



Advanced Medical Solutions

Results for the 6 months ended 30 June 2022

14 September 2022



Advanced Medical Solutions Group plc



Financial Highlights

Continued, strong revenue growth, profit and cash generation



- **2022 trading** remains strong despite increasing macro-economic challenges
- Revenue increased 16%* to **£58.3 million** (2021 H1: £50.2 million)
- Adjusted profit before tax up 10% to **£13.6 million** (2021 H1: £12.4 million)
- Net cash increased to **£75.3 million** (FY 2021: £73.0 million) driven by strong trading and good operational cash flow, despite the acquisition of AFS
- Total investment in R&D increased to **£5.4 million** (2021 H1: £4.4 million) representing 9.3% of revenues (2021 H1: 8.7%) as investment in new product development and MDR continues
- An increased proposed interim dividend of **0.64p** per share (2021 H1: 0.58) reflecting Board confidence

**Growth rate shown at constant currency*

Operational Highlights

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



- US approval of **LiquiBand® XL** granted May 2022, initial orders fulfilled in Q3, launch proceeding well
- US clinical trial for **LiquiBand Fix8®** 12-month follow-up and PMA filing remains on track for 2022
- **SEAL-G®** and **SEAL-G® MIST** clinical study continues to progress, albeit slower than expected, with approximately 50% of patients now recruited. Clinical results expected to be released in H1 2023
- Progressing **two Woundcare US 510(k) filings** (collagen tissue scaffold dressing and high gelling antimicrobial dressing)
- Acquisition of **AFS Medical GmbH** completed in April 2022, good progress made in integrating business, revenues continue to perform in line with expectations and is expected to be earnings enhancing in 2022

Product Progress: LiquiBand®



LiquiBand® US

- Strong H1 performance
- Exclusive contract for LiquiBand® Rapid continuing to help drive growth with key US partner
- Approval and launch of LiquiBand® XL provides access to a new fast growing \$60 million market and unlocking further growth potential in base LiquiBand® business
- Given continued market recovery, some H1 stock building by partners

LiquiBand® Europe

- Strong overall LiquiBand® growth in UK and Germany
- Roll out of LiquiBand® XL launch across EU countries with positive feedback

LiquiBand® ROW

- Initial sales of LiquiBand® XL in Australia and Japan



Product Progress: LiquiBand Fix8®



LiquiBand Fix8® Europe

- Hernia repair market beginning to recover
- Major European markets all showing strong growth, especially UK, Germany and Austria
- UK growth supported by NICE recommendation for use of mesh fixation with glue instead of tackers
- AFS acquisition strengthens ability to further penetrate existing markets with Fix8®

LiquiBand Fix8® US approval process on track

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



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



Clinical study

- First human clinical study progressing with 50% of patients recruited
- Trial recruitment initially slower than anticipated but now ramping up
- Nine active trial sites now recruiting patients and recruitment rate accelerating
- Completion anticipated in H1 2023
- Key Opinion Leader feedback continues to be very positive

Operational

- European launch planning in process following the release of clinical data
- Preparation for full scale manufacturing underway
- Follow-on pivotal clinical trial design is now underway, with a view to starting in 2023



Product Progress: Biosurgical Devices



Collagens

- Strong growth driven by demand for collagen with and without antibiotics
- Expansion of OEM customer base for collagen portfolio
- Solid progress with strategy to focus on dental applications
- Dental collagen 510(k) submission on track for 2023 – the first application of AMS collagen in the US



Bone substitutes

- RESORBA branded bone substitutes driving growth since launch in 2020
- Planning to launch bone substitutes range into the US through a network of independent sales reps



Product Progress: Woundcare



- Several new contracts signed in H1 expanding the Group's **branded distribution network** into new markets. Launches planned for H2 2022 and 2023
- A 510(k) application for the **high gelling antimicrobial product** was submitted in H1; approval anticipated late 2022; US launch expected in H1 2023
- 510(k) for **collagen tissue scaffold** to treat hard to heal wounds submitted in H1; approval expected H1 2023; discussions with potential commercial partners underway
- **Negative pressure dressing** partner's 510(k) submission expected late 2022, delayed by additional regulatory requirements. Launch anticipated in 2023
- **Raleigh Coatings** and AMS teams continue partner talks on next generation products. In-sourcing of woundcare manufacturing processes progressing but slower than planned to due supply chain challenges



