Lessor and Lessee therefore wish to extend said Lease;

NOW THEREFORE, in consideration of these present and the agreement of each other, Lessor and Lessee agree that the said Lease shall be and the same is hereby amended as of the 4th day of September, 2025.

1. The term of the Lease shall be extended 4 years and 9 months per paragraph 49 of the lease with the amended expiration date of **September 30, 2030**.
2. Rent for the Leased Premises (Unit - G) from **January 1st, 2025 to December 31st, 2025** shall be payable in monthly installments of Four Thousand Three Hundred Sixty Eight Dollars and 00 Cents (\$4368.00).
3. Rent for the Leased Premises (Unit - G) from **January 1st, 2026 to December 31st, 2026** shall be payable in monthly installments of Four Thousand Five Hundred Thirty Six Dollars and 00 Cents (\$4536.00).
4. Rent for the Leased Premises (Unit - G) from **January 1st, 2027 to December 31st, 2027** shall be payable in monthly installments of Four Thousand Six Hundred Seventy Dollars and 40 Cents (\$4670.40).
5. Rent for the Leased Premises (Unit - G) from **January 1st, 2028 to December 31st, 2028** shall be payable in monthly installments of Four Thousand Eight Hundred Thirty Eight Dollars and 40 Cents (\$4838.40).
6. Rent for the Leased Premises (Unit - G) from **January 1st, 2029 to December 31st, 2029** shall be payable in monthly installments of Five Thousand Six Dollars and 40 Cents (\$5006.40).
7. Rent for the Leased Premises (Unit - G) from **January 1st, 2030 to September 30, 2030** shall be payable in monthly installments of Five Thousand One Hundred Forty Dollars and 80 Cents (\$5140.80).
8. The Lessee shall have the right, but not the obligation, to make certain changes at lessee's sole expense to the interior improvements, (including removing office walls) provided that prior to vacating the premises Lessee restores the premises to their original condition, unless lessor indicates his intention to accept the changes and improvements as made.
9. All other terms and conditions of said Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this instrument by proper persons thereunto duly authorized to do the day and year first herein above written.

LESSOR

HARTCO-VENTURA INC.

By: /s/ John Saleh

Date: 9/4/2025

LESSEE

AVITA MEDICAL AMERICAS, LLC

By: /s/ James Corbett

Date: 9/23/2025

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”) is made and entered into as of October 16, 2025 (the “Effective Date”), by and between Cary Vance (the “Executive”) and AVITA Medical, Inc., a Delaware corporation (the “Company”).

WHEREAS, the Company desires to employ the Executive as its Interim Chief Executive Officer (the “Interim CEO”) and to enter into this Agreement embodying the terms of such employment, and Executive desires to enter into this Agreement and to accept such employment, subject to the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and the Executive hereby agree as follows:

1. Term. The Executive’s employment with the Company pursuant to the terms of this Agreement shall be effective as of the Effective Date, and shall continue until the one-year anniversary of the Effective Date, unless Executive’s employment is terminated earlier pursuant to Section 4 of this Agreement (the “Employment Term”). To the extent the Executive remains employed by the Company after the expiration of the Employment Term, such employment shall be subject to the terms and conditions to which the Company and the Executive at that time shall agree.

2. Position, Duties, and Responsibilities; Performance.

2.1. Position, Duties, and Responsibilities. During the Employment Term, the Executive shall be employed and shall serve as the Interim CEO of the Company (together with such other position or positions consistent with the Executive’s title as the Board shall specify from time to time) and shall have such duties, authority, and responsibilities commensurate with such title. The Executive also agrees to serve as an officer and/or director of the Company or any of its direct or indirect subsidiaries (the “Company Group”), in each case without additional compensation. In addition, as of the Effective Date, the Executive shall continue to serve as the Chairman of the Board, with the Executive’s continued service on the Board following the Company’s 2026 Annual Meeting of Stockholders, subject to nomination by the Board and approval by the stockholders of the Company. For the avoidance of doubt, while serving as an employee of the Company, the Executive shall not be separately compensated for his service on the Board; provided, however, that his restricted stock unit awards and stock options with respect to the Company outstanding as of the Effective Date will continue to vest based on his service to the Company.

2.2. Performance. The Executive shall devote substantially all of the Executive’s business time, attention, skill, and efforts to the performance of the Executive’s duties under this Agreement and, except as provided below, shall not engage in any other business or occupation, including any outside employment or consulting services, during the Employment Term, including, without limitation, any activity that (x) conflicts with the interests of the Company or any other member of the Company Group, (y) materially interferes with the performance of the Executive’s duties for the Company, or (z) interferes with the Executive’s

exercise of his judgment in the Company's best interests. Notwithstanding the foregoing, nothing herein shall preclude the Executive from (i) serving, with the prior written consent of the Board, as a member of the boards of directors or advisory boards (or their equivalents in the case of a non-corporate entity) of one or more for-profit public or private companies and one or more charitable organizations, which with regard to charitable organizations such consent will not be unreasonably withheld or delayed, (ii) engaging in charitable activities and community affairs, (iii) delivering lectures and fulfilling speaking engagements, and (iv) managing the Executive's personal investments and affairs (collectively, the "Permitted Activities"); provided, however, that the activities set out in clauses (i), (ii), (iii) and (iv) shall be limited by the Executive so as not to materially interfere, individually or in the aggregate, with the performance of Executive's duties and responsibilities hereunder and do not conflict with any applicable Company policy on conduct.

2.3. Principal Place of Performance. The Executive's duties will be conducted principally from the Company's Valencia, California office, or at such other location as determined by the Board (but subject to the terms of this Agreement), with travel to such other locations including Company locations in Irvine, California and Ventura, California from time to time, as reasonably required. For the avoidance of doubt, the Executive will be required to work primarily on-site at the Company's offices or any other location where the Executive is required to travel for business reasons, and regular remote work shall not be permitted without prior written consent from the Board.

