

A world-leading company in surgical and woundcare innovation



Interim Results for the six months ended 30 June 2021

15 September 2021



Advanced Medical Solutions Group plc

Financial Highlights



Strong growth as key markets rebuild towards pre-pandemic levels of surgery

- Revenue increased 28% to **£50.2 million** (2020 H1: £39.3 million) and adjusted profit before tax rose 133% to **£12.4 million** (2020 H1: £5.3 million) despite residual COVID-19 impact on elective surgery volumes
- Net cash increased to **£61.1 million** (2020 YE: £53.8 million)
- Investment in R&D increased to **£4.4 million** (2020 H1: £3.8 million), 9% of revenue, with good progress made on key projects across the Group
- An increased interim dividend of **0.58p** per share (2020 H1: 0.50p), reflecting the Group's strong net cash position and Board confidence

Operational Highlights (incl. post period end)



Significant regulatory and clinical progress paves way for promising new product launches

- Strong US LiquiBand® growth supported by launch of LiquiBand® Rapid™
- Submission of LiquiBand® XL 510(k) with approval on track for the end of 2021
- US trial to support LiquiBandFix8® PMA progressing well
- Seal-G® and Seal-G® MIST awarded CE marks
- New five-year silver alginate contract with initial orders expected in H2 2021
- Raleigh as expected and integration expected to drive further growth in sales and profit
- New CTO and NED add significant R&D and commercial experience to the team

Product Progress: LiquiBand®

LiquiBand® US

- Strong growth driven by end sales demand and partners replenishing inventory levels
- Successful commercial launch of LiquiBand® Rapid supporting brand sales growth
- LiquiBand® XL on track for approval by the end of 2021, allowing entry in to the growing \$50 million large wound closure market

LiquiBand® Europe

- Strong recovery of sales as elective surgery volumes improve

LiquiBand® ROW

- Partner selected in India with launch shipments due in H2 2021



Product Progress: LiquiBand Fix8®

LiquiBand Fix8® US

- The clinical trial for US Pre-Market Approval process is progressing well
 - Patient procedures complete for clinical module
 - 2 of 4 sections of PMA completed and approved
 - PMA submission on track for 2022 following 12-month patient follow up
- US approval would be a significant milestone, the first of its type to enter the \$250 million US hernia fixation market
- PMA clinical data and approval expected to support efforts to secure more specialist partners for LiquiBand Fix8® to drive stronger growth

LiquiBand Fix8® ROW

- Improving situation but demand continues to be suppressed due to elective nature of hernia surgery



Product Progress: Sealantis

Regulatory approval

- CE mark approval for Seal-G® MIST (laparoscopic), and an extension of existing Seal-G® (open) CE mark granted

Clinical studies

- First human clinical study of Seal-G® and Seal-G® MIST interim results expected in early 2022
- Additional trials in preparation
- KOL feedback continues to be very positive

Commercial

- First commercial sales expected in H2 2021
- Full European commercial launch in 2022 to be supported by data from clinical study
- Launch will allow Group to enter global \$1 billion internal sealants market



Product Progress: Biosurgical Devices

Collagens

- First 510(k) submission expected in 2022 allowing entry into US dental space
- Ongoing work towards wider approvals for antibiotic loaded collagens, including pacemaker pouch

Biomatlante®

- RESORBA branded bone substitutes range launched into Germany, the Czech Republic and elsewhere in H1 2021
- Freeze-Dried Bone Substitute (FDBS) - US approval expected in 2022 with limited indications, additional claims in US and EU to follow



Product Progress: Woundcare

Regulatory and R&D progress

- Enhanced 510(k) approval for Silver High Performance Dressing with anti-microbial indication
- Upcoming 510(k) submissions:
 - For new woundcare tissue scaffold to enter the US skin scaffold market
 - For antimicrobial anti-biofilm high gelling dressing

Commercial progress

- New five-year silver alginate contract agreed with key partner allowing AMS to market product directly in new markets
- Woundcare distributors appointed in new markets strengthening presence in Africa and Asia with launches anticipated in H2 2021



