

Advanced Medical Solutions Group plc

("AMS", the "Company" or the "Group")

Acquisition of Sealantis

- *Acquisition enhances AMS's access to internal surgery market opportunities*
- *Innovative technology platform and products to enter the US\$ 1 billion internal sealants market*
 - *First product expected to enter European market from H1 2021*
- *Significant potential for multiple additional internal sealant products and indications*

Winsford, UK, 31 January 2019: Advanced Medical Solutions Group plc (AIM: AMS), the surgical and advanced wound care specialist company, today announces it has acquired Sealantis Limited ("Sealantis"), a developer of an alginate-based tissue adhesive technology platform, for \$US 25m (approximately £19m) in cash with royalties due until December 2027 on sales of any of its products that are currently in development.

Overview of Sealantis

Sealantis is an Israeli-based medical device company with a patent-protected alga-mimetic sealants technology platform with a wide range of potential surgical indications under development. Its two most advanced surgical sealant products are Seal-G, an open surgery device already CE marked for reinforcement of the staple / suture line to minimise anastomotic leaks following gastrointestinal surgery, and Seal-G MIST (Minimally Invasive Spray Technology) the equivalent laparoscopic device for the same indication but performed through keyhole surgery.

For the year ended 31 December 2017, Sealantis reported gross assets of approximately £0.5m (ILS 2.1m) and a net loss of approximately £1.5m (ILS 6.6m).

Acquisition benefits

As well as a world class extension of our longer-term product development capability, strategically, the acquisition provides AMS with a technology platform and delivery systems that have significant potential across a range of applications in the high-margin internal surgery market which includes the \$1 billion internal sealant market. These include the existing CE marked product to reinforce and protect gastrointestinal anastomoses, of which there are more than 6 million procedures performed annually worldwide¹, with additional significant potential in Neuro, Orthopaedic, and Cardiovascular surgery indications.

Being alginate based, the technology and products have significant competitive advantages over existing market leading products in this space. Importantly, the products do not need refrigerated transport or storage, can be delivered by spreading or spraying, do not require advanced preparation and do not contain proteins so carry lower risk of infection or adverse reaction.

The Sealantis technology platform has multiple synergies with AMS, most notably within the sales, marketing, regulatory and operational areas, and the acquisition significantly strengthens the Company's product portfolio for internal sealants and fixation devices, sitting alongside AMS's LiquiBandFix8[®] laparoscopic and LiquiBandFix8[®] open fixation devices. The addition of the Sealantis products and indications will open up much larger parts of the surgery market for AMS to exploit commercially and significant sales synergies are anticipated once commercialisation commences from H1 2021.

AMS plans to rapidly maximise the value of the investment by continuing to invest in the existing Sealantis innovation centre and accelerate the commercialisation of the laparoscopic and open variants of Seal-G by running clinical trials for anastomotic leak prevention as well as obtaining approval for new indications. The Company expects to make a total investment of approximately £8m in R&D, regulatory and clinical costs which will be fairly evenly spread over the next three years, depending on clinical trial progress. Seal G will initially be targeted within Europe using AMS's existing regulatory expertise and the Group's extensive commercial footprint.

Sealantis operates a state-of-the-art innovation and manufacturing facility, which includes an ISO class 6 clean room, at the world-renowned Technion – Israel Institute of Technology, in Haifa, Israel. AMS intends to retain Sealantis' team of 12 R&D staff, who will become a key part of AMS's surgical R&D capability.

Terms of the transaction

AMS is acquiring Sealantis for an initial consideration of \$US 25m (approximately £19m) in cash, to be funded from existing cash resources, which were £71m at 30 June 2018. In addition, AMS will pay royalties, in-line with market rates, on future sales of existing products in development until the end of 2027.

Until the commencement of product sales, which are expected in H1 2021, the acquisition is expected to be earnings dilutive due to the aforementioned investment in R&D, regulatory costs, and clinical studies.

Commenting on the acquisition, Chris Meredith, CEO of AMS, said: *"This acquisition is in line with our strategy to acquire technologies that are complementary to our surgical portfolio as well as allowing us to leverage our global routes to market. The acquisition enhances our access to a significant and high-margin market in internal surgery, which includes areas of unmet need for effective and absorbable internal sealants, a market estimated at \$1 billion. We are particularly excited to welcome Sealantis' innovation team of R&D experts to AMS and look forward to working alongside them to develop the technology in a wide range of potential applications and indications. As we work towards the commercialisation of Seal-G Surgical Sealant over the next 18 months, we expect to maximise the full value of the platform and this innovative technology. AMS continues to actively monitor and evaluate other acquisition opportunities to capitalise on its strong financial and strategic position."*

¹Source: Global Data, Medical Device Database
Exchange rate: 1 USD = 0.765 GBP as at 30 January 2019.

- End -

For further information, please visit www.admedsol.com or contact:

Advanced Medical Solutions Group plc
Chris Meredith, Chief Executive Officer

Tel: +44 (0) 1606 545508

Consilium Strategic Communications
Mary-Jane Elliott / Matthew Neal / Nicholas Brown / Olivia Manser

Tel: +44 (0) 20 3709 5700
AMS@consilium-comms.com

Investec Bank PLC (NOMAD & Broker)
Daniel Adams / Gary Clarence / Patrick Robb

Tel: +44 (0) 20 7597 5970

About Advanced Medical Solutions Group plc – see www.admedsol.com

AMS is a world-leading independent developer and manufacturer of innovative and technologically advanced products for the global surgical and wound closure markets, focused on quality outcomes for patients and value for payors. AMS has a wide range of products that include tissue adhesives, sutures, haemostats, silver alginates, alginate and foams which it markets under its brands; LiquiBand®, RESORBA® and ActivHeal®, as well as supplying under white label.

AMS's products, manufactured in the UK, Germany, the Netherlands and the Czech Republic, are sold in more than 75 countries via a network of multinational or regional partners and distributors, as well as via AMS's own direct sales forces in the UK, Germany, the Czech Republic and Russia. Established in 1991, the Group has more than 600 employees.

For more information, please see www.admedsol.com.

About Sealantis

Sealantis technology was initiated in 2007 by Professor Havazelet Bianco-Peled, a world renowned expert in biopolymers, and is backed by a seasoned team of managers, scientists and high level medical professionals. The alga-mimetic tissue adhesive technology was discovered by the Technion – Israel Institute of Technology, and has since been extensively tested and developed for clinical use by Sealantis' R&D team

The Sealantis adhesive technology mimics the underwater adherence mechanism of algae, providing it with a superior ability to stick to tissues and grafts even in a wet environment. The adhesives are bioresorbable (degrade in the body) and do not contain proteins (thus eliminate potential immunogenic and allergic risks).

Sealantis develops innovative products based on a proprietary platform of alga-mimetic tissue adhesives, for a wide variety of applications and clinical needs in internal surgery.

Sealantis' product pipeline is focused on the following products, demonstrated to be safe, biocompatible, easy to use, and cost-effective:

- Seal-G Surgical Sealant and Seal-G MIST (Minimally Invasive Spray Technology) are designed for a wide range of internal surgical applications, including to reinforce and protect gastrointestinal anastomoses which aim to reduce the occurrence of post-surgical leaks, which can have lethal consequences.
- Seal-V designed for the rapid control of bleeding during various vascular procedures.