



Advanced Medical Solutions

Results for the 12 months ended 31 December 2021

16 March 2022



Advanced Medical Solutions Group plc



Financial Highlights

Strong revenue growth, profit and cash generation



- Full year revenue up 29%* to **£108.6 million** (2020: £86.8 million), as elective surgery and wound treatment volumes continue to rebuild towards pre-pandemic levels
- Adjusted profit before tax up 92% to **£25.6 million** (2020: £13.4 million) and adjusted operating profit margin increased by 880bp to **21.2%** (2020: 12.4%) as increased sales volumes drove significant improvements in operational leverage
- Net cash increased to **£73.0 million** (2020: £53.8 million) driven by strong trading and good operational cash flow
- Investment in R&D increased to **£9.3 million** (2020: £7.9 million) representing 8.6% of revenues
- An increased proposed total dividend of **1.95p** per share (2020: 1.70p), reflects Board's confidence

**Growth rate shown at constant currency*

Operational Highlights

Regulatory and clinical progress as investment continues in next-generation products



- **SEAL-G®** and **SEAL-G® MIST** clinical study continues to progress well with approximately 25% of patients now recruited. Clinical results on track to be released in H2 2022 to support full commercial launch
- US clinical trial for **LiquiBand Fix8®** 12-month follow-up and PMA filing remains on track for 2022
- LiquiBand® XL 510(k) approval anticipated in H1 2022
- 510(k) filing for **high gelling woundcare dressing with anti-biofilm activity** has been submitted and is expected to launch around the end of 2022
- Agreement signed to acquire **AFS Medical GmbH**, an Austrian based specialist surgical sales business, to strengthen the Group's direct surgical sales footprint and capabilities
- Additional £2-3 million investment planned at Plymouth facility to accommodate extra capacity for SEAL-G®, Fix8® and LiquiBand® volumes and additional R&D lab space

Product Progress: LiquiBand®



LiquiBand® US

- Recovery of elective surgery volumes, LiquiBand® Rapid roll-out, inventory replenishment and successful re-focusing of the marketing strategy driving significant growth and record end sales volumes
- Later than planned but LiquiBand® XL 510(k) approval anticipated in H1 2022

LiquiBand® UK and Germany

- LiquiBand® XL launched in UK, New Zealand, Australia and EU launch imminent
- LiquiBand® Rapid roll-out in 2021 supported growth

LiquiBand® ROW

- Initial sales reported in India
- New launches planned in other markets



Product Progress: LiquiBand Fix8®



LiquiBand Fix8® US approval process is progressing well

- Recruitment of US clinical trial complete
- 12-month follow-up and interim report on track for H2 2022
- PMA submission anticipated in H2 2022

LiquiBand Fix8® ROW

- Steady recovery in demand reflects non-essential nature of most hernia surgery
- Plans to build on success achieved with Fix8® by AFS following the acquisition of the Austrian distributor. AFS has gained significant share of laparoscopic hernia mesh fixation



Product Progress: SEAL-G® and SEAL-G® MIST



Regulatory

- CE Mark approval for SEAL-G® MIST (laparoscopic) and CE mark extension for SEAL-G® (open) granted in 2021

Clinical study

- First human clinical study progressing well with about 25% of patients recruited
- Additional five trial sites now recruiting patients
- Results anticipated in H2 2022
- Key Opinion Leader feedback continues to be very positive

Operational

- Full European launch planning in process following the release of clinical data
- Preparation for full scale manufacture underway



Product Progress: Biosurgical Devices



Collagens

- Work is progressing with MDR approval process for antibiotic loaded collagens
- Dental and orthopaedic procedures slower to recover following COVID-19 restrictions
- 510(k) submission planned in 2023 for dental collagen - the first application of AMS collagen in the US



Bone substitutes

- RESORBA branded bone substitutes was sold into 6 new EU territories; more to follow in 2022
- Assessing options for newly developed Freeze-dried bone substitutes (FDBS) in order to pursue wider, more attractive claims in the long-term



