A world-leading company in surgical and woundcare innovation

Interim Results for the six months ended 30 June 2020

16 September 2020

Advanced Medical Solutions Group plc

The Impact of COVID-19

Throughout COVID-19 the Group has:

- Retained its employee base in safe conditions and maintained supply to healthcare providers
- Remained profitable and cash generative whilst continuing to invest in R&D and maintaining dividends

- Trading is in line with trading update of 9 July 2020
- All manufacturing sites remained in operation throughout the crisis, servicing customers and order demand under strict controls to ensure employee safety
- Increased investment in R&D and progress with key projects; ready to take advantage of the recovery as conditions normalise
- With COVID-19 impacts expected to reduce in each subsequent quarter and our balance sheet strength, we are well positioned to return to strong growth

H1 2020 Highlights (incl. post period end)

Signs of recovery in most markets and sales impact of COVID-19 expected to gradually reduce in the second half of 2020

Significant progress made in key projects

- First half revenue **£39.3 million** (2019 H1 £48.7 million) and adjusted profit before tax of **£5.3 million** (2019 H1 £12.8 million)
- Net cash increased to **£67.9 million** (2019 H1 £63.9 million)
- Investment in R&D increased to **£3.8 million** (2019 H1 £2.9 million) as progress continued on key projects
- Dividend maintained at **0.50p** per share (2019 H1: 0.50p)
- US LiquiBand® on track with sales initiatives recovering 2% market share, LiquiBand® Rapid launched with a key partner and product listings regained on two previously lost group purchasing organization (GPO) contracts
- Successful product approvals into new geographies with first approvals in India for Liquiband® and LiquiBandFix8®
- Granting of patents for LiquiBand® Exceed in the UK and US providing protection and tax benefits until 2034

Our Strategy for Growth

Product Innovation

- Developing or acquiring high quality products and technologies to expand portfolio
- Driving share gains in high value segments
- UK, France, Germany and Israel Innovation hubs

Operational excellence

- Quality of manufacturing and security of supply
- Extensive regulatory experience bringing products to market and post market surveillance
- Lowering operational costs; improving margins

Organic growth

- Continue global expansion through direct sales and engagement of new distributors
- Increased investment in major R&D and regulatory projects
- LiquiBand® return to growth with new product approvals
- MDR opportunity

Leverage acquisitions

- Acquire complementary technologies to our surgical portfolio that allow us to leverage our global routes to market

- Quality outcomes for patients
- Value for payors
- Solid financial position
- Long-term shareholder value creation

Multiple Product Growth Drivers

- Strong portfolio of high margin surgical and advanced woundcare devices
- Track record of commercial success
- Potential for further market share growth in all key categories
- Commitment to continuous product development
- Leveraging R&D and regulatory capabilities

Update on Key Commercial Activities

LiquiBand® Recovery

- LiquiBand® Rapid™ approved and launched with one of the Group's main US partners in H1 2020
- LiquiBand® now listed on both of the major US GPO contracts that were lost in 2019
- Short-term commercial agreements implemented encouraging LiquiBand® adoption contributing to improved market share
- Market share gains in Q1 2020; maintained in Q2 2020

Biomatlante progress

- Encouraging sales performance in H1 2020 despite COVID-19 impact
- Significant opportunity to sell Biomatlante products under the RESORBA brand through our existing sales infrastructure. Some initial sales made in H1 2020

ActivHeal® overseas

- Continue to appoint new distribution partners in specific markets
- New long-term contracts signed in H1 contributing more than £1 million of additional sales over the next five years

Update on Key R&D Projects

LiquiBand® XL

- Development on our lead LiquiBand® XL formulation continues to progress well and we expect to re run the clinical study in Q3 2020
- 510k filing is on track for Q1 2021
- LiquiBand® XL will unlock further growth potential in the LiquiBand® business with all partners.

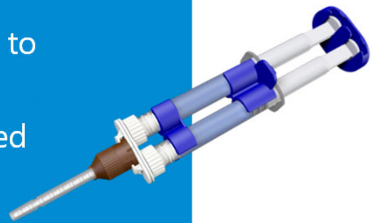
LiquiBandFix8®

- Clinical trials re-started with all five sites now enrolling patients and one third of procedural volumes having been completed following six-month suspension
- Plan to file for FDA approval in 2022

Update on Key R&D Projects (cont.)