Licensing and Acquisitions Strategy



AMS continues to seek accretive acquisitions with commercial synergies and strong R&D and manufacturing capabilities

- Our selection criteria:
 - Surgically-focused companies with product synergies, strong R&D capability and proprietary products
 - Products or technologies that enable AMS to leverage its Woundcare customer base or surgical routes to market
- Net cash of £61.1 million and undrawn debt facility of £80.0m at 30 June 2021

Key Appointments



Strengthening of senior management team and Board

Chief Technology Officer

- Chris Locke appointed to the new position of CTO
- Role will take full responsibility for all innovation, research, development and technology assessments for the Group

New Non-Executive Director

- Douglas Le Fort appointed to the board as Independent NED
- Part of ongoing plan to refresh Non-Executive members of the Board

Financial Summary



Financial Overview



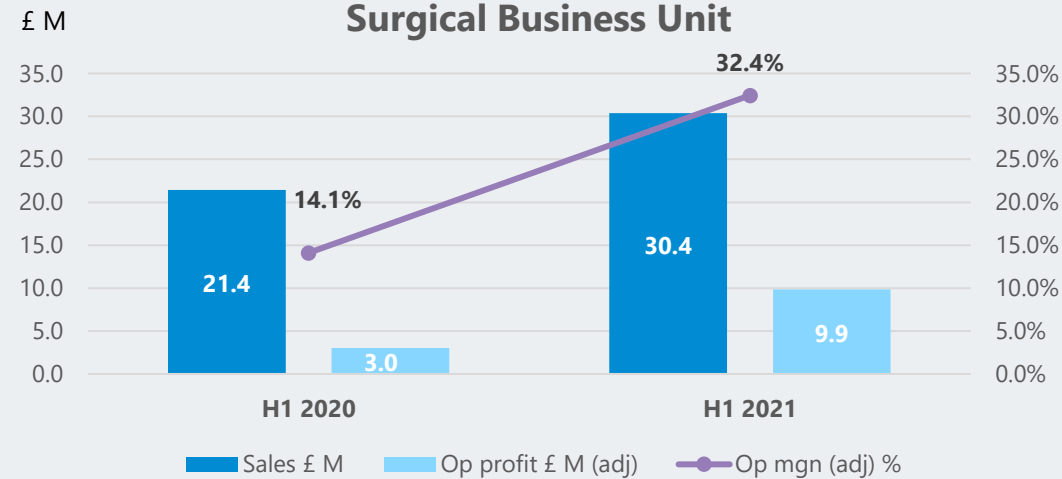
Strong recovery in H1 revenues as increased volumes drives sharp increase in profitability

- Continued recovery of the business as AMS product demand returns towards normal levels
- Residual COVID-19 impacts on elective surgery volumes and access to hospitals continue to restrict some business development activities
- Increase in volumes driving a significant increase in operational leverage
- R&D investment increased to £4.4 million, 9% of sales, investing in innovation and regulatory
- Reflecting the Board's confidence, the interim dividend is increased by 16% to 0.58p per share
- Strong Q3 demand and good order coverage especially for US LiquiBand®
- Actively managing the impact of global supply chain disruptions to minimise their effect on the business

