



Advanced Medical Solutions

Results for the 12 months ended 31 December 2023

13 March 2024



Advanced Medical Solutions Group plc



2023 Highlights

Key initiatives set to drive strong growth



- **Acquisition of Connexicon Ltd in February 2023** increasing our ability to develop and commercialise innovative and differentiated adhesive and sealant technologies
- **Successful implementation of new US LiquiBand®** route to market strategy
- **Approval and launch of LIQUIFIX™ in US** with new commercial partner TELA Bio
- **Completion of first SEAL-G® and SEAL-G® MIST clinical study** with data showing promising reduction in leakage rate
- **A 10% increase in proposed full year dividend of 2.36p** per share (2022: 2.15p) reflecting continued Board confidence
- Post period end:
 - **Transformational acquisition of Peters Surgical for up to €141.4 million** – further strengthens AMS's position as a major surgical tissue healing technology business
 - **Acquisition of Syntacoll GmbH for €1 million** – significantly strengthens the collagen business

Product Progress: LiquiBand®



New US route to market strategy

- Successfully implemented enhanced route to market strategy
 - **First solely AMS branded LiquiBand®** products established in the US
 - Connexicon portfolio allowing product **exclusivity and differentiation between partners**
 - **Connexicon US approvals** on track for H2 2024
 - **LiquiBand® XL** now promoted across all three hospital partner distribution channels and pipeline of evaluations and conversions building rapidly
 - Increased commitment and engagement from partners established
- Implementation of new strategy **positively impacting orders** with record US revenues expected in 2024

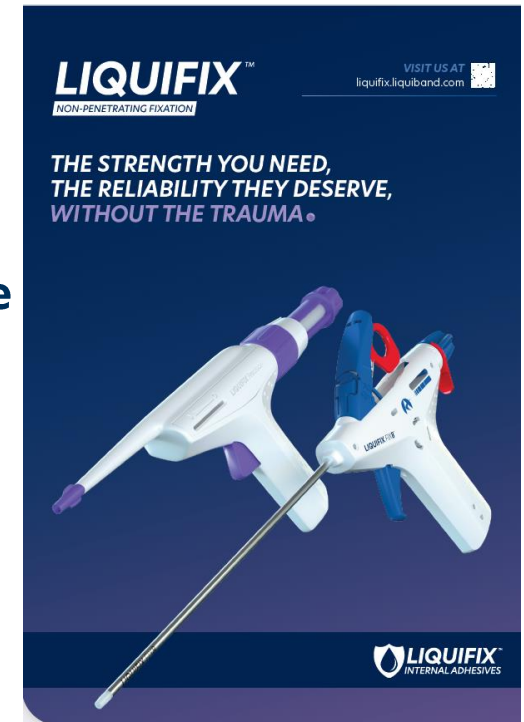


Product Progress: LiquiBandFix8®/LIQUIFIX™



US launch of LIQUIFIX™

- **Approval** granted ahead of schedule in June 2023
- **US Commercial agreement signed** with TELA Bio Inc in September 2023
- **Training of specialist US sales force completed**
- Good progress made across **a number of significant GPO systems laying the for official full market launch this month**
- **Initial response** from surgeons and partner has been very positive
- **Orders received to date are ahead of expectations**



Product Progress: Biosurgical



- **Biomaterials portfolio** expected to drive strong growth for Group in 2024 and beyond
- **Progressing approval for first US collagen 510(k)** with pipeline of products to follow
- **RESORBA® bone substitutes now launched in over 20 countries** including pilot launch in US
- **Syntacoll GmbH acquired for €1 million**, significantly strengthening AMS's existing collagen business
 - Specialist in drug-loaded collagen-based absorbable surgical implants along with bovine and porcine capabilities & products
 - Acquisition includes a 4,800m² GMP compliant, state of the art manufacturing facility with a class 1 license for collagen-based drugs. Key staff are all being retained
 - The facility will be also set up as a second site of manufacture for AMS's key products

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



Clinical study

- **First human clinical study completed** for 160 patients
- Initial results indicate **significant improvement in serious clinical leakage rate (1.25%)** compared with reported rates (4.2 - 4.7%)
- Study underway in **pancreatic surgery**, an indication where leak rates are significantly higher
- Results will dictate plans for **follow-on trials** in the near future
- Significant revenues not anticipated until more **substantial clinical data** is available



Operational

- Discontinuation of a component linking SEAL-G[®] MIST to a gas supply is restricting commercialisation
- **Accelerating the development of a second generation device** to remove the need for external gas supply