Product Progress: Infection Management Woundcare



- Shipments of differentiated **Silver alginate range** re-started in H2 2021 following re-negotiation of contract with key customer; AMS already gaining new business through direct marketing of this product into new markets
- Antimicrobial US claim approval for **Silver High Performance Dressing** granted in H1 2021. Currently being sold via two US distributors and into a number of ActivHeal territories whilst discussions continue with other interested partners
- A 510(k) application for the **Antimicrobial high gelling product with anti-biofilm activity** has been submitted; US launch expected later in 2022
- **Silicone PHMB foam** (approved 2020) being sold into MEA and expected to launch with a US partner and multiple APAC distributors in 2022



Product Progress: Woundcare Exudate Management



- Integration of **Raleigh Coatings** continues to progress well with the in-sourcing of woundcare manufacturing processes expected to come on stream and save costs in 2022
- New distributors appointed for **ActivHeal®** in APAC and Gulf States
- Woundcare distribution partner appointed in the **Republic of Ireland** to fulfill contract awards with the HSE
- **Negative Pressure Dressing** partner's launch expected in 2022
- **Collagen Tissue Scaffold** for hard to heal wounds, 510(k) submission on track for H2 2022



Acquisition of AFS Medical GmbH

Expands AMS' direct sales presence and expertise



- Agreement signed to acquire **AFS Medical GmbH (“AFS”)**
- A specialist **distributor of minimally invasive surgical devices**, headquartered in **Vienna** with a **Direct Sales team** in Austria
- AFS has already been successful in distributing **LiquiBand Fix8®**, having gained a significant share of the Austrian market for mesh fixation in hernia repair. AFS will continue to distribute **LiquiBand Fix8®** and support marketing efforts in other regions
- AFS has a number of **proprietary designs** for devices that AMS plans to develop, manufacture and market in the future
- Initial cash purchase price of **€4.5 million** with a further cash deferred consideration of up to €1.5 million. Completion expected **mid 2022**
- Annualised sales from mid 2022 expected to be approximately €4 million

Financial Summary

Financial Highlights

Strong recovery as product demand returns towards pre-pandemic levels



- AMS' core businesses continue to recover as elective surgery and woundcare treatment volumes return towards pre-pandemic levels driving **29%* increase in Group revenues**
- Higher volumes and increased operational leverage drove significant increase in adjusted operating margins driving **92% increase in adjusted pre-tax profit**
- Strong trading and good operational cash flow increases **net cash** from £53.8 million to £73.0 million
- **R&D investment up to £9.3 million** (8.6% of sales). Investment required for **MDR** continues to increase
- Some disruption due to **global supply chain issues and inflationary pressure** experienced in 2021 and 2022
- Reviewing the activities of the sales office in Moscow that has historically contributed approximately 1% of operating profit

**Growth rate shown at constant currency*

FY 2021 Results: Surgical Revenue



Revenue up 29% to £64.6 million (2020: £50.2 million)

Advanced Closure

- LiquiBand® revenue up 46% to £33.1 million (2020: £22.8 million)
- Growth driven by increased end-user demand, LiquiBand® Rapid roll out, refocusing of US marketing and some re-stocking by our partners

Internal Fixation and Sealants

- LiquiBandFix8® revenue up 23% to £2.6 million (2020: £2.1 million)
- Market demand remained suppressed throughout 2021

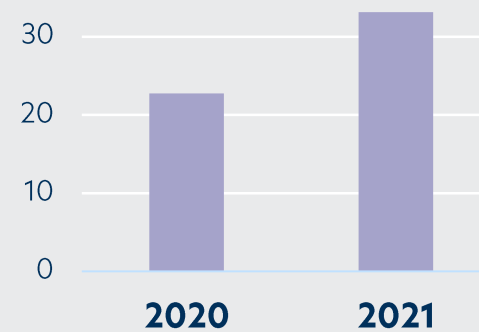
Traditional Closure

- Suture revenue up 15% to £14.0 million (2020: £13.0 million)