Sealantis progress

- Soft launch commercial research activity with 30 European KOLs expected to complete in October
- Progressing CE approval for the design improved Seal G devices – expected before end of 2020
- First clinical trial expected to start before end of 2020 and European commercial launch is planned for H1 2021



Antibiotic loaded collagens

- Continue to work with regulatory bodies as we progress EU and US approvals of key products

Freeze dried bone substitute

- 510K filing expected in H2 2020 for new innovative freeze dried bone substitute
- Easily mouldable for optimal placement in orthopaedic and spine surgery and suitable for addition of active ingredients

Regulatory

Extension of Medical Device Directive (MDD) deadline to May 2021 as a result of COVID-19 provides opportunities for AMS

AMS is using the MDD extension to file for new product approvals in 2020 including Sealantis enhancements and Silicone PHMB dressings

The Group is confident that its extensive preparations will ensure it is well positioned to exploit MDR opportunities

Licensing and Acquisitions Strategy

The Group continues to explore options to acquire other businesses to accelerate growth and deliver value for our shareholders

- Our selection criteria remains unchanged:
  - Products or technologies that enable AMS to leverage its Woundcare customer base or surgical routes to market
  - Surgically-focused companies with product synergies, strong R&D capability and proprietary products
- Net cash of £67.9m and debt facility of £80m at 30 June 2020

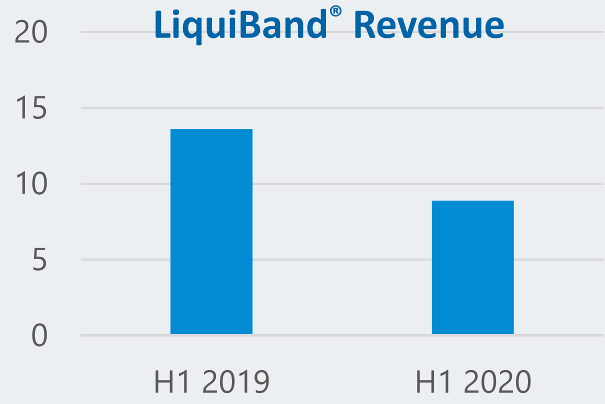
Financial Summary

Surgical: H1 2020 Progress

Revenue down 19% to £21.4 million (2019 H1: £26.5 million)

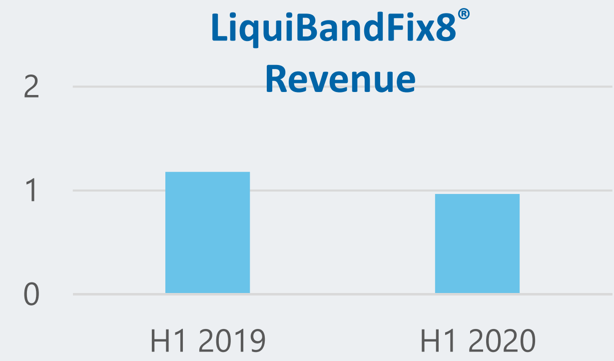
Advanced Closure – LiquiBand®

- Revenue down 35% to £8.9 million (2019 H1: £13.6 million)
- US sales down 37% to £5.1 million (2019 H1: £7.9 million)
- UK and Germany down 41% to £2.0 million (2019 H1: £3.4 million)
- ROW down 22% to £1.8 million (2019 H1: 2.3 million)
- LiquiBand®Rapid™ launched with key US partner in March



Internal Fixation – LiquiBandFix8®

- Revenue down 18% to £1.0 million (2019 H1: £1.2 million)
- Hernia surgery volumes especially impacted by COVID-19
- Significant progress in product training globally and in product approvals (notably in India & Brazil)

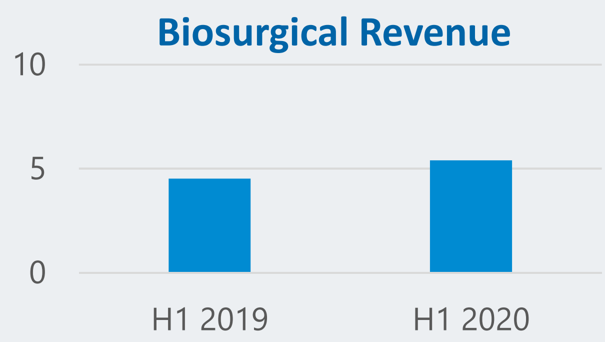


Growth rate shown at constant currency

Surgical: H1 2020 Progress (cont.)

