



Advanced Medical Solutions

Results for the 12 months ended 31 December 2022

15 March 2023



Advanced Medical Solutions Group plc



Financial Highlights

Continued strong revenue growth, profit and cash generation



- **2022 trading** remained strong despite macro-economic challenges
- Revenue increased 10%* to **£124.3 million** (2021: £108.6 million)
- Adjusted profit before tax up 11% to **£28.5 million** (2021: £25.6 million)
- Net cash increased to **£82.3 million** (FY 2021: £73.0 million) driven by strong trading and good operational cash flow
- Total investment in R&D increased to **£12.3 million** (2021: £9.3 million) representing 9.9% of revenues (2021: 8.6%) as investment in new product development and MDR continues
- An increased proposed full year dividend of **2.15p** per share (2021: 1.95p) reflecting Board confidence

**Growth rate shown at constant currency*

Operational Highlights

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



- **PMA for LiquiBand Fix8®** submitted and accepted by FDA, approval anticipated at the end of 2023 with strong FDA engagement
- US approval of **LiquiBand® XL** H1 2022, US launch progressing well with initial orders fulfilled. Further approvals for 60cm wounds expected in H1 2023
- **SEAL-G®** and **SEAL-G® MIST** clinical study continues to progress well with over 80% of patients now recruited. Clinical results expected to be released in H1 2023
- Acquisition of **Connexicon Medical** announced in February 2023, expands AMS' portfolio of Advanced Closure products and provides new commercial opportunities to extend market share in the long-term



Product Progress: LiquiBand®

LiquiBand® Europe and ROW

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

LiquiBand® US

- Restructuring US route to market strategy to deliver next 5 years of stronger growth
- Strategic review process and new commercial contracts to be completed by Q3 2023
- Connexicon Medical acquisition identified as integral part of future US success strategy
- One partner reduced orders in H2 2022 because of new initiative
- Improved growth potential and market access from H2 2023
- Very encouraging launch of LiquiBand® XL providing access to fast growing \$60 million market





Connexicon Medical

- **Connexicon Medical Ltd** acquired in February 2023 for initial cash consideration of €7 million and up to €18 million deferred payments between 2023 and 2027
- Dublin based **medical tissue adhesive specialist**, originally a carve-out from Henkel AG
- Transaction will provide significant **operational synergies** and additional **commercial opportunities**
- **Expands AMS's portfolio** adding new formulations, applicators and brands
- Commercialisation of **Indermil® Flexifuze™ brand** underway in Europe
- **Approvals in the US** expected in 2024
- Expands the Group's **R&D medical adhesive capability**, consolidated in specialist centre in Dublin





Product Progress: InteguSeal®

InteguSeal® Global Opportunity

- InteguSeal®, a cyanoacrylate microbial surgical sealant, has been an under-utilised part of our skin adhesives portfolio
- Previous partner had exclusivity and only generated a low level of sales
- In late 2022, AMS took over the direct ownership and distribution of the product
- We are now looking at options for broader global distribution that have potential to generate meaningful revenue
- The first direct order was shipped to Japan in late 2022
- Significant business development activity planned in other key EU and APAC markets in early 2023



Product Progress: LiquiBand Fix8®



LiquiBand Fix8® Europe

- Strong performance in European markets
- UK NICE recommendation supporting growth
- Expertise from AFS benefiting other marketing teams

LiquiBand Fix8® US approval progressing well with strong FDA engagement

- PMA submitted and accepted by FDA in October 2022
- US approval on track and expected H2 2023
- US commercial launch strategy being finalised



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



Clinical study

- First human clinical study progressing well with over 80% of patients recruited
- Nine active trial sites recruiting patients
- Completion anticipated in H1 2023
- Key Opinion Leader feedback continues to be very positive

Operational

- First end-user commercial order received in the UK for use in oesophageal surgery
- European launch on track, following the release of clinical data
- Follow-on pivotal clinical trial design being finalised and plan to start by end 2023
- Plymouth site expansion complete and manufacturing transfer plan initiated