H1 2021 Operating Margins



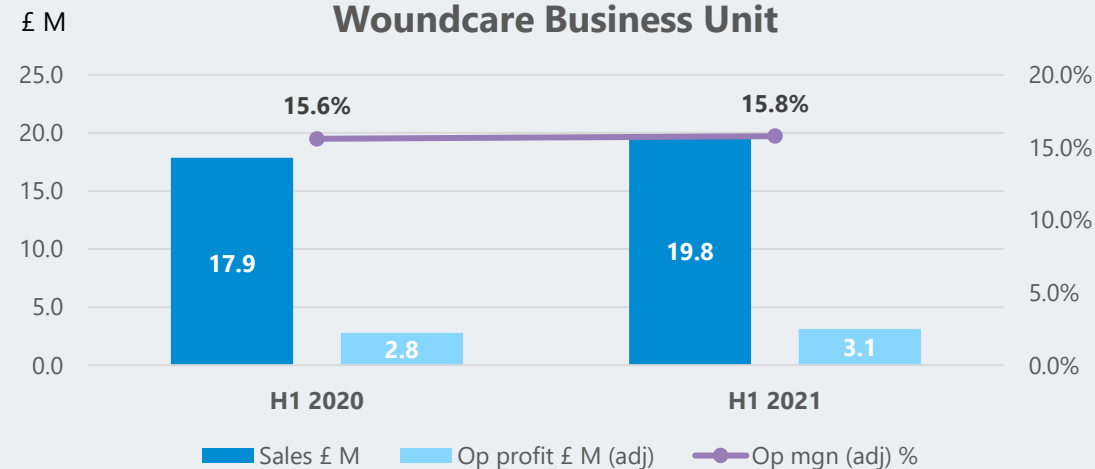
Surgical Business Unit



Surgical

- Higher volumes resulted in greater operational leverage
- Strong US LiquiBand® sales provided a positive mix benefit vs prior period

Woundcare Business Unit



Woundcare

- Moderate increase in Woundcare operating margin as the general recovery was offset by the reduced Silver Alginate sales which impacted gross margins

H1 2021 Results: Surgical



Revenue up 45% to £30.4 million (H1 2020: £21.4 million)

Advanced Closure – LiquiBand®

- Revenue up 79% to £15.2 million (H1 2020: £8.9 million)
- Strong end sales demand and inventory replenishment by some US partners

Internal Fixation and Sealants

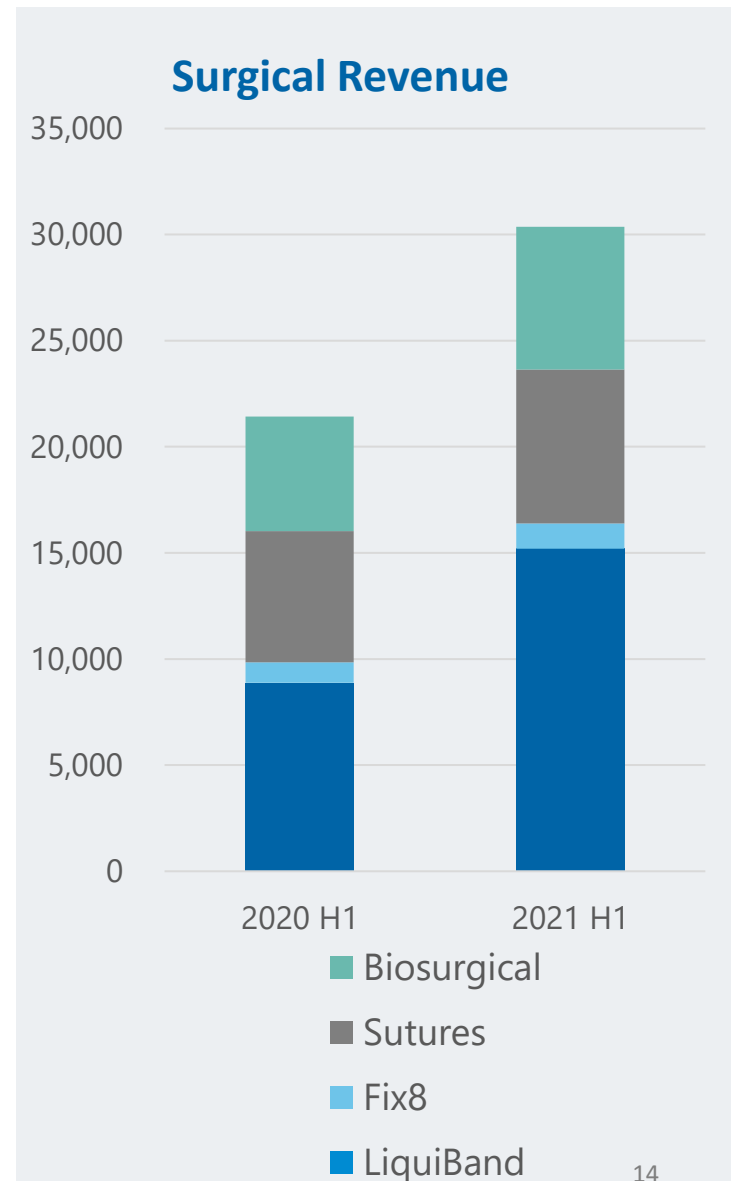
- LiquiBandFix8® revenue up 23% to £1.2 million (H1 2020: £1.0 million)
- Demand remains well below pre-pandemic levels due to the non-essential nature of the majority of hernia surgery