SEAL-G® Evolution

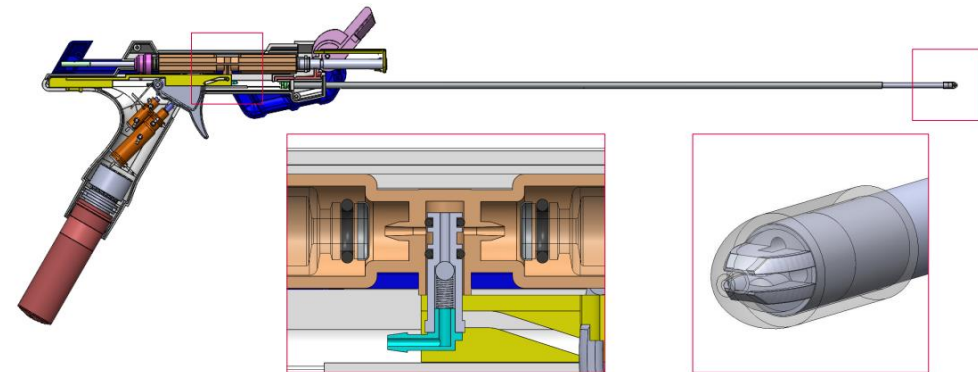


EXISTING



FUTURE

Mist 2 Input CAD



Product Progress: Woundcare



- OEM Woundcare continues to face challenges
- Strategy remains focused on growing own brand **ActivHeal® range with expanding** regulatory approvals & distribution network
- **Raleigh's pipeline of specialist material** achieving commercial success
- **Other Woundcare impacted by lower Organogenesis royalty income**, as previously reported
- **Business Unit restructuring completed in Q1 2024 in order to focus on driving growth with prudent cost control measures in place**



Financial Summary

Financial Highlights



- **Revenues increased by 2% to £126.2 million** (2022: 124.3 million)
- **R&D spend increased to £12.5 million** (2022: £12.3 million) reflecting ongoing investment in innovation and MDR
- **Adjusted pre-tax profit reduced to £25.9 million** (2022: £28.5 million) as margins were impacted by adverse product mix (US LiquiBand and Organogenesis)
- Operational cash flow was offset by acquisition payments (Connexicon) and increased working capital, resulting in **net cash of £60.2 million** (2022: £82.3 million)
- Proposed 10% increase in full year **dividend to 2.36p** per share (2022: 2.15p) reflecting **Board confidence**

2023 Results: Surgical Revenue



Revenue up 6%* to £79.1 million (2022: £74.9 million)

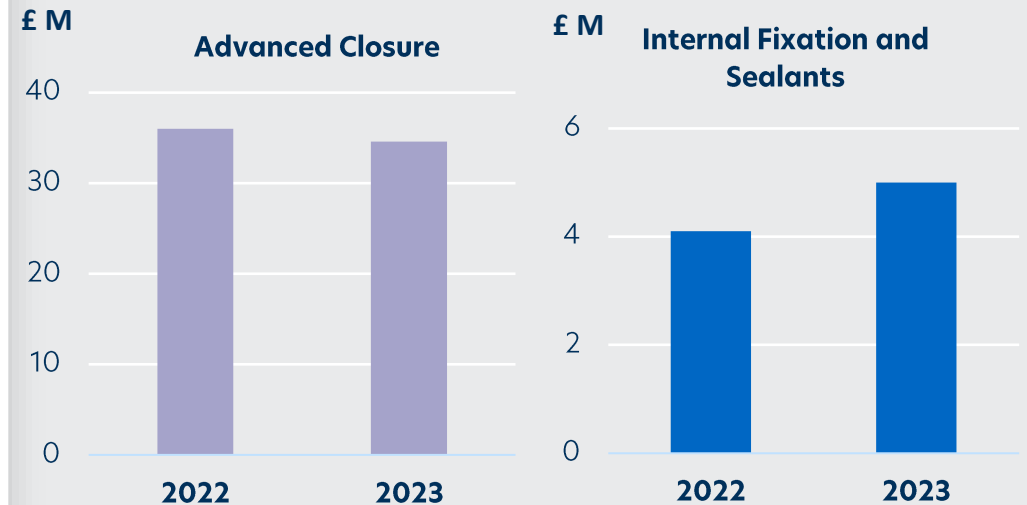
Advanced Closure

- LiquiBand® revenue down 4%* to £34.6 million (2022: £36.0 million) due to one-off £5 million de-stocking related to the transition to the new US enhanced partner strategy and establishing an AMS sole brand in the US
- US partner commitment and ordering patterns under new agreements are setting the foundation for record US LiquiBand sales in 2024 and strong growth thereafter
- Strong FY23 LiquiBand® performance outside the US