Licensing and Acquisition strategy

Maintaining focus on delivering growth through further synergistic acquisitions



- AMS continues to **seek accretive acquisitions** with commercial synergies and strong R&D, manufacturing, sales and marketing capabilities
- New **corporate business development team** established in H1 2022
- Potential targets likely to be **surgically-focused companies** with product synergies, strong R&D capability and proprietary products
- Focus on products and technologies that enable AMS to **leverage its existing routes to market**
- Looking to expand AMS' **sales and marketing capability**
- **Net cash of £75.3 million** at 30 June 2022 and significant debt funding potential

Financial Summary



Macro-economics challenges

AMS continues to proactively manage inflationary and supply chain pressures



Supply chain

- **Shortages of material** did not significantly impact operations in H1 2022 but there remains the risk of disruption in future periods
- **Mitigating actions** continue to be proactively pursued; a **strong balance sheet** allows forward ordering of materials where possible

Inflation

- **Inflationary pressures** continue to be felt across the business
- Providing additional **support for lower paid staff** to help them to manage in the cost-of-living crisis
- **Impact of cost inflation** being recovered from annual contract negotiations and other initiatives

Foreign Exchange

- **H1 impact:** Revenue: minimal impact; profit: adverse
- **Recent USD strength**, if it persists, could benefit future revenues and profits
- Any profit benefit would be deferred to H1 2024 due to 18 month hedging policy

Financial Highlights

Strong revenue growth and profitability as healthcare markets continue to recover



- **Group revenues increased 16%** driven by commercial progress and increased pricing
- **Gross margins increased to 58.9%** (2021 H1: 55.9%) due to higher volumes
- **Total R&D investment up to £5.4 million** (9.3% of sales) as investment into new products as well as addressing **MDR** requirements, continues to increase
- **Adjusted pre-tax profit increased 10% to £13.6 million** (2021 H1: £12.4 million). Adjusted Pre-tax margins (23.4%) in line with full year 2021 levels
- Strong trading and good operational cash flow increases **net cash to £75.3 million** (FY 2021: £73.0 million)

H1 2022 Results: Surgical Revenue



Revenue up 18% to £35.9 million (2021 H1: £30.4 million)

Elective surgery volumes continue to be restricted by hospital capacity and remain below pre-pandemic norms and the backlog of patients is at record levels

Advanced Closure

- LiquiBand® revenue up 15% to £17.9 million (2021 H1: £15.2 million)
- Growth driven by end-user demand, Rapid, price increases and stock building

Internal Fixation and Sealants

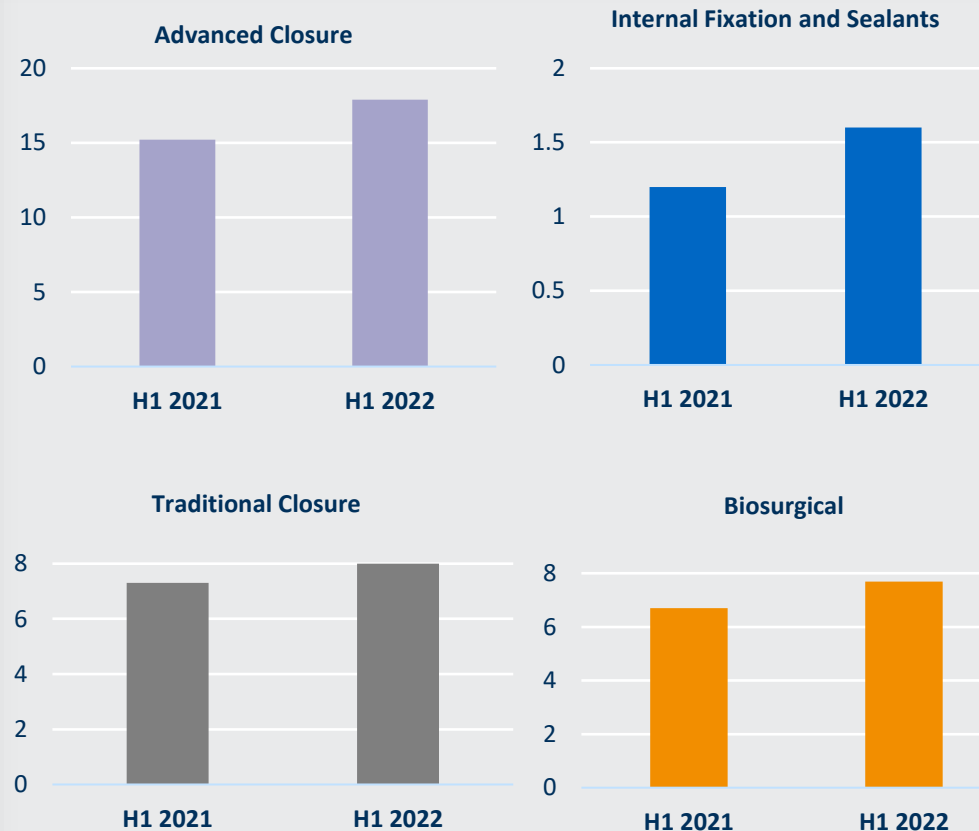
- LiquiBandFix8® revenue up 39% to £1.6 million (2021 H1: £1.2 million)
- Growth supported by increased volumes of hernia surgery, AFS acquisition and NICE recommendation in UK