3. Compensation.

During the Employment Term, the Executive shall be entitled to the following compensation:

3.1. Base Salary. Executive shall be paid an annualized base salary of \$702,000 in periodic installments in accordance with the Company's customary payroll practices, less required deductions for state and federal withholding tax, social security, and all other employment taxes and payroll deductions, subject to review, with adjustments, if any, as may be approved in writing by the Human Capital and Compensation Committee of the Board (the "HCC Committee"). The term "Base Salary," shall refer to the Base Salary as may be in effect from time to time.

3.2. Annual Bonus. During the Employment Term, the Executive shall be eligible to receive an annual bonus (the "Annual Bonus"), pro-rated for partial years of service. As of the Effective Date, the Executive's annual target bonus opportunity shall be equal to 80% of the Executive's Base Salary (the "Target Bonus"), with the actual payout based on the achievement of individual and Company performance goals established by the HCC Committee; provided, that, depending on the results, the Executive's actual bonus may be lower or higher than the target amount, as determined by the HCC Committee. Notwithstanding the foregoing, subject to the last sentence of this Section 3.2, (i) for fiscal year 2025, the Executive's Annual Bonus shall be guaranteed at an amount equal to \$140,000, and (ii) for fiscal year 2026, the Executive shall receive (a) a guaranteed Annual Bonus equal to 50% of the Target Bonus and (b) payout with respect to the remaining 50% of the Executive's Target Bonus shall be based on the achievement of individual and Company performance goals established by the HCC Committee, pro-rated to reflect the Executive's service during fiscal year 2026. The Annual Bonus shall otherwise be

subject to the terms and conditions of the annual bonus plan adopted by the Board or the HCC Committee, if any, under which bonuses are generally payable to the executive leadership of the Company, as in effect from time to time. The Annual Bonus, if any, shall be paid at the same time as annual bonuses are paid to the other executive officers of the Company (but in any event no later than March 15th following the completion of the fiscal year to which the performance relates).

3.3. Equity Incentive. During the Employment Term, except as otherwise determined by the Board in recognition of the Executive's service as the Interim CEO, the Executive shall not participate in the Company's equity incentive compensation program or otherwise receive any equity grants; provided, however, in the event the Executive is appointed as the Company's permanent Chief Executive Officer, the Company shall take into account his service as the Interim Chief Executive Officer when determining his equity incentive compensation amount (if any).

3.4. Employee Benefits. During the Employment Term, the Executive shall be entitled to participate in health, insurance, retirement, and other benefits provided generally to similarly situated employees of the Company, subject to the eligibility requirements of such benefit plans and programs. The Executive shall be entitled to four (4) weeks of paid vacation per year. The Executive can accrue up to six (6) weeks of vacation time, at which point no additional vacation may accrue beyond the six (6) weeks until a portion thereof is used. Any accrued vacation will roll over into the following calendar year and will not be forfeited. The Executive agrees to schedule planned vacation to be taken at a time mutually convenient to the Executive and the Board. The Executive shall also be entitled to holidays and sick days, as well as any other benefits, in each case as are generally allowed to similarly situated employees of the Company in accordance with the Company policy as in effect from time to time. Nothing contained herein shall be construed to limit the Company's ability to amend, suspend, or terminate any employee benefit plan, program or policy at any time without providing the Executive notice, and the right to do so is expressly reserved.

3.5. Expenses.

(a) Commuting Expenses. Upon the Executive's employment, he will be required to commute to the Company's Southern California offices to fulfill his job responsibilities, for through the Employment Term. The Company will reimburse standard expenses incurred for such commuting in accordance with the Company's expense reimbursement policies.

(b) Business Expenses. The Executive shall be entitled to reimbursement for all reasonable and necessary out-of-pocket business, entertainment, and travel expenses incurred by the Executive in connection with the performance of the Executive's duties hereunder in accordance with the Company's expense reimbursement policies and procedures, and the terms and conditions of this Agreement.

4. Termination of Employment.

4.1. General. The Employment Term, and the Executive's employment hereunder, shall terminate upon the earliest to occur of (i) expiration of the Employment Term

pursuant to Section 1 hereof, (ii) the Executive's death, (iii) a termination by reason of a Disability (as defined in the Company's 2020 Omnibus Incentive Plan Amended and Restated), (iv) a resignation by the Executive at any time for any reason or no reason, upon ninety (90) days' written notice, and (v) a termination by the Company at any time for any reason or no reason. Except as otherwise expressly required by law (e.g., COBRA) or as specifically provided herein or in any plan or grant, all of the Executive's rights to Base Salary, Annual Bonus, employee benefits and other compensatory amounts hereunder (if any) shall cease upon the termination of the Executive's employment hereunder (the "Termination Date").

4.2. Accrued Obligations. If the Employment Term is terminated for any reason or no reason, then upon such termination, the Executive (or the Executive's legal representative or estate, if applicable) will only be entitled to receive (i) all accrued but unpaid Base Salary through the Termination Date, (ii) the Annual Bonus that relates to a completed fiscal year, and is payable (but not yet paid) on or before the Termination Date, which shall be paid in accordance with the terms of the Company's annual bonus program (but in any event no later than March 15th following the conclusion of the applicable fiscal year to which the Annual Bonus relates), (iii) any unpaid or unreimbursed expenses incurred in accordance with Section 3.5 hereof, (iv) any benefits provided under the Company's employee benefit plans upon a termination of employment, and (v) all rights to indemnification and directors and officers liability insurance coverage (the "Accrued Obligations"). The Accrued Obligations will be paid to the Executive in a lump sum within sixty (60) days following the Termination Date or such earlier date as required by applicable law.