Product Progress: Biosurgical Devices



Collagens

- Strong growth continues to be driven by demand for collagen with and without antibiotics
- Expansion into new territories continues to drive growth
- First distributor in Far East to exceed annual collagen revenues of £0.5 million
- Dental collagen 510(k) submission on track for 2023 – the first application of AMS collagen in the US



Bone substitutes

- RESORBA® branded bone substitutes roll-out in European markets has made a promising start
- Planning to launch bone substitutes range into the US in mid 2023, through a network of independent sales reps



Product Progress: Woundcare



- Growth driven by higher ordering from **OEM partners** and increased **overseas ActivHeal® sales**
- Orders for **silver alginate** range have stabilised following re-signing of key contract in 2022
- **Infection management** continues to be affected by reimbursement issues in some markets, driving greater use of standard material
- 510(k) applications for both the **high gelling antimicrobial product** and the **collagen tissue scaffold** were submitted in H1; both now in the FDA review process
- ActivHeal® overseas expansion strategy driving increased revenue in 2022 and 2023 with new distribution partners added in 2022
- Raleigh pipeline opportunities expected to benefit 2023



Regulatory

On track to meet European MDR deadlines



- In December 2022, the EU commissioner announced **delay to MDR enforcement** until 2027 or 2028 depending on classification
- It is anticipated that extensions will be granted only where **MDR progress is demonstrated**
- AMS plans to **maintain current work schedule** to meet the new standards
- Phasing of **capitalisation of R&D costs** relating to MDR will be broadly unchanged
- **AMS is progressing well** with the 55 product groups going through MDR:
 - 30 approved or awaiting self-declaration
 - 19 with Notified Bodies ahead of review
 - 6 being prepared for submission to Notified Bodies in next 12 months

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 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's **sales and marketing capability**
- **Net cash of £82.3 million** at 31 December 2022 and significant debt funding potential

Financial Summary



Resilience in a Challenging Macro-economic Environment

AMS continues to show resilience with its balance sheet strength and proactive management



Supply chain

- Proactive steps taken to mitigate risks from **global supply challenges** and **minimise** operational impact
- Long shelf life of the Group's materials and goods **minimise inventory obsolescence risk**
- Situation continues to be **closely monitored**

Inflation

- **Inflationary pressures** continue to be felt across the business, but the majority of **cost inflation impact** is being recovered from annual customer contract negotiations and other initiatives

Bank and Interest rate risk

- **No exposure to small banks** due to prudent policy on deposits
- Cash position protects against the negative impact of **high interest rates**

Foreign Exchange

- **Hedging policy** reduces the short-term **profit impact** of exchange rate volatility. Minimal profit impact felt in 2022. 2024 set to benefit from Dollar strength
- **Revenue:** tailwind from strong Dollar, marginal headwind on slightly weaker Euro