Traditional Closure

- Suture revenue up 12% to £8.0 million (2021 H1: £7.3 million)
- Increased demand for US Dental sutures

Biosurgical Devices

- Revenue up 18% to £7.7 million (2020: £6.7 million)
- Strong demand for collagens with and without antibiotics



H1 2022 Results: Woundcare Revenue



**Revenue up 11%* to £22.4 million
(2021 H1: £19.8 million)**

Infection Management

- Revenue up 4%* to 7.2 million (2021 H1: £6.7 million)
- Growth with OEM partners and with ActivHeal® in Gulf States
- PHMB sales restricted by raw material supply issue now resolved

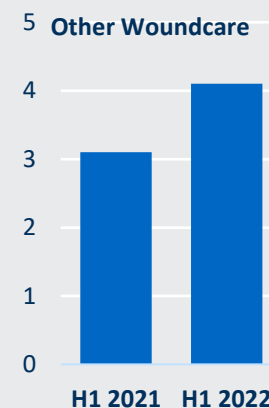
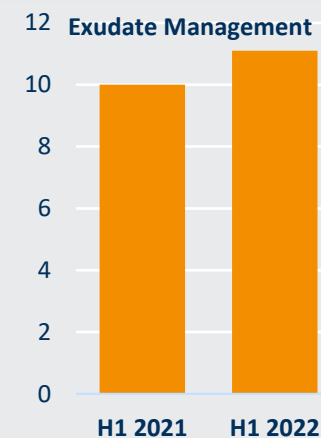
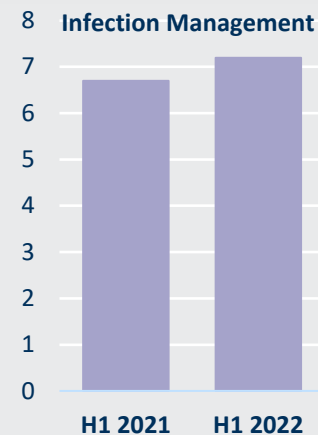
Exudate Management

- Revenue up 11%* to £11.1 million (2021 H1: £10.0 million)
- Strong growth from increased OEM orders, ActivHeal® and a tender win in Ireland