4.3. Deemed Resignation. Upon any termination of the Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by the Executive, the Executive shall be deemed to have resigned from any and all directorships, committee memberships, and any other positions Executive holds with the Company or any other member of the Company Group.

5. Cooperation. The parties agree that certain matters in which the Executive will be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company in connection with matters arising out of the Executive's service to the Company; provided that, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities. The Company shall reimburse the Executive for reasonable expenses incurred in connection with such cooperation and, to the extent that the Executive is required to spend substantial time on such matters, the Company shall compensate the Executive at an hourly rate based on the Executive's Base Salary on the Termination Date, unless such time is as a witness in a legal proceeding, in which case the Company will only pay reasonable costs and expenses as permitted by law.

6. Confidential Information.

6.1. The Executive recognizes that the nature of the Executive's services are such that the Executive will have access to information that constitutes trade secrets, is of a confidential nature, is of great value to the Company Group or is the foundation on which the business of the Company is predicated (the "Confidential Information"). Except as otherwise

provided in Section 6.2, the Executive agrees, during his employment and thereafter, not to disclose to any person other than the Company Group's employees or the Company Group's legal counsel or other parties authorized by the Company Group to receive confidential information or use for any purpose, other than the performance of this Agreement, any Confidential Information. The Confidential Information includes data or material (regardless of form) which is: (a) a trade secret; (b) provided, disclosed or delivered to the Executive by the Company, any officer, director, employee, agent, attorney, accountant, consultant or other person or entity employee by the Company in any capacity, any customer, borrower or business associate of the Company Group or any public authority having jurisdiction over the Company Group of any business activity conducted by the Company Group; or (c) produced, developed, obtained or prepared by or on behalf of the Executive or the Company Group (whether or not such information was developed in the performance of this Agreement) with respect to the Company Group or any assets, business activities, officers, directors, employees, borrowers or customers of the foregoing. However, the Confidential Information will not include any information, data or material which at the time of disclosure or use was generally available to the public other than by a breach of this Agreement, was available to the party to whom disclosed on a non-confidential basis by disclosure or access provided by the Company Group or a third party, or was otherwise developed or obtained independently by the person to whom disclosed without a breach of this Agreement. The provisions of this Section 6 will survive the termination, expiration or cancellation of the Executive's employment. The Executive further agrees that if the Executive executes additional Company policies or agreements to protect the Confidential Information, this Agreement shall be read in conjunction with any such policies or agreements to provide the broadest and greatest protection to the Confidential Information.

6.2. The foregoing notwithstanding, nothing in this Agreement prohibits the Executive from confidentially or otherwise communicating or filing a charge or complaint with, participating in an investigation by, or giving truthful testimony or other disclosures to a governmental agency or regulatory (including self-regulatory) entity including, without limitation, the Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General. The Executive acknowledges and agrees that, in connection with any such activity, the Executive must and shall inform such agency or entity of the confidential nature of any Confidential Information that the Executive provides, and that the Executive is not permitted to disclose any information that is protected by the attorney-client privilege or any other privilege belonging to the Company or any other member of the Company Group, as the Company and its affiliates do not waive and intend to preserve such privileges. Additionally, the Executive may testify in an administrative, legislative or judicial proceeding regarding alleged criminal conduct or sexual harassment when required or requested to attend pursuant to court order, subpoena, or written request from an administrative agency or legislature, and may also disclose information regarding alleged unlawful acts in the workplace. Furthermore, the U.S. Defend Trade Secrets Act of 2016 provides that: (a) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document

containing the trade secret under seal, and (B) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement prohibits or creates liability for any such protected conduct.

7. Protective Covenants.

7.1. Acknowledgment. The Executive understands that the nature of the Executive's position gives him access to and knowledge of Confidential Information and places him in a position of trust and confidence with the Company Group. The Executive further acknowledges and agrees that the services he will provide to the Company Group are unique, special, and extraordinary; that the Executive will obtain knowledge and skill relevant to the Company's industry, methods of doing business, and marketing strategies by virtue of the Executive's employment; and that the protective covenants and other terms and conditions of this Agreement are reasonable and reasonably necessary to protect the legitimate business interests of the Company Group, including without limitation, the Confidential Information and the Company's goodwill. The Executive further understands and acknowledges that the Company Group's ability to reserve these for the exclusive knowledge and use of the Company Group is of great competitive importance and commercial value to the Company Group, and that improper use or disclosure by the Executive is likely to result in unfair or unlawful competitive activity.

7.2. Non-Competition. The Executive covenants and agrees that, during his employment with the Company, the Executive will not directly or indirectly, engage in any business (as an owner, joint venturer, partner, stockholder, director, officer, consultant, agent or otherwise, other than as the owner of less than 1% of the outstanding class of a publicly traded security) which competes with the business in which the Company is presently engaged or may be engaged at any time during the Employment Term.

7.3. Non-Solicitation of Employees. The Executive covenants and agrees that during his employment with the Company and for a period of one (1) year after the Termination Date, irrespective of the reason for the termination (the "Restricted Period"), the Executive shall not, individually or jointly with others, directly or indirectly, recruit, encourage, or attempt to recruit, or by assisting others, any employees, contractors, or other service provider of the Company Group with whom the Executive worked, had business contact, or about whom the Executive gained non-public or Confidential Information (hereinafter, the "Company Group's employees or former employees"), nor shall the Executive contact or communicate with same, other than on behalf of the Company Group, for the purpose of inducing, assisting, encouraging and/or facilitating the Company Group's employees to terminate their employment with the Company Group or find employment or work with another person or entity.