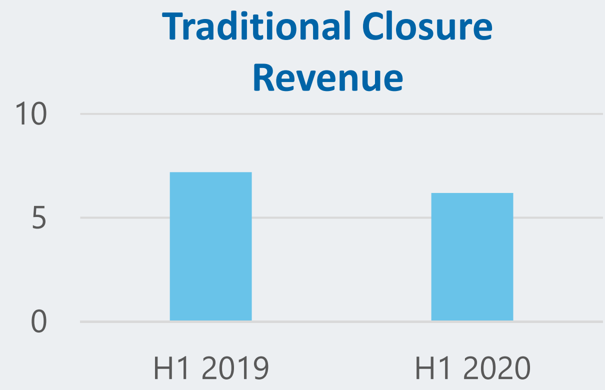
Biosurgical Devices

- Revenue up 21% to £5.4 million (2019 H1: £4.5 million)
- Revenue growth driven by Biomatlante sales
- Further growth opportunities from antibiotic collagens, RESORBA® branded Bone Substitutes and new freeze dried bone substitutes



Traditional Closure (RESORBA®)

- Revenue down 13% to £6.2 million (2019 H1: £7.2 million)
- Expanded RESORBA® product range



Growth rate shown at constant currency

Woundcare: H1 2019 Progress

Revenue down 20% to £17.9 million (2019 H1: £22.2 million)

Impacted by lower wound treatment volumes globally, deferral of elective surgery, temporary closure of wound clinics and lack of community and long-term care services

Year-on-year comparator affected by some customers' Brexit preparations in 2019

Infection Management

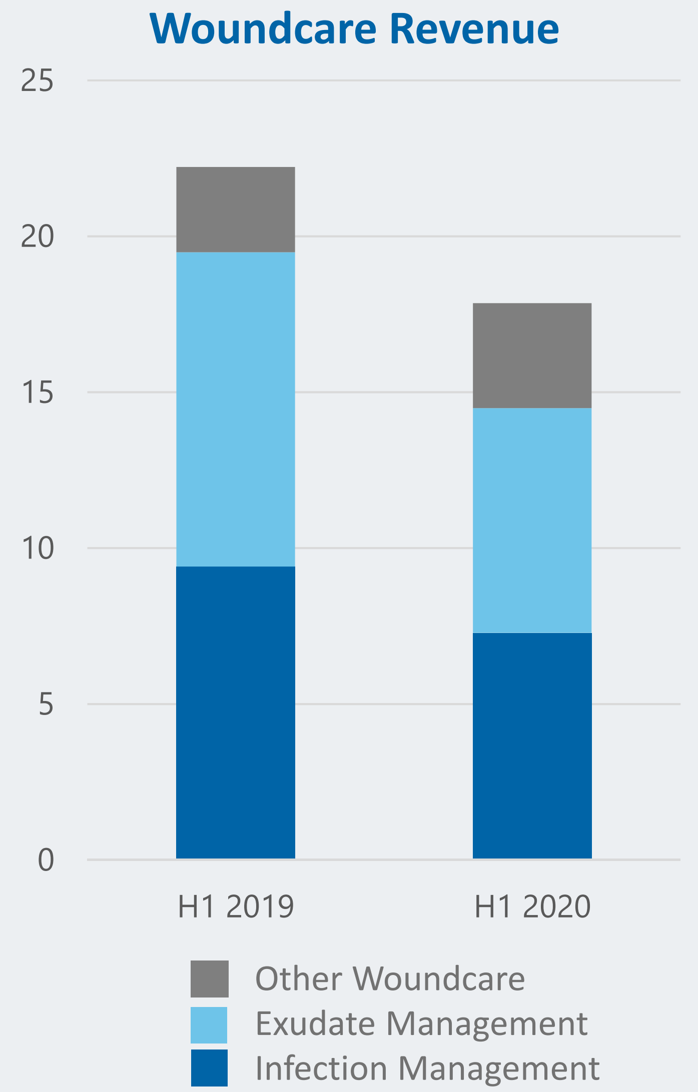
- Revenue down 23% to £7.3 million (2019 H1: £9.4 million)
- Successful launch of Silver Moisture Wicking Fabric product in the US

Exudate Management

- Revenue down 29% to £7.2 million (2019 H1: £10.1 million)
- Several new contracts signed contributing to over £1 million of additional sales over the next five years