Traditional Closure - Sutures

- Revenue up 18% to £7.3 million (H1 2020: £6.2 million)
- Cardio-vascular and barbed suture and line extensions launched to enhance competitiveness in tenders

Biosurgical Devices

- Revenue up 24% to £6.7 million (H1 2020: £5.4 million)
- Biomatlante revenue increased by 20% to £2.0 million



H1 2021 Results: Woundcare



Revenue up 13% to £19.8 million (H1 2020: £17.9 million)

Infection Management

- Revenue down 5% to £6.7 million (H1 2020: £7.3 million), impacted by lack of orders from exclusive Silver Alginate agreement which ended in December 2020
- New five-year, non-exclusive agreement now agreed
- Partner ordering has now resumed and direct sales are also expected to start in H2 2021

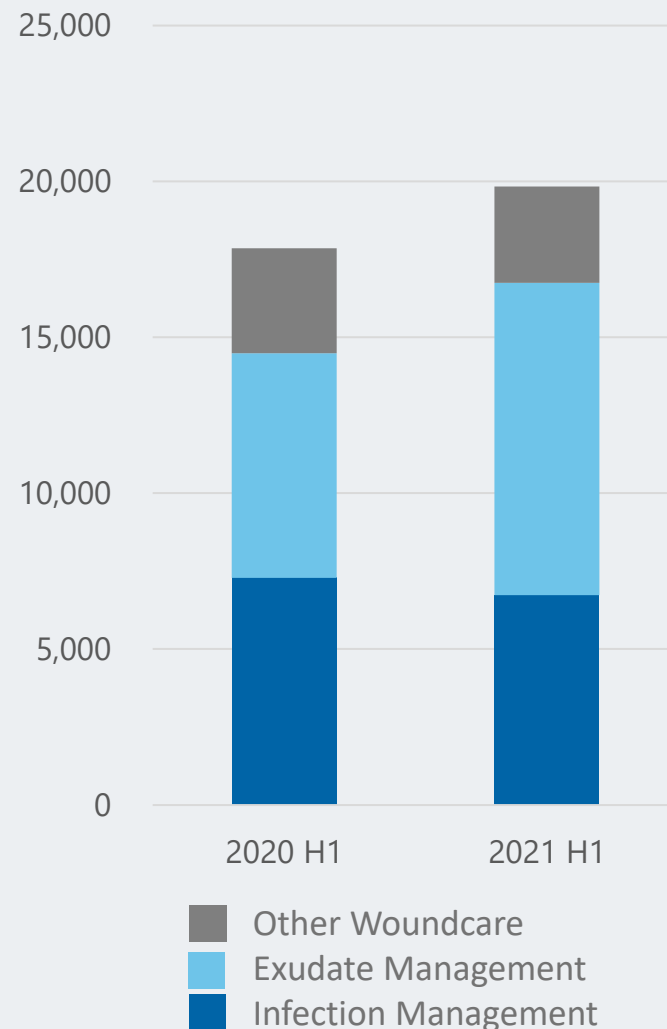
Exudate Management

- Revenue up 39% to £10.0 million (H1 2020: £7.2 million)
- Distributors continued to be signed in new markets
- Raleigh contributed £2.8 million of revenues