Additionally, during the Employment Term, Executive shall not provide or pass along to the Company Group's employees any information regarding potential jobs or entities or persons to work for, including but not limited to, job openings, job postings, or the names or contact information of individuals or companies hiring people or accepting job applications.

7.4. Reasonableness; Modification. The Company and the Executive have attempted to specify a reasonable period of time and reasonable restrictions to which the provisions of this Section 7 shall apply. The Company and the Executive agree, however, that if a

court or agency of competent jurisdiction determines that any of the terms of this Section 7 are not enforceable because they are overbroad or for any other reason, the provisions of this Section 7 shall be reformed and modified to reflect restrictions that are determined to be reasonable by such court or agency of competent jurisdiction.

7.5. Other Obligations. Nothing in this Section 7 or elsewhere in this Agreement shall limit, restrict or supersede any fiduciary, statutory, tort or other non-contractual obligations of the Executive to the Company or any other member of the Company Group (including without limitation under any applicable trade secrets laws), or any obligations of the Executive under the Company's Code of Business Conduct and Ethics or other applicable rule or policy of the Company or any other member of the Company Group.

8. Non-Disparagement. The Executive agrees and covenants that he will not at any time make, publish or communicate to any person or entity or in any public forum any defamatory or disparaging remarks, comments or statements concerning the Company Group or its businesses, or any of its employees, officers, and existing and prospective customers, suppliers, investors and other associated third parties, in each case, except as otherwise permitted under Section 6.2 above.

9. Remedies. In the event of a breach or threatened breach by the Executive of any of Sections 5, 6, 7, 8, and 11 of this Agreement, the Executive hereby consents and agrees that the Company shall be entitled to seek, in addition to other available remedies, a temporary or permanent injunction or other equitable relief against such breach or threatened breach from any court of competent jurisdiction, without the necessity of showing any actual damages or that money damages would not afford an adequate remedy, and without the necessity of posting any bond or other security. The aforementioned equitable relief shall be in addition to, not in lieu of, legal remedies, monetary damages or other available forms of relief.

10. Arbitration. In consideration of the Company employing the Executive, and the salary and benefits provided under this Agreement, the Executive and the Company agree that all claims arising out of or relating to his employment, including its termination, shall be resolved by binding arbitration. This Agreement expressly does not prohibit either party from seeking an application for a provisional remedy pursuant to Cal. Code Civ. Proc. Section 1281.8. The dispute will be arbitrated in accordance with the rules of the American Arbitration Association ("AAA") under its existing Employment Arbitration Rules. These rules may be found at <https://www.adr.org/sites/default/files/Employment-Rules-Web.pdf>. The Company shall pay for the arbitration administrative costs and arbitrator's fees pursuant to applicable law and the AAA rules. Each party in the arbitration shall bear his/its own attorneys' fees and legal costs. The parties agree to file any demand for arbitration within the time limit established by the applicable statute of limitations for the asserted claims. Failure to demand arbitration within the prescribed time period shall result in waiver of said claims. The parties agree that the arbitration will be venued at or near Los Angeles, California. Any arbitration conducted under this Agreement will be conducted only on an individual basis and no dispute between or among the parties subject to this Section 10 may be consolidated or joined with a dispute between any other current or former employee(s) of the Company, nor may the Executive seek to bring a dispute on behalf of other current or former employees, independent contractors, or consultants of the Company or any member of the Company Group as a class or collective action.

This pre-dispute resolution agreement will cover all matters directly or indirectly arising out of or related to the Executive's employment, recruitment, relocation and/or termination of employment, including, but not limited to, claims involving laws against any form of discrimination or wrongful termination, and whether brought under federal or state law, and/or claims involving other employees. Excluded from this arbitration provision are workers' compensation claims, unemployment insurance claims or any other claim which is not subject to arbitration by law. The Executive has the right, but not the obligation to pursue any claims of sexual harassment (if any) either in arbitration pursuant to this Agreement or in court, at the Executive's option. In the event the Executive asserts multiple claims and elects to bring any claims of sexual harassment and/or sexual assault in court, all other claims aside from such excluded claims, will remain subject to mandatory arbitration under this Agreement. THE PARTIES UNDERSTAND AND AGREE THAT THEY ARE WAIVING THEIR RIGHTS TO BRING SUCH CLAIMS TO COURT, INCLUDING THE RIGHT TO A JURY TRIAL.

11. Proprietary Rights.

11.1.Work Product. The Executive acknowledges and agrees that all writings, works of authorship, technology, inventions, discoveries, ideas and other work product of any nature whatsoever, that are created, prepared, produced, authored, edited, amended, conceived or reduced to practice by the Executive individually or jointly with others during the period of his employment by the Company and relating in any way to the business or contemplated business, research or development of the Company (regardless of when or where the Work Product is prepared or whose equipment or other resources is used in preparing the same) and all printed, physical and electronic copies, all improvements, rights and claims related to the foregoing, and other tangible embodiments thereof (collectively, the "Work Product"), as well as any and all rights in and to copyrights, trade secrets, trademarks (and related goodwill), patents and other intellectual property rights therein arising in any jurisdiction throughout the world and all related rights of priority under international conventions with respect thereto, including all pending and future applications and registrations therefor, and continuations, divisions, continuations-in-part, reissues, extensions and renewals thereof (collectively, the "Intellectual Property Rights"), shall be the sole and exclusive property of the Company.