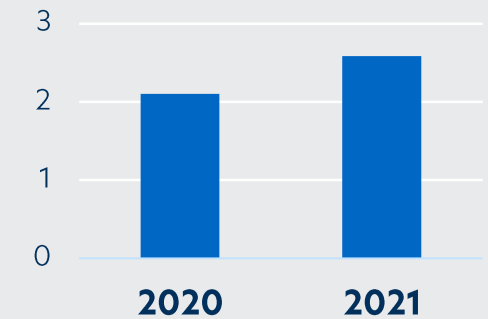
Biosurgical Devices

- Revenue up 14% to £14.0 million (2020: £12.3 million)

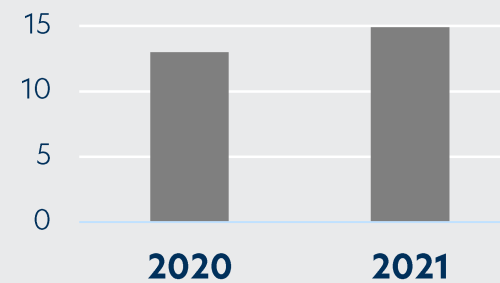
Advanced Closure



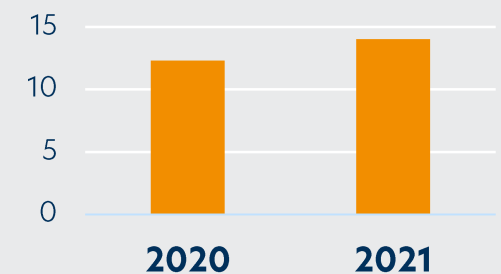
Internal Fixation and Sealants



Traditional Closure



Biosurgical



FY 2021 Results: Woundcare Revenue



Revenue up 20% to £44.0 million (2020: £36.6 million)

Infection Management

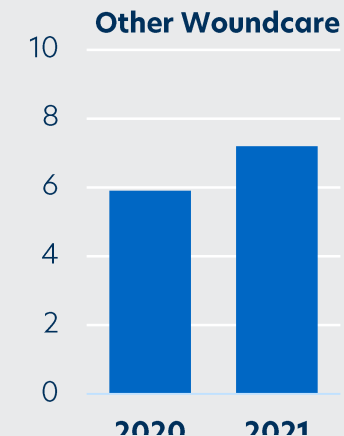
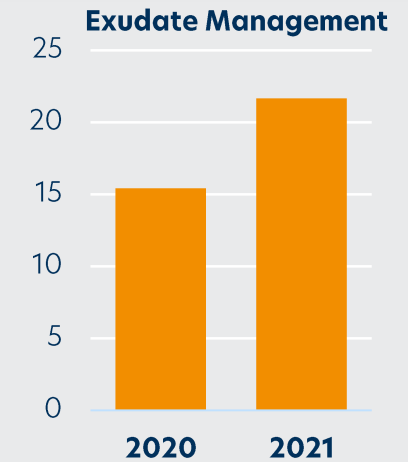
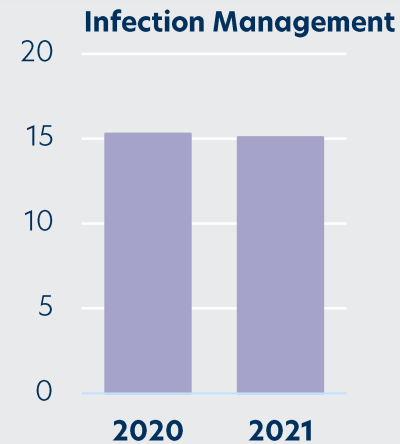
- Revenue down 1% to 15.1 million (2020: £15.3 million)
- New silver alginate contract drove growth in H2, but lack of orders in H1 resulted in flat performance in the year