Financial Highlights

Strong revenue growth and profitability



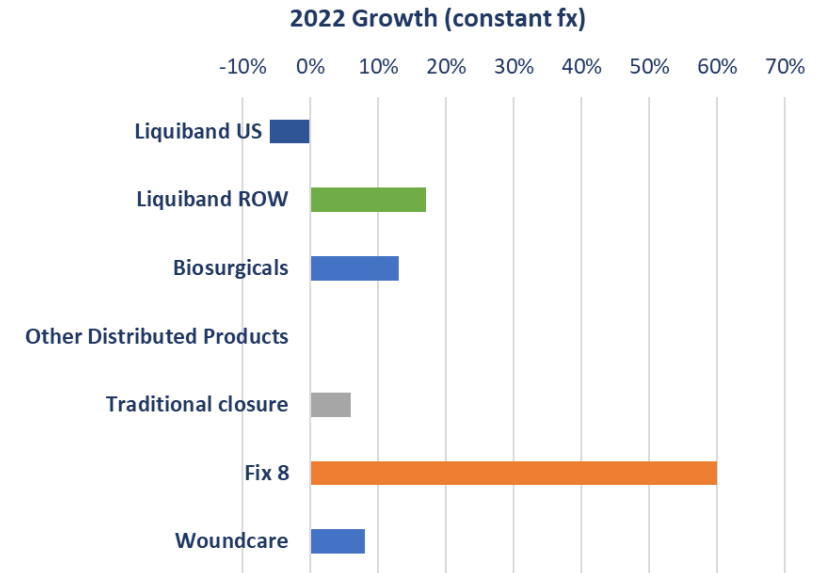
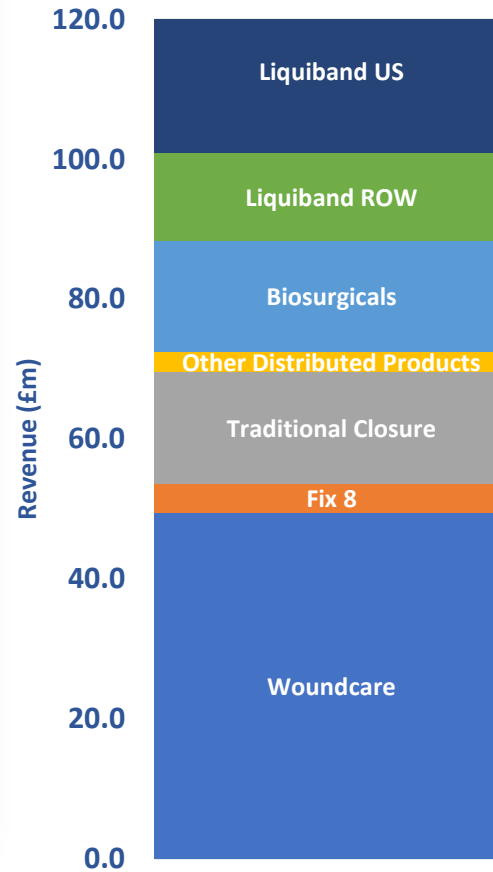
- **Group revenues increased 14%** driven by commercial progress, increased pricing and foreign exchange tailwinds
- **Gross margins increased to 59.0%** (2021: 56.2%) as increased volumes drove improved operational leverage
- **Total R&D spend increased to £12.3 million** (9.9% of sales) reflecting investment in innovation and MDR requirements
- **Adjusted pre-tax profit increased 11% to £28.5 million** (2021: £25.6 million). Adjusted Pre-tax margins (22.9%) declined slightly (2021: 23.6%) due to impact of inflation
- Strong trading and good operational cash flow increases **net cash to £82.3 million** (FY 2021: £73.0 million)
- An increased proposed **full year dividend of 2.15p** per share (2021: 1.95p) reflecting Board confidence

Group Revenue Summary

Increasingly diversified portfolio reducing reliance on specific markets



- **Strong growth** in most product categories in 2022
- **LiquiBand® US** (20% of group revenue) impacted by our strategic review but expected to bounce back strongly from H2 2023
- Acquisitions and new product growth driving **greater diversity**
- **LiquiBandFix8® US and SEAL-G® launches** expected to access broader and larger markets further increasing the diversity of the portfolio



2022 Results: Surgical Revenue

Revenue up 12%* to £74.9 million (2021: £64.6 million)

Advanced Closure

- LiquiBand® revenue up 1%* to £36.0 million (2021: £33.1 million)
- Growth driven by FX and strong performance in UK/Germany and ROW, offset by the impact of the US strategic review setting the foundation for stronger growth

Internal Fixation and Sealants

- LiquiBandFix8® revenue up 60%* to £4.1 million (2021: £2.6 million)
- Growth supported by increased volumes of hernia surgery, AFS acquisition and UK NICE recommendation
- Imminent major US opportunity