11.2.Work Made for Hire; Assignment. Subject to Section 11.3, below, the Executive acknowledges that, by reason of being employed by the Company at the relevant times, to the extent permitted by law, all of the Work Product consisting of copyrightable subject matter is "work made for hire" as defined in 17 U.S.C. § 101 and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply, the Executive hereby irrevocably assigns to the Company, for no additional consideration, the Executive's entire right, title and interest in and to all Work Product and Intellectual Property Rights therein, including the right to sue, counterclaim and recover for all past, present and future infringement, misappropriation or dilution thereof, and all rights corresponding thereto throughout the world. Nothing contained in this Agreement shall be construed to reduce or limit the Company's rights, title or interest in any Work Product or Intellectual Property Rights so as to be less in any respect than that the Company would have had in the absence of this Agreement.

11.3.California Labor Code Section 2870. The Executive acknowledges and agrees that the Executive's agreement to assign and assignment of rights to the Company as

set forth in Section 11.2 above shall not apply to any invention that qualifies fully under the provisions of California Labor Code Section 2870, where the Executive developed such invention entirely on Executive's own time without using the Company's equipment, supplies, facilities or Confidential Information and such invention does not either relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or result from any work performed by the Executive for the Company. The Executive will promptly identify in writing to the Company all inventions made by the Executive that he believes meet the criteria of California Labor Code Section 2870 to permit a determination as to whether or not the invention constitutes Work Product subject to the assignment provisions set forth in Section 11.2 hereof. If any invention is determined, pursuant to California Labor Code Section 2870, not to be the property of the Company, the Executive agrees, prior to commercially exploiting such invention or disclosing such invention to any third party, to submit to the Company an offer of commercially reasonable license terms with respect to such invention, and the Company will notify the Executive within ten (10) business days after Company's receipt of such offer if the Company accepts such offer or desires to commence negotiations of the terms set forth in the Executive's offer. If no definitive agreement is reached within sixty (60) days after the Company's acceptance of the Executive's offer or commencement of negotiations, the Executive may commence negotiations with any third party with respect to the licensing and exploitation of such invention.

11.4. Further Assurances; Power of Attorney. During and after his employment, the Executive agrees to reasonably cooperate with the Company to (a) apply for, obtain, perfect and transfer to the Company the Work Product as well as an Intellectual Property Right in the Work Product in any jurisdiction in the world; and (b) maintain, protect, and enforce the same, including, without limitation, executing and delivering to the Company any and all applications, oaths, declarations, affidavits, waivers, assignments and other documents and instruments as shall be requested by the Company. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive's behalf in his name and to do all other lawfully permitted acts to transfer the Work Product to the Company and further the transfer, issuance, prosecution and maintenance of all Intellectual Property Rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company's request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be effected by the Executive's subsequent incapacity.

11.5. No License. The Executive understands that this Agreement does not, and shall not be construed to, grant the Executive any license or right of any nature with respect to any Work Product or Intellectual Property Rights or any Confidential Information, materials, software or other tools made available to him by the Company.

12. Return of Property. Immediately upon demand by the Company or upon the Termination Date, the Executive shall return to the Company any and all Company Group property and all Company Group documents and materials stored in any fashion, including but not limited to those that constitute or contain any Confidential Information or Work Product, that are in the possession or control of the Executive including those stored on any non-Company Group devices, networks, storage locations, and media in the Executive's possession or control, whether they were

provided to the Executive by the Company Group or any of its business associates or created by the Executive in connection with his employment by the Company.

13. Publicity. The Executive hereby irrevocably consents to any and all uses and displays, by the Company Group and its agents, representatives and licensees, of the Executive's name, voice, likeness, image, appearance, and biographical information in, on or in connection with any pictures, photographs, audio and video recordings, digital images, websites, television programs and advertising, other advertising and publicity, sales and marketing brochures, books, magazines, other publications, CDs, DVDs, tapes and all other printed and electronic forms and media throughout the world, at any time during or after the period of his employment by the Company, for all legitimate commercial and business purposes of the Company Group (the "Permitted Uses") without further consent from or royalty, payment or other compensation to the Executive. The Executive hereby forever waives and releases the Company Group and its directors, officers, employees, and agents from any and all claims, actions, damages, losses, costs, expenses, and liability of any kind, arising under any legal or equitable theory whatsoever at any time during or after the period of his employment by the Company, arising directly or indirectly from the Company Group's and its agents', representatives', and licensees' exercise of their rights in connection with any Permitted Uses.

14. Taxes. The Company may withhold from any payments made under this Agreement all applicable taxes, including but not limited to income, employment, and social insurance taxes, as shall be required by law. The Executive acknowledges and represents that the Company has not provided any tax advice to the Executive in connection with this Agreement and that the Executive has been advised by the Company to seek tax advice from the Executive's own tax advisors regarding this Agreement and payments that may be made to the Executive pursuant to this Agreement, including specifically, the application of the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code"), to such payments.

15. Governing Law. This Agreement, for all purposes, shall be construed in accordance with the laws of the State of California without regard to conflicts of law principles; provided, however, that any provisions relating to equity compensation shall also be subject to any federal or state securities laws that may be applicable and the rules of any stock exchange on which the relevant equity is listed for trading.

16. Entire Agreement. Unless specifically provided or stated herein, this Agreement contains all of the understandings and representations between the Executive and the Company pertaining to the subject matter hereof and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter, subject to Section 7.5 above. Without limiting the generality of the foregoing, the parties specifically acknowledge that this Agreement supersedes any agreements the Executive had with the Company and any of its affiliates or predecessors relating to the subject matter hereof. The parties mutually agree that the Agreement can be specifically enforced in court and can be cited as evidence in legal proceedings alleging breach of the Agreement.