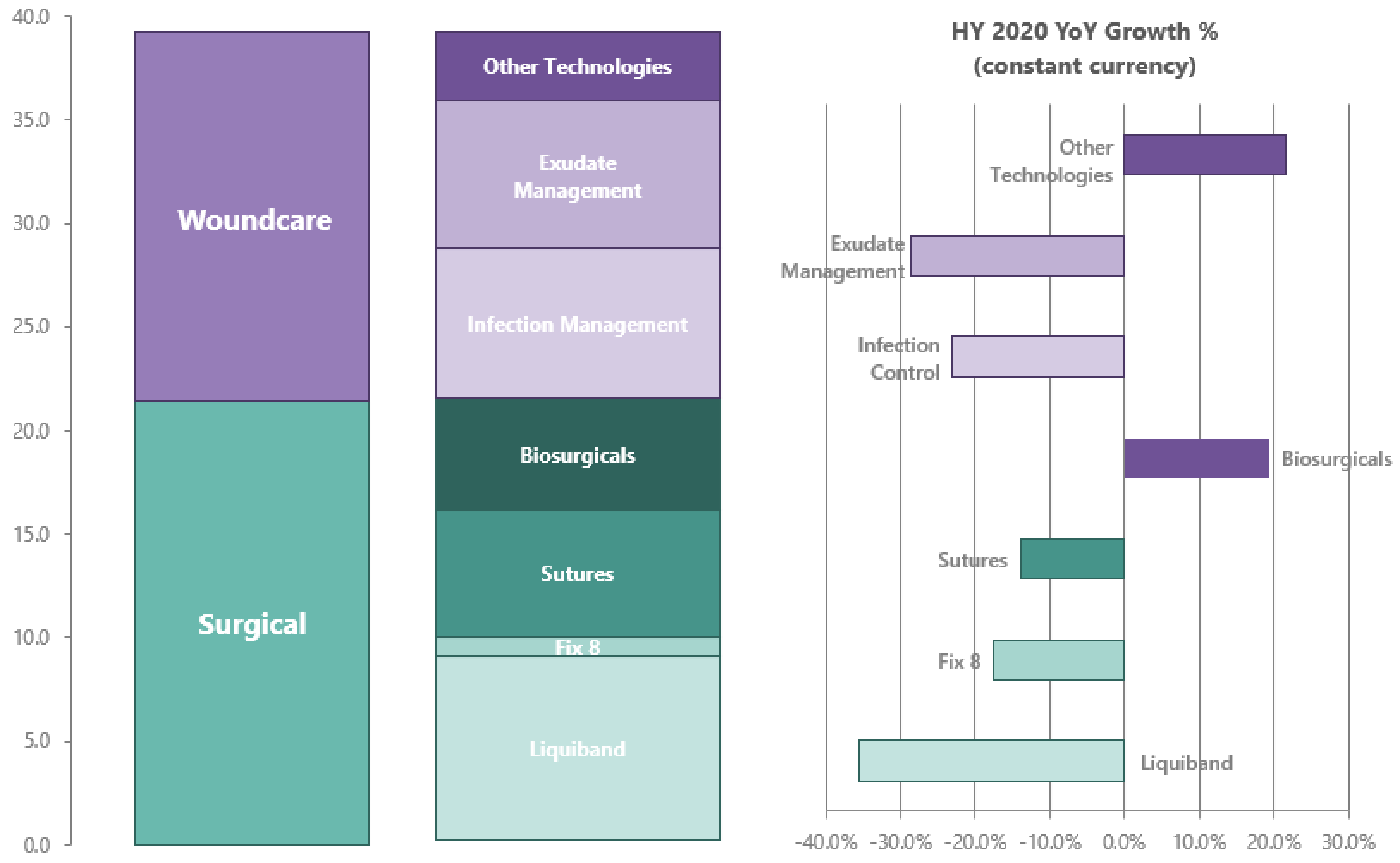
Other Woundcare

- Revenue up 22% to £3.4 million (2019 H1: £2.7 million)
- Increase mainly due to higher royalty income from the Group's licensing arrangement with Organogenesis