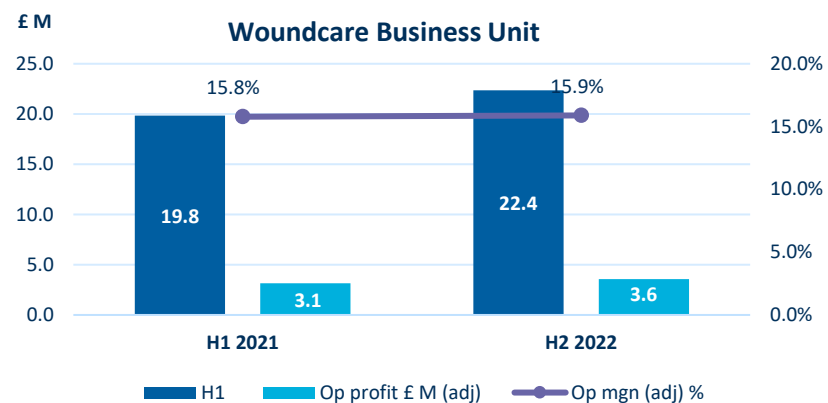
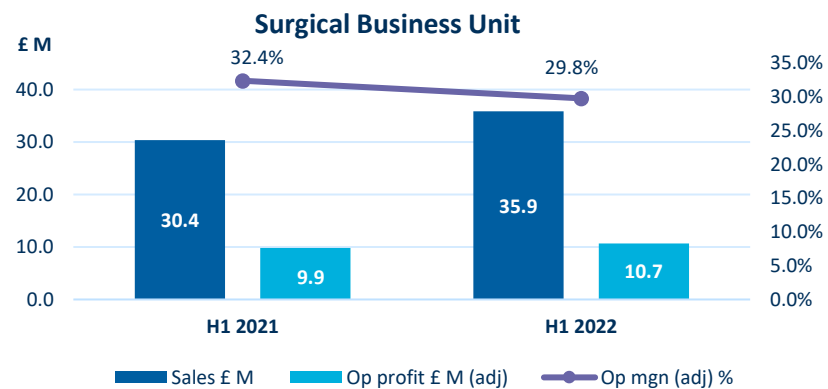
Other Woundcare

- Revenue up 27%* to £4.1 million (2021 H1: £3.1 million)
- Growth driven by higher demand for membranes, higher sales of Silicone Wound Contact Layer and Organogenesis royalties

**Growth rates shown at constant currency*



H1 2022 Operating Margins



Surgical

- Gross margins steady as cost inflation was recovered by price increases
- Increased investment in product development and MDR
- 2% operating margin hit on adverse FX contracts in H1 2022

Woundcare

- Inflationary costs recovered via pricing
- Increased volumes drove improved gross margin
- Offset by adverse FX contracts

Balance Sheet to June 2022



£ million	June 2021	June 2022	
Property, Plant and Equipment and other Fixed Assets	39.7	42.4	
Goodwill and Acquired Intangibles	96.6	101.5	Increased due to AFS acquisition
Fixed Assets	136.3	143.9	
Stock	20.6	22.7	Increasing inventory to mitigate supply chain challenges
Debtors	21.9	22.2	Average debtor days: 43
Cash	61.1	75.3	
Current Assets	103.6	120.2	
Creditors	(14.4)	(24.1)	Increase driven FX contracts, capex projects and acquiring AFS as well as increased creditor days: 35 days
Lease liabilities	(10.5)	(9.4)	Predominately leased assets accounted for under IFRS 16
Borrowings	-	-	
Losses on FX contracts	-	-	
Tax	(9.5)	(9.9)	
Liabilities	(34.4)	(43.5)	
Net Assets	205.6	220.6	

Summary and Outlook



Anticipated Newsflow H2 2022/2023



AMS is well positioned for growth for 2022/2023, with multiple anticipated product approvals and launches:

- **LiquiBand Fix8[®]** PMA filing / 12-month follow-up
- **SEAL-G[®]** and **SEAL-G[®]** MIST clinical study completion
- 510(k) submission for **dental collagen**
- **Negative pressure dressing** partner 510(k) submission and approval
- US launches of **collagen tissue scaffold** and **high gelling antimicrobial dressing**

Summary and Outlook

Delivering strong performance from key businesses while maintaining focus on new products



- AMS continued to generate **strong revenue growth** in H1 2022 across all of its core businesses
- Significant **clinical and regulatory progress** being made as the Group continues to invest in its R&D pipeline
- Maintaining focus on delivering growth organically and via further **synergistic acquisitions**
- The Group continues to successfully **manage ongoing issues with supply chain and inflation**
- **Trading** has continued to progress well in Q3 2022
- Board currently expects to **meet expectations for the Full Year**

Contact



Advanced Medical Solutions plc
Premier Park, 33 Road One,
Winsford Industrial Estate,
Winsford, Cheshire
W7 3RT, UK

Chris Meredith (Chief Executive Officer)
Eddie Johnson (Chief Financial Officer)
Michael King (Investor Relations)

corporate@admedsol.com

+44 (0)1606 863500

www.admedsol.com