17. Amendment and Waiver. No provision of this Agreement may be amended or modified unless such amendment or modification is agreed to in writing and signed by the

Executive and by an authorized executive officer of the Company, in each case, except as provided by Section 7.4 or Section 18. No waiver by either of the parties of any breach by the other party hereto of any condition or provision of this Agreement to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

18. Severability. Should any provision of this Agreement be held by a court or arbitrator of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Agreement, the balance of which shall continue to be binding upon the parties with any such modification to become a part hereof and treated as though originally set forth in this Agreement. The parties further agree that any such court or arbitrator is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by law. The parties expressly agree that this Agreement as so modified by the court or arbitrator shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Agreement be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Agreement shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

19. Captions. Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any Section or paragraph.

20. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21. Additional Section 409A Provisions.

Notwithstanding any provision in this Agreement to the contrary:

21.1. Any payment otherwise required to be made hereunder to the Executive at any date as a result of the termination of the Executive's employment shall be delayed for such period of time as may be necessary to meet the requirements of Section 409A(a)(2) (B)(i) of the Code (the "Delay Period"). On the first business day following the expiration of the Delay Period, the Executive shall be paid, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule set forth herein.

21.2. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

21.3. Notwithstanding anything herein to the contrary, the payment (or commencement of a series of payments) hereunder of any nonqualified deferred compensation (within the meaning of Section 409A of the Code) upon a termination of employment shall be delayed until such time as the Executive has also undergone a "separation from service" as defined in Treas. Reg. 1.409A-1(h), at which time such nonqualified deferred compensation (calculated as of the date of the Executive's termination of employment hereunder) shall be paid (or commence to be paid) to the Executive pursuant to a schedule permitted under Section 409A of the Code as if the Executive had undergone such termination of employment (under the same circumstances) on the date of the Executive's ultimate "separation from service."

21.4. To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by the Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

21.5. While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any penalty taxes under Section 409A of the Code, in no event whatsoever shall any member of the Company Group be liable for any additional tax, interest, or penalties that may be imposed on the Executive as a result of Section 409A of the Code for failing to comply with Section 409A of the Code (other than for withholding obligations or other obligations applicable to employers, if any, under Section 409A of the Code) provided that the Company Group act in reasonable good faith in connection with complying with Section 409A of the Code.

22. Successors and Assigns; No Third-Party Beneficiaries.

22.1. This Agreement shall inure to the benefit of the Company and its respective permitted successors and assigns. Neither this Agreement nor any of the rights, obligations, or interests arising hereunder may be assigned by the Company to any person other than to an acquiror of all or substantially all of the assets of the Company who assumes the agreement in writing.

22.2. The Executive's rights and obligations under this Agreement shall not be transferable by the Executive by assignment or otherwise, without the prior written consent of the Company; provided, however, that if the Executive shall die, all amounts then payable to the Executive hereunder shall be paid in accordance with the terms of this Agreement to the

Executive's devisee, legatee, or other designee, or if there be no such designee, to the Executive's estate.

22.3. Except as otherwise set forth in Section 22.1 and Section 22.2 hereof, nothing expressed or referred to in this Agreement will be construed to give any person other than the Company, the other members of the Company Group, and the Executive any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement.

23. Notification to Subsequent Employer. When the Executive's employment with the Company terminates, the Executive agrees to notify any subsequent employer of the protective covenant sections contained in this Agreement. The Executive will also deliver a copy of such notice to the Company before the Executive commences employment with any subsequent employer. In addition, the Executive authorizes the Company to provide a copy of the protective covenant sections of this Agreement to third parties, including but not limited to, the Executive's subsequent, anticipated or possible future employer.

24. Indemnification. The Executive shall be entitled to indemnification to the maximum extent permitted by law with regard to actions or inactions taken in good faith performance of the Executive's duties to the Company, and to the maximum extent provided by the applicable directors and officers liability insurance coverage in accordance with the Company's policies that cover officers and directors generally.

25. Notice.

25.1. Place of Delivery. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom or which it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that unless and until some other address be so designated, all notices and communications by the Executive to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices and communications by the Company to the Executive may be given to the Executive personally or may be mailed to the Executive at his last known address, as reflected in the Company's records.

25.2. Date of Delivery. Any notice so addressed shall be deemed to be given (i) if delivered by hand, on the date of such delivery, (ii) if mailed by courier or by overnight mail, on the first business day following the date of such mailing, and (iii) if mailed by registered or certified mail, on the third business day after the date of such mailing.

26. Representations of Executive. The Executive represents and warrants to the Company that:

26.1. The Executive is entering into this Agreement voluntarily and that the Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by the Executive of any agreement to which the Executive is a party or by which the Executive may be bound;

26.2. The Executive confirms that, as of the date of this Agreement, he is not an active candidate for any other employment opportunity and that he will not, during the Employment Term, without the permission of the Board, initiate any search or application for another chief executive officer position;

26.3. The Executive has not violated, and in connection with Executive's employment with the Company will not violate, any non-solicitation, non-competition, or other similar covenant or agreement with any person by which the Executive is or may be bound; and

26.4. In connection with the Executive's employment with the Company, the Executive will not use any confidential or proprietary information the Executive may have obtained in connection with employment or service with any prior service recipient.

27. Survival. Upon the expiration or other termination of this Agreement, the respective rights and obligations of the parties hereto shall survive such expiration or other termination to the extent necessary to carry out the intentions of the parties under this Agreement.

28. Clawbacks. The payments to the Executive pursuant to this Agreement are subject to forfeiture or recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including without limitation the Company's Incentive-Based Compensation Recovery Policy and any such policy or provision that the Company has included in any of its existing compensation programs or plans, or as otherwise required by law.

29. Acknowledgment of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS AGREEMENT. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS AGREEMENT.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

AVITA Medical, Inc.