Internal Fixation and Sealants

- LiquiBandFix8® revenue up 21%* to £5.0 million (2022: £4.1 million) due to deeper market penetration and to a lesser extent the annualization of AFS
- US launch progressing very well

**Growth rates shown at constant currency*



2023 Results: Surgical Revenue



Revenue up 6%* to £79.1 million (2022: £74.9 million)

Traditional Closure

- Suture revenue up 15%* to £18.1 million (2022: £16.0 million)
- Ongoing expansion to new territories and improved OTIF (On-Time In-Full) driving growth

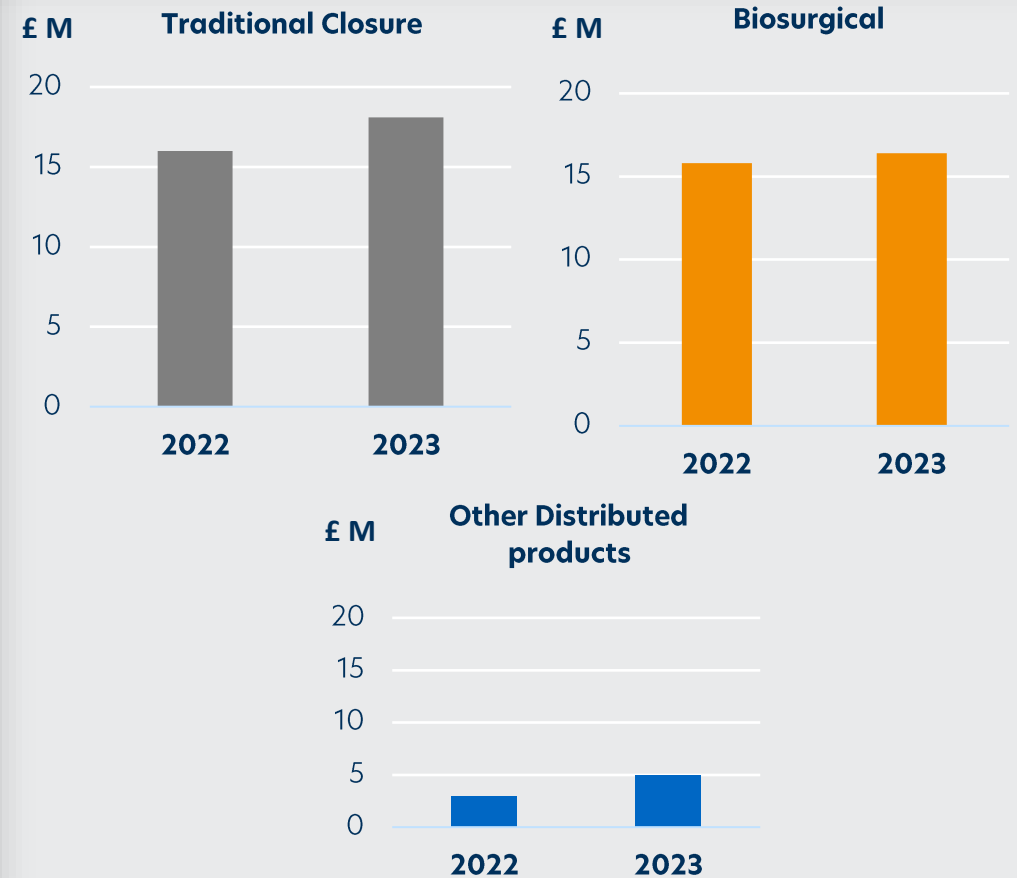
Biosurgical Devices

- Revenue up 3%* to £16.4 million (2022: £15.8 million) as growth impacted by strong comparative period due to MDR pre-ordering
- Much stronger growth anticipated in 2024
- Syntacoll adds technical expertise and capabilities with future synergy potential and is expected to generate additional revenues and to report a small profit in its first full year

Other Distributed Products

- Revenue up 69%* to £5.0 million (2022: £2.9 million) including annualisation impact of AFS acquisition

*Growth rates shown at constant currency



2023 Results: Woundcare Revenue



Revenue down 5%* to £47.1 million (2022: £49.5 million)