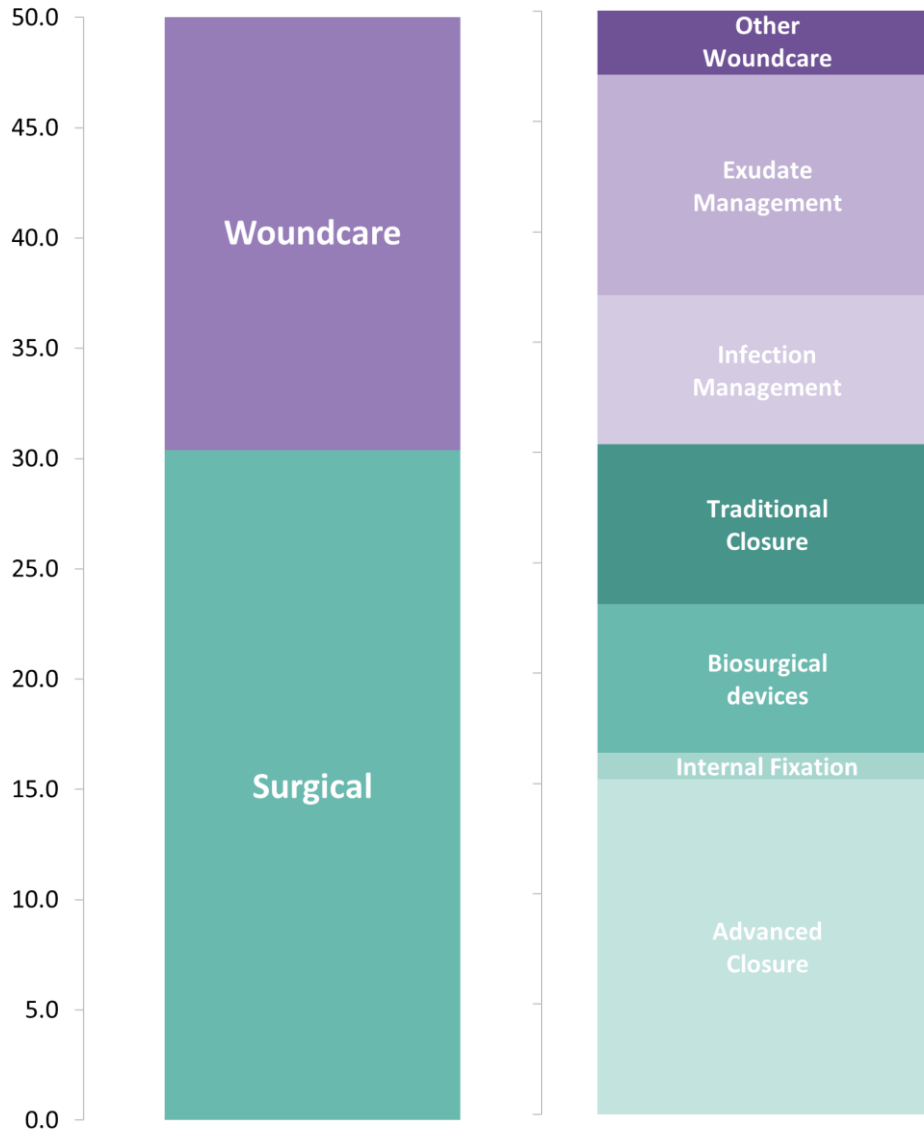
Other Woundcare

- Revenue down 3% to £3.1 million (H1 2020: £3.4 million)
- Phasing of customer demand for membranes expected to be H2 loaded in 2021