By: /s/ Dr. Michael Tarnoff
Name: Dr. Michael Tarnoff
Title: Chair, Human Capital and Compensation Committee of the Board
of Directors

EXECUTIVE

By: /s/ Cary Vance
Name: Cary G. Vance
Date: October 17, 2025

WAIVER

This **WAIVER** (this "Waiver") is made and entered into as of September 30, 2025 (the "Effective Date") by and among **AVITA MEDICAL, INC.**, a Delaware corporation (the "Borrower"), **ORCO IV LLC** and **ORBIMED ROYALTY & CREDIT OPPORTUNITIES IV OFFSHORE, LP**, as Lenders, and **ORCO IV LLC**, as administrative agent for the Lenders (together with its Affiliates, successors, transferees and assignees, the "Administrative Agent").

WHEREAS, the Borrower, the Lenders and the Administrative Agent entered into a Credit Agreement, dated as of October 18, 2023, as amended by that certain Waiver and First Amendment to Credit Agreement, dated as of November 30, 2023, as amended by that certain Second Amendment to Credit Agreement, dated as of May 28, 2024, as amended by that certain Third Amendment to Credit Agreement, dated as of November 7, 2024, as amended by that certain Fourth Amendment to Credit Agreement, dated as of February 13, 2025, as modified by that certain Waiver, effective as of March 31, 2025, as modified by that certain Waiver, effective as of June 30, 2025 and as amended by that certain Waiver and Fifth Amendment to Credit Agreement, dated as of August 7, 2025 (as so amended and modified, the "Credit Agreement"), pursuant to which the Lenders have extended credit to the Borrower on the terms set forth therein;

WHEREAS, pursuant to Section 3.2 of the Credit Agreement, the Borrower is required to make Amortization Payments in the event the Borrower fails to satisfy the Product Revenue Base test set forth therein as of the applicable Test Dates;

WHEREAS, the Borrower has requested that the Lenders waive, solely with respect to the Test Date of September 30, 2025, the Product Revenue Base test set forth in Section 3.2 of the Credit Agreement for such Test Date (the "Q3 2025 Amortization Test"), and the Lenders agree to provide such waiver on the terms and subject to the conditions set forth herein; and

WHEREAS, the undersigned Lenders comprise all Lenders under the Credit Agreement.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions; Loan Document**. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement. This Waiver shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.
 2. **Waiver**. Subject to the effectiveness of this Waiver and the terms and conditions set forth herein, solely with respect to the Test Date of September 30, 2025 under Section 3.2 of the Credit Agreement, the Lenders agree to waive the Q3 2025 Amortization Test and the Amortization Payment that would otherwise be required with respect to such Test Date.
 3. **Conditions to Effectiveness of Waiver**. This Waiver is deemed effective on the Effective Date, subject to receipt by the Lenders, the Administrative Agent and the
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Borrower of a counterpart signature of the other to this Waiver duly executed and delivered by each of the Lenders, the Administrative Agent and the Borrower.

4. **Expenses**. The Borrower agrees to pay on demand all expenses of the Administrative Agent and the Lenders (including, without limitation, the fees and out-of-pocket expenses of Covington & Burling LLP, counsel to the Administrative Agent and the Lenders) incurred in connection with the negotiation, preparation, execution and delivery of this Waiver.

5. **Representations and Warranties**. The Borrower represents and warrants to the Lenders, as of the effective date of this Waiver, as follows:

(a) The representations and warranties of the Borrower and the Subsidiaries contained in the Credit Agreement or any other Loan Document are true and correct in all material respects as of the date hereof (except (i) with respect to representations and warranties expressly made as of an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date and (ii) if any such representation or warranty contains any materiality qualifier, such representation or warranty is true and correct in all respects).

(b) No Default or Event of Default under the Credit Agreement has occurred and is continuing or would result from the effectiveness of this Waiver.

6. **No Implied Amendment or Waiver**. Except as expressly set forth in this Waiver, this Waiver shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Administrative Agent and the Lenders under the Credit Agreement or the other Loan Documents, or alter, modify, amend or in any way affect any of the terms, obligations or covenants contained in the Credit Agreement or the other Loan Documents, all of which shall continue in full force and effect. Nothing in this Waiver shall be construed to imply any willingness on the part of the Administrative Agent or any Lender to agree to or grant any similar or future amendment, consent or waiver of any of the terms and conditions of the Credit Agreement or the other Loan Documents.

7. **Waiver and Release**. TO INDUCE THE ADMINISTRATIVE AGENT AND THE LENDERS TO AGREE TO THE TERMS OF THIS WAIVER, THE BORROWER AND ITS AFFILIATES (COLLECTIVELY, THE “**RELEASING PARTIES**”) REPRESENT AND WARRANT THAT, AS OF THE DATE HEREOF, THERE ARE NO CLAIMS OR OFFSETS AGAINST, OR RIGHTS OF RECOUPMENT WITH RESPECT TO, OR DISPUTES OF, OR DEFENSES OR COUNTERCLAIMS TO, THEIR OBLIGATIONS UNDER THE LOAN DOCUMENTS, AND IN ACCORDANCE THEREWITH THE RELEASING PARTIES:

(a) WAIVE ANY AND ALL SUCH CLAIMS, OFFSETS, RIGHTS OF RECOUPMENT, DISPUTES, DEFENSES AND COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE HEREOF.