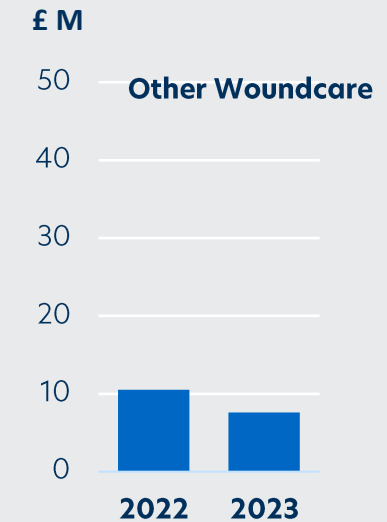
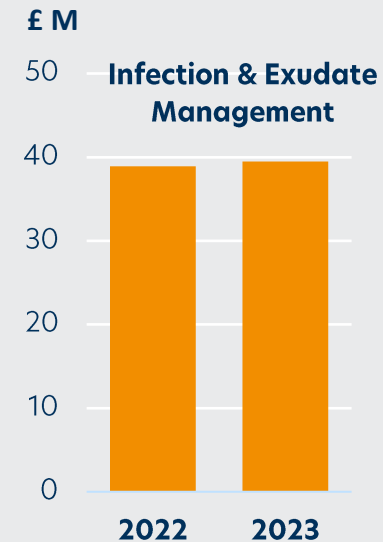
Infection & Exudate Management

- Revenue up 2%* to £39.5 million (2022: £38.9 million) as to ongoing reimbursement challenges, pricing pressure and increased competition continue to dominate market conditions
- Encouraging growth from ActivHeal® and Raleigh pipeline

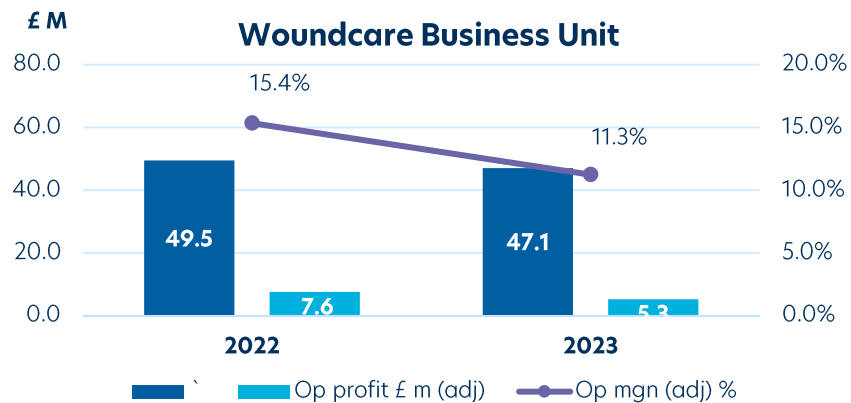
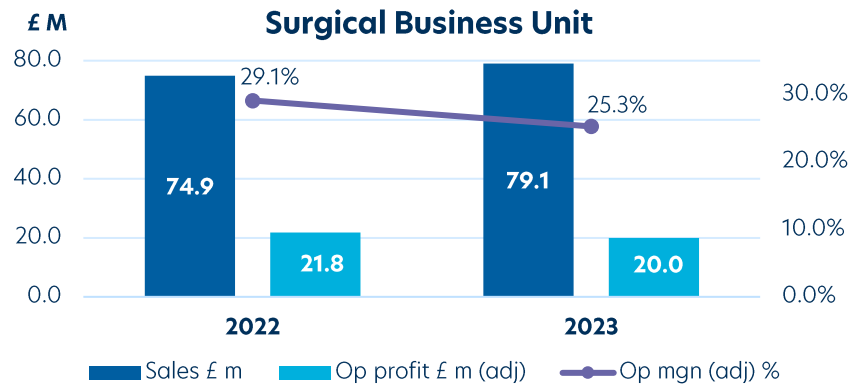
Other Woundcare

- Revenue down 27%* to £7.6 million (2022: £10.5 million) due to reduced Organogenesis royalty
- Substantial year-on-year and significant quarter-on-quarter reductions in Organogenesis royalty despite temporary deferment of full reimbursement withdrawals

*Growth rates shown at constant currency



2023 Operating Margins



Surgical

- Temporary reduction in operating margin due to the adverse mix effect from de-stocking and temporarily deflated sales of LiquiBand® to US partners
- Stronger surgical margins anticipated in 2024:
 - Strong US LiquiBand® growth
 - US Launch of LIQUIFIX™

Woundcare

- Adjusted operating margin decreased by 410bps
- Impacted by lower Organogenesis royalty income
- Margins under pressure from pricing challenges and other market dynamics
- Various initiatives are in progress to stabilize and ultimately improve Woundcare margins