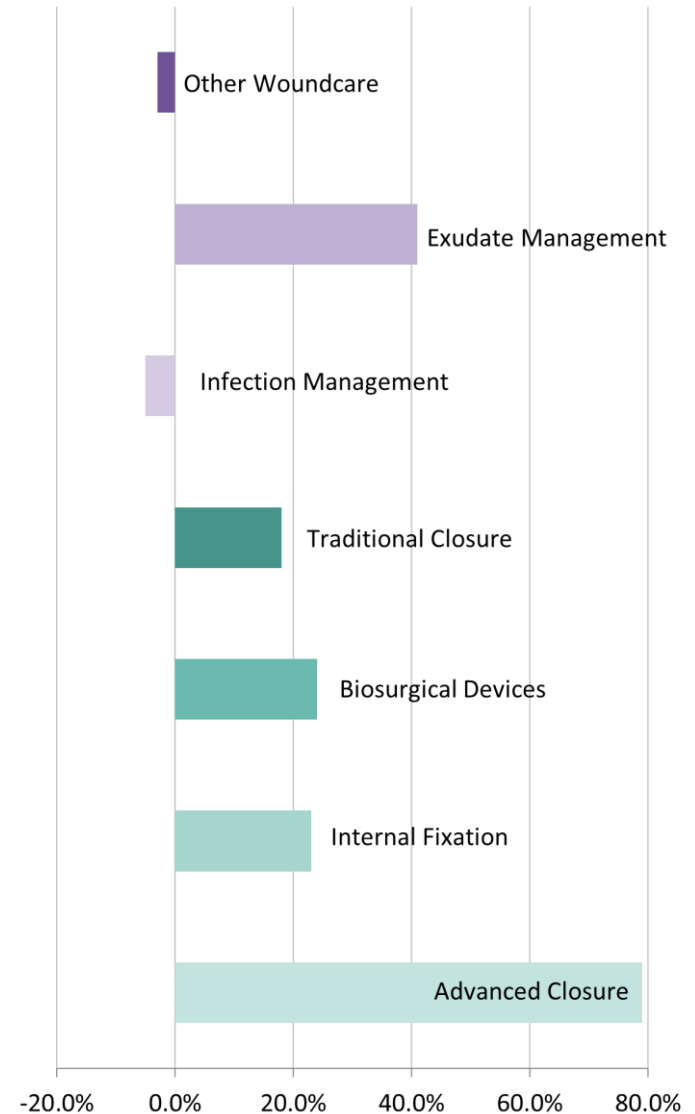
Woundcare Revenue



Revenue by Product



HY 2021 YoY GROWTH % (constant currency)