Exudate Management

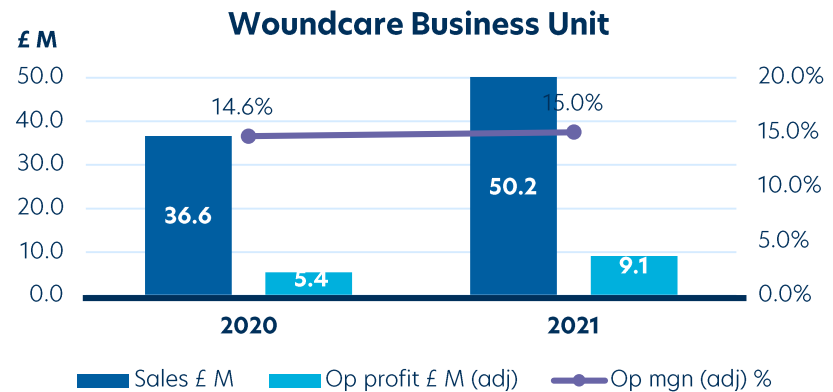
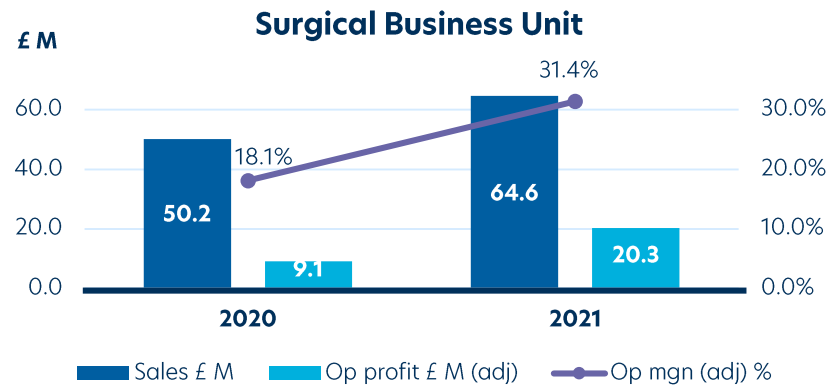
- Revenue up 41% to £21.7 million (2020: £15.4 million)
- Incorporating £5.7 million sales from Raleigh Coatings acquired in Nov 2020 (2020: £0.7 million)

Other Woundcare

- Revenue up 22% to £7.2 million (2020: £13.0 million)
- Growth driven by higher Organogenesis royalties



FY 2021 Operating Margins



Surgical

- Increased product volumes generating greater operational leverage and significant improvement in margins
- Strong recovery in US LiquiBand® sales providing a positive mix benefit

Woundcare

- More modest improvement in Woundcare margins
- Increase in product volumes offset partly by flat revenues of higher margin Infection Management products

Balance Sheet to Dec 2021



£ million	Dec 2020	Dec 2021	
Property, Plant and Equipment and other Fixed Assets	40.3	40.2	Annual capex set to increase to £10M+ due to Plymouth extension and R&D / MDR
Goodwill and Acquired Intangibles	101.1	94.4	Reduced due to amortisation and foreign exchange
Fixed Assets	141.4	134.6	
Stock	21.0	19.3	Inventories decreased following high demand and some supply chain disruption
Debtors	22.2	23.7	Average debtor days: 44 days
Cash	53.8	73.0	Plus £80M undrawn credit facility
Current Assets	97.0	116.0	
Creditors	(16.4)	(19.7)	Average creditor days: 37 days
Lease liabilities	(11.1)	(9.9)	Predominately leased assets accounted for under IFRS 16
Borrowings	-	-	
Losses on FX contracts	-	-	
Tax	(8.9)	(8.3)	Group ETR to increase by 4% to 25% in 2023 due to increased UK tax rate
Liabilities	(36.4)	(37.9)	
Net Assets	202.3	212.7	

Summary and Outlook

Summary and Outlook

Positioned for further growth with a promising pipeline of next-generation products



- AMS' core businesses recovered strongly in 2021 as markets recovered from the impact of COVID-19
- Good progress has been made in expanding our geographic footprint with new distributors appointed and the acquisition of AFS Medical
- The Group continues to invest heavily in its R&D pipeline with significant clinical and regulatory progress having been made by both Business Units in 2021
- COVID-19 and supply chain issues continue to present challenges in the market, but the Board remains confident that the Group can deliver significant and long-term growth
- Trading has continued to progress well in Q1 2022 with a healthy order book and the Group remains on track to meet expectations

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