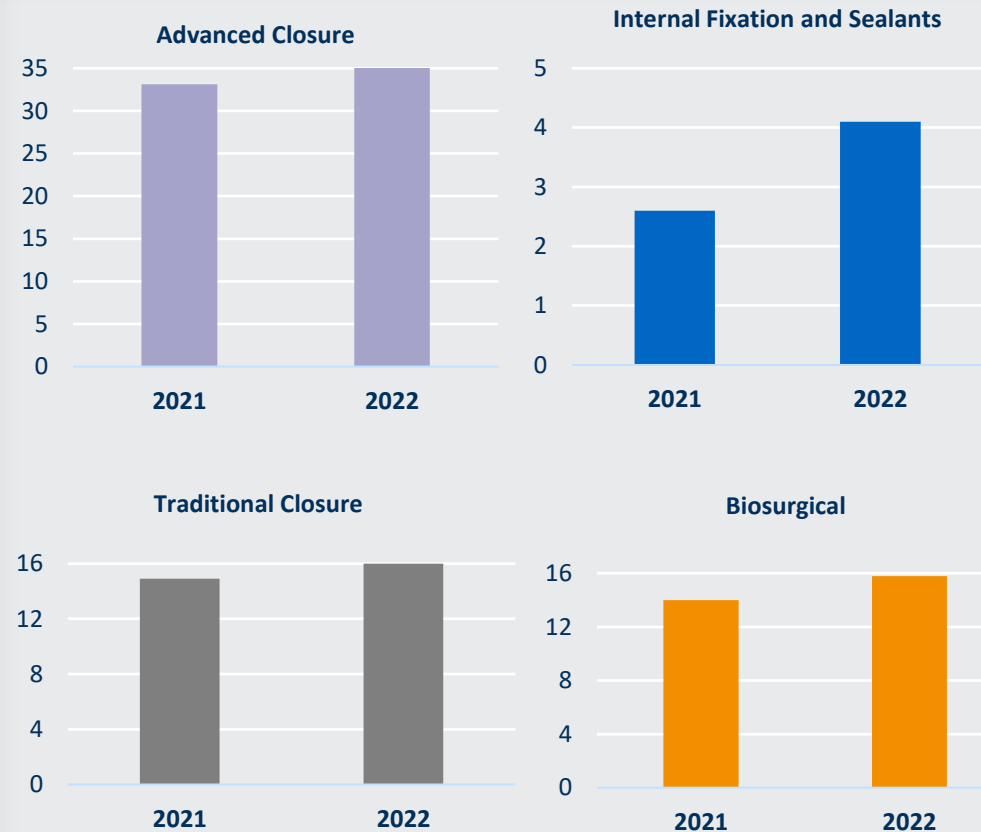
Traditional Closure

- Suture revenue up 6%* to £16.0 million (2021: £14.9 million)
- Increased demand for US dental sutures

Biosurgical Devices

- Revenue up 13%* to £15.8 million (2021: £14.0 million)
- Expansion into new territories supporting growth

*Growth rates shown at constant currency



2022 Results: Woundcare Revenue



**Revenue up 8%* to £49.5 million
(2021: £44.0 million)**

Infection Management

- Revenue up 2%* to £16.1 million (2021: £15.1 million)
- Some markets impacted by uncertainty over reimbursement
- Orders for silver alginate stabilized following new contract

Exudate Management

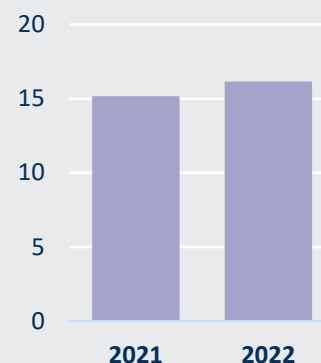
- Revenue up 7%* to £23.4 million (2021: £21.7 million)
- Strong growth from increased OEM orders, ActivHeal® and increased demand for specialist medical foam material

Other Woundcare

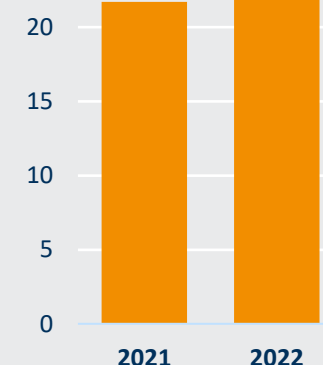
- Revenue up 26%* to £9.9 million (2021: £7.2 million)
- Growth driven by higher demand for membranes, gels, hydrocolloid and a higher royalty income