Cash Flow Summary



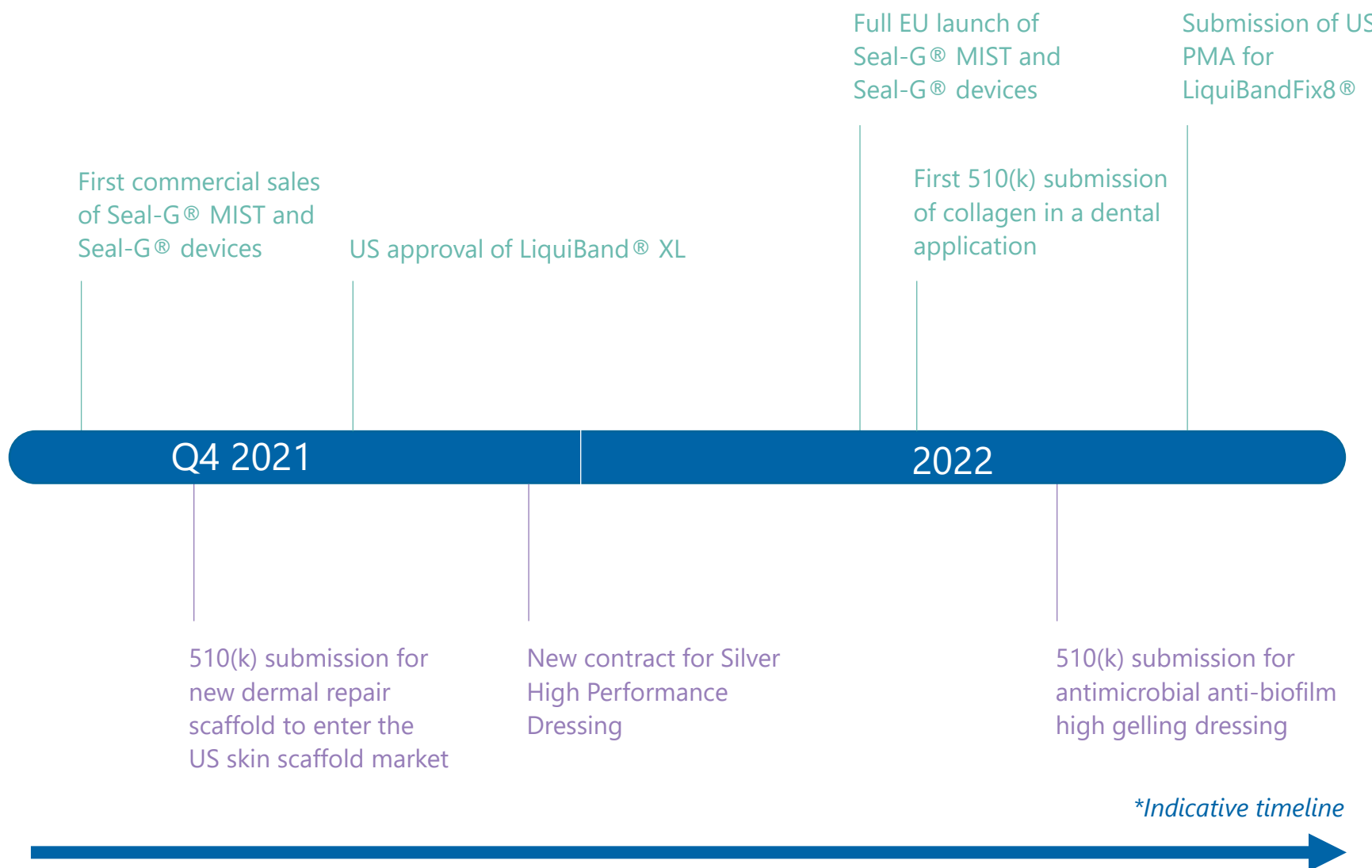
	H1 2021	H1 2020
	£ million	£ million
Profit from operations	11.1	4.4
Depreciation and Amortisation	4.1	3.3
Working capital movements	(0.5)	3.6
Share-based payments expense	0.9	0.8
Taxation	(1.9)	(3.3)
Net cash inflow from operating activities	13.7	8.8
Capital expenditure and capitalised intangibles	(2.8)	(2.3)
Interest received	0.0	0.2
Net cash used in investing activities	(2.8)	(2.2)
Dividends paid	(2.6)	(2.3)
Repayment of principal under lease liabilities	(0.6)	(0.5)
Shares and share based payments	0.1	0.1
Interest paid	(0.3)	(0.3)
Repayment of secured loan	0.0	(0.2)
Increase/(decrease) in cash and cash equivalents	7.4	3.4
Cash and cash equivalents at the beginning of the period	53.8	64.8
Foreign exchange	(0.2)	0.2
Cash and cash equivalents at the end of the period	61.1	68.4

Newsflow, Summary and Outlook





Anticipated Newsflow to 2022*



**Indicative timeline*

R&D spend increased to £4.4m in H1 2021 (H1 2020 £3.8m) representing 9% of sales

Summary and Outlook



Full R&D pipeline and imminent new product launches set to build on strong recovery and drive long-term growth

- Strong growth reported as markets start to recover from impact of COVID-19
- US LiquiBand® franchise performing well, supported by LiquiBand® Rapid, with further boost expected from LiquiBand® XL
- Trading continues to progress well with strong demand in Q3
- Significant investment in R&D and acquisitions set to generate significant new product launches
- Further geographic expansion continues to leverage established portfolio
- Group set for strong organic growth in the short, medium and long term
- Robust finances; ready for accelerated growth and further acquisitions

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