(b) FOREVER RELEASE, RELIEVE, AND DISCHARGE THE ADMINISTRATIVE AGENT, THE LENDERS, THEIR AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS, PREDECESSORS, SUCCESSORS, ASSIGNS, ATTORNEYS,

ACCOUNTANTS, AGENTS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE “**RELEASED PARTIES**”), AND EACH OF THEM, FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, CAUSES OF ACTION, DEBTS, OBLIGATIONS, PROMISES, ACTS, AGREEMENTS, AND DAMAGES, OF WHATEVER KIND OR NATURE, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, CONTINGENT OR FIXED, LIQUIDATED OR UNLIQUIDATED, MATURED OR UNMATURED, WHETHER AT LAW OR IN EQUITY, WHICH THE RELEASING PARTIES EVER HAD, NOW HAVE, OR MAY, SHALL, OR CAN HEREAFTER HAVE, DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN ANY WAY BASED UPON, CONNECTED WITH, OR RELATED TO MATTERS, THINGS, ACTS, CONDUCT, AND/OR OMISSIONS AT ANY TIME FROM THE BEGINNING OF THE WORLD THROUGH AND INCLUDING THE DATE HEREOF, INCLUDING WITHOUT LIMITATION ANY AND ALL CLAIMS AGAINST THE RELEASED PARTIES ARISING UNDER OR RELATED TO ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY.

(c) IN CONNECTION WITH THE RELEASE CONTAINED HEREIN, ACKNOWLEDGE THAT THEY ARE AWARE THAT THEY MAY HEREAFTER DISCOVER CLAIMS PRESENTLY UNKNOWN OR UNSUSPECTED, OR FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH THEY KNOW OR BELIEVE TO BE TRUE, WITH RESPECT TO THE MATTERS RELEASED HEREIN. NEVERTHELESS, IT IS THE INTENTION OF THE RELEASING PARTIES, THROUGH THIS WAIVER AND WITH ADVICE OF COUNSEL, FULLY, FINALLY, AND FOREVER TO RELEASE ALL SUCH MATTERS, AND ALL CLAIMS RELATED THERETO, WHICH DO NOW EXIST, OR HERETOFORE HAVE EXISTED. IN FURTHERANCE OF SUCH INTENTION, THE RELEASES HEREIN GIVEN SHALL BE AND REMAIN IN EFFECT AS A FULL AND COMPLETE RELEASE OR WITHDRAWAL OF SUCH MATTERS NOTWITHSTANDING THE DISCOVERY OR EXISTENCE OF ANY SUCH ADDITIONAL OR DIFFERENT CLAIMS OR FACTS RELATED THERETO.

(d) COVENANT AND AGREE NOT TO BRING ANY CLAIM, ACTION, SUIT, OR PROCEEDING AGAINST THE RELEASED PARTIES, DIRECTLY OR INDIRECTLY, REGARDING OR RELATED IN ANY MANNER TO THE MATTERS RELEASED HEREBY, AND FURTHER COVENANT AND AGREE THAT THIS WAIVER IS A BAR TO ANY SUCH CLAIM, ACTION, SUIT, OR PROCEEDING.

(e) REPRESENT AND WARRANT TO THE RELEASED PARTIES THAT THEY HAVE NOT HERETOFORE ASSIGNED OR TRANSFERRED, OR PURPORTED TO ASSIGN OR TRANSFER, TO ANY PERSON OR ENTITY ANY CLAIMS OR OTHER MATTERS HEREIN RELEASED.

(f) ACKNOWLEDGE THAT THEY HAVE HAD THE BENEFIT OF INDEPENDENT LEGAL ADVICE WITH RESPECT TO THE ADVISABILITY OF ENTERING INTO THIS RELEASE AND HEREBY KNOWINGLY, AND UPON SUCH ADVICE OF COUNSEL, WAIVE ANY AND ALL APPLICABLE RIGHTS

AND BENEFITS UNDER, AND PROTECTIONS OF, CALIFORNIA CIVIL CODE SECTION 1542, AND ANY AND ALL STATUTES AND DOCTRINES OF SIMILAR EFFECT. CALIFORNIA CIVIL CODE SECTION 1542 PROVIDES AS FOLLOWS:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.

8. **Counterparts; Governing Law.** This Waiver may be executed by the parties hereto in several counterparts, each of which shall be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Waiver by email (e.g., “pdf” or “tiff”) or telecopy shall be effective as delivery of a manually executed counterpart of this Waiver. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Waiver to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AVITA MEDICAL, INC.
as the Borrower

By: /s/ James Corbett
Name: James Corbett
Title: Chief Executive Officer

[Signature Page to Waiver]

ORCO IV LLC

as Lender

By: OrbiMed Royalty & Credit Opportunities IV, LP,
its Member

By: OrbiMed ROF IV LLC,
its General Partner

By: OrbiMed Advisors LLC,
its Managing Member

By: /s/ Matthew Rizzo
Name: Matthew Rizzo
Title: Member

ORBIMED ROYALTY & CREDIT OPPORTUNITIES IV OFFSHORE, LP,

as Lender

By: OrbiMed ROF IV LLC,
its General Partner

By: OrbiMed Advisors LLC,
its Managing Member

By: /s/ Matthew Rizzo
Name: Matthew Rizzo
Title: Member

[Signature Page to Waiver]

ACKNOWLEDGED BY:

ORCO IV LLC

as the Administrative Agent

By: OrbiMed Royalty & Credit Opportunities IV, LP,
its Sole Member

By: OrbiMed ROF IV LLC,
its General Partner

By: OrbiMed Advisors LLC,
its Managing Member

By: /s/ Matthew Rizzo
Name: Matthew Rizzo
Title: Member

[Signature Page to Waiver]

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cary Vance, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AVITA Medical, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ Cary Vance

Name: Cary Vance
Title: Interim Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David O'Toole, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AVITA Medical, Inc.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2025

/s/ David O'Toole

Name: David O'Toole

Title: Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of AVITA Medical, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the period ended September 30, 2025 of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2025

/s/ Cary Vance

Name: Cary Vance
Title: Interim Chief Executive Officer
(Principal Executive Officer)

Dated: November 6, 2025

/s/ David O'Toole

Name: David O'Toole
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

These certifications are furnished pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certifications will not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates them by reference.