**Growth rates shown at constant currency*

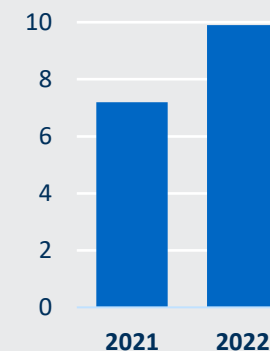
25 Infection Management



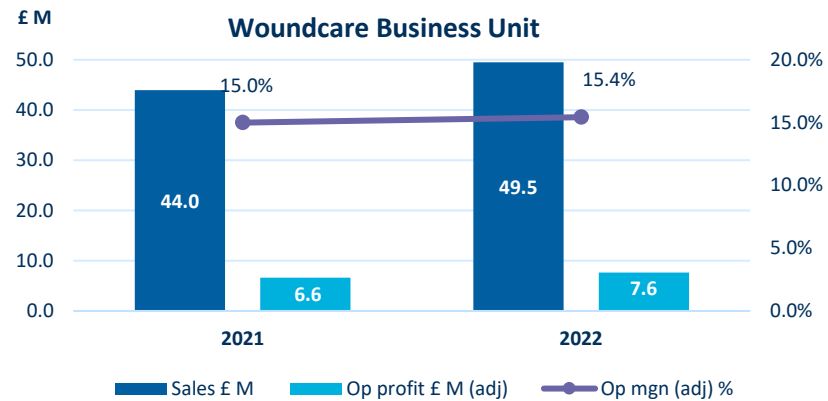
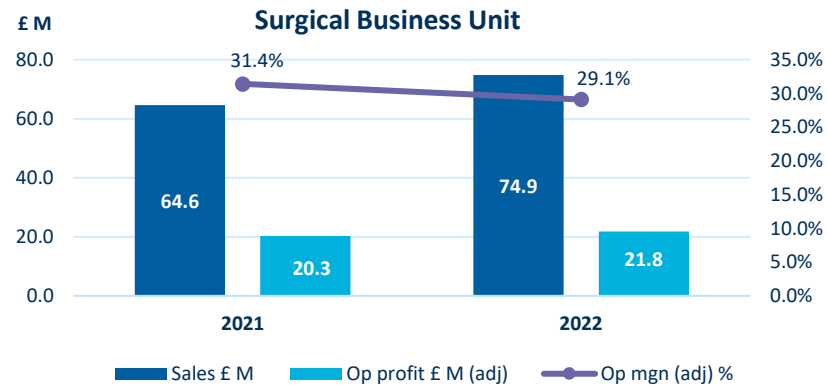
25 Exudate Management



12 Other Woundcare



2022 Operating Margins



Surgical

- Adjusted operating margin decreased by 230bps
- Mix effect from lower shipments of LiquiBand® to US partners
- Adverse margin impact of inflation

Woundcare

- Adjusted operating margin increased by 40bps
- Sales pricing mix offset by the adverse margin impact of inflation

Balance Sheet to December 2022



£ million	Dec 2021	Dec 2022	
Property, Plant and Equipment and other Fixed Assets	27.5	30.0	2022 capex £10m (P&M, R&D and MDR)
Goodwill and Acquired Intangibles	107.0	119.2	Increased due to AFS acquisition
Fixed Assets	134.5	149.2	
Inventory	19.3	27.9	Increased to 6 months of supply to mitigate supply chain challenges
Receivables	22.7	21.7	Average debtor days: 44
Cash	73.0	82.3	
Current Assets	115.0	131.9	
Creditors	(18.6)	(24.2)	Increase driven by FX contracts, capex projects and AFS acquisition
Lease liabilities	(9.9)	(9.8)	Leased assets accounted for under IFRS 16
Tax	(8.3)	(10.5)	
Liabilities	(36.8)	(44.5)	
Net Assets	212.7	236.6	

Summary and Outlook



Summary and Outlook

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



- AMS continued to generate **strong revenue and profit growth** in 2022 in line with expectations
- 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**
- Influenced by the strategic review, **US LiquiBand® demand expected to recover from mid 2023 with much stronger growth thereafter**
- **On track to meet expectations for 2023**

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