Growth rate shown at constant currency

Revenue by Product

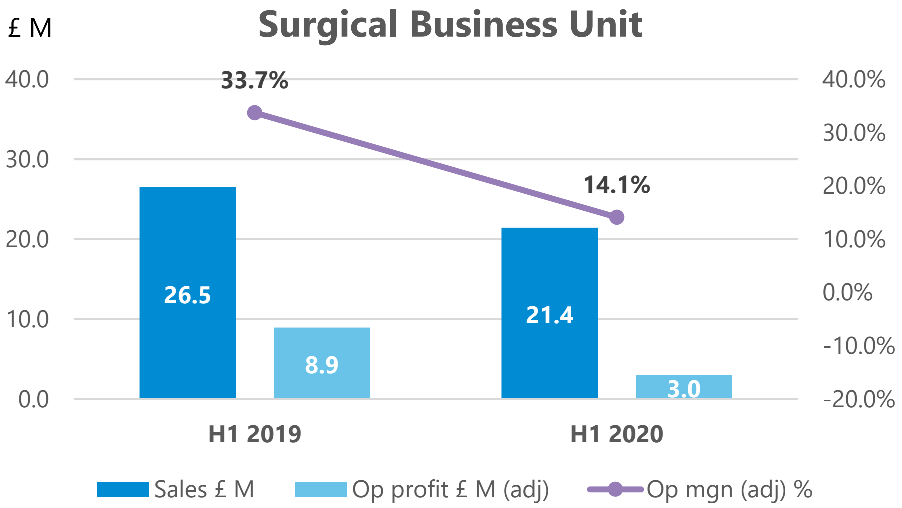


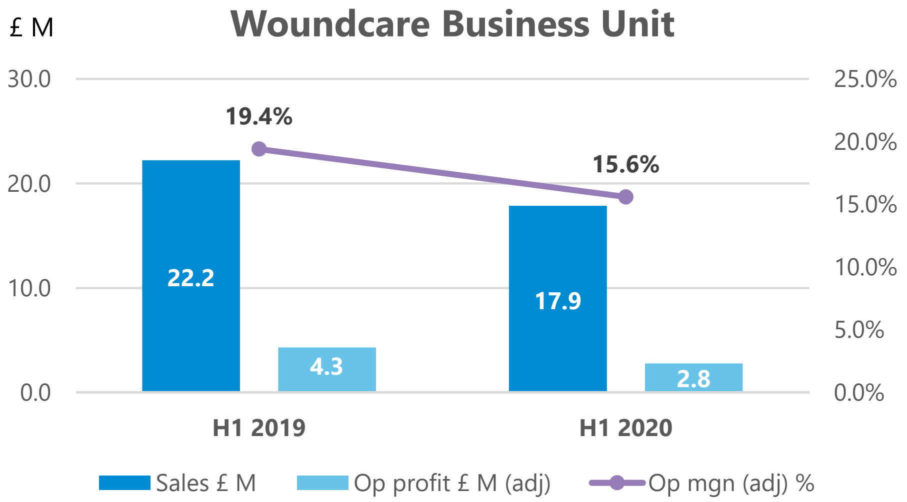
HY 2020 Financial Highlights

£ million	H1 2020	H1 2019	Reported change
Group revenue	**39.3**	**48.7**	-19%
Adjusted operating margin (%)	**14.0**	**26.7**	-47%
Adjusted profit before tax	**5.3**	**12.8**	-59%
Adjusted diluted earnings per share (p)	**2.16**	**4.80**	-55%
Net operating cash flow	**8.8**	**10.3**	-14%
Net cash	**67.9**	**63.9**	+6%
Interim dividend per share (p)	**0.50**	**0.50**	+0%

Growth rate shown at constant currency

H1 2020 Operating Margins





Cash Flow Summary

	2020 H1 £ million	2019 H1 £ million
Profit from operations before exceptional items	**4.4**	**12.3**
Depreciation and Amortisation	3.3	2.7
Working capital movements	3.6	(2.0)
Share-based payments expense	0.8	1.1
Taxation	(3.3)	(2.9)
Net cash inflow from operating activities	**8.8**	**11.2**
Acquisition of subsidiary	0.0	(18.4)
Exceptional items	0.0	(0.9)
Capital investments	(2.3)	(2.6)
Financing and foreign exchange	(0.7)	(0.7)
Dividends paid	(2.3)	(1.9)
Share based payments cash flows	0.1	0.9
Net increase/(decrease) in cash and cash equivalents	**3.6**	**(12.5)**
Cash and cash equivalents at the beginning of the period	**64.8**	**76.4**
Cash and cash equivalents at the end of the period	**68.4**	**63.9**

Financial Summary

Robust finances; investing for growth

- Adjusted profit before tax decreased to **£5.3 million** (2019 H1 £12.8 million) as we continued to invest in key projects
- R&D spend increased by £0.9 million to **£3.8 million**
- LiquiBandFix8®, Sealantis and MDR investments expected to drive significant growth from 2021-2022 onwards
- Retention of employees and fixed cost base resulted in lower gross margins and operating margins
- Currency exposures continue to be managed by hedging for the next 18 months' cash flows
- The final 2019 dividend of **1.05p** per share was paid in June. The interim dividend for 2020 to be paid in October is maintained at **0.50p** per share
- Net cash of **£67.9 million**

Summary and Outlook

Summary and Outlook

AMS is well positioned

We anticipate a strong recovery once conditions normalise

- Second half trading in 2020 is in line with Board expectations as communicated in July
- Encouraged by current trading, with COVID-19 impact expected to reduce in each subsequent quarter
- Good progress being made on key R&D initiatives and US LiquiBand® recovery plan progressing well
- Robust balance sheet

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