2023 Cashflow



£ million	2022 (£m)	2023 (£m)
Cash flows from operating activities:		
Profit from operations pre- exceptional	24.9	18.9
Depreciation and Amortisation	8.9	10.8
Working Capital movements	(6.0)	(15.9)
Share based payment expense	2.4	2.9
Taxation	(3.3)	(4.4)
Adjusted net cashflow from operating activities	26.9	12.3
Acquisitions including earn-out payments	(2.8)	(12.9)
Capital Investments	(9.9)	(9.8)
Financing and foreign exchange	(0.7)	(0.4)
Dividends paid	(4.3)	(4.8)
Share-based payment cashflows	0.3	(6.5)
Net increase / (decrease) in cash and cash equivalents	9.4	(22.1)
Cash at start of period	73.0	82.3
Cash at end of period	82.3	60.2

Working Capital

- **Inventory building** for resilience completed with months on hand (7 months) expected to be stable from 2024
- **Lack of bonus provision shows as adverse working capital movement (reduced creditor)**
- **FX forward contract position has flipped from a £2 million liability to a £2 million asset - an overall £4 million working capital movement**
- Overall working capital expected to be fairly stable in FY24

Acquisition Payments £13 million

- €7 million upfront consideration for Connexicon
- Positive milestones progress with **Connexicon** and **AFS**; €9 million of **earn-out payments in 2023**

Employee Benefit Trust

- £7 million EBT purchase of AMS shares - will start to be utilised and reduce in 2024

Summary and Outlook



Summary and Outlook

Stronger platform established to raise growth profile from 2024



- The Board remains confident AMS can generate **double-digit revenue growth in 2024**, before financial impact from acquisitions announced 13th March
- **New US LiquiBand® route to market strategy** positively impacting performance
- **US launch of LIQUIFIX™ progressing well** with orders ahead of expectations
- **Syntacoll acquisition** significantly strengthens Biosurgical business
- **Ongoing geographical expansion** continues to drive growth
- **Peters Surgical acquisition** transforms business into major player in tissue healing with significant opportunities for improved efficiency
- **The Group is well positioned for strong growth**

Contact



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Advanced Medical Solutions

Proposed acquisition of Peters Surgical

13 March 2024



Advanced Medical Solutions Group plc



Overview of Transaction: Acquisition of Peters Surgical

- **Proposed acquisition of Peters Surgical**, a leading global provider of surgical devices, headquartered in **France**
- Total maximum cash consideration of **€141.4 million (£121 million¹)**, on a debt-free, cash-free basis
 - **€132.5 million upfront payment and** an earnout of up to €8.9 million
- **A developer, manufacturer and distributor of specialty surgical devices including:**
 - Speciality Sutures
 - Haemostatic clips and clamps
 - Internal glues & sealants
- Focused on **Cardiovascular (CV), Digestive, Urology, & Gynaecological surgery (DUG) indications**
- The transformative deal further strengthens our position as a **major, global player in tissue-healing technology**
- **High single-digit earnings accretion anticipated in the first full year ending Dec 2025²**

Note: (1) EUR/GBP of 1.17

(2) This statement is not intended, nor is to be construed as a profit forecast or to be interpreted to mean that earnings per AMS Share for the current or future financial years, or those of the Enlarged Group, will necessarily match or exceed the historical earnings per AMS share.

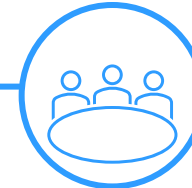
Key Criteria for AMS Acquisition Strategy



**Expand presence in
operating room**



**Increase portfolio of
“own” brand products**



**Increase direct sales
force capabilities**



**Increase global
footprint**







**Profitable and cash
generative**



**Commercial and cost
synergies**

Expanding Presence in Operating Room

Products	Key Financials ⁽¹⁾	Description
<ul style="list-style-type: none"> Speciality Sutures 	 <p>+2% Revenue CAGR '19-23A</p>	<ul style="list-style-type: none"> Widest range of CV sutures and one of fastest growing European markets Positions AMS as most diverse speciality suture provider in the world
<ul style="list-style-type: none"> Haemostatic clips and clamps 	 <p>+8% Revenue CAGR '19-23A</p>	<ul style="list-style-type: none"> Innovative clip loading technology Novel VTO clamps Market leader in Titanium Clip Segment - new but adjacent field for AMS
<ul style="list-style-type: none"> Surgical glues & sealants 	 <p>+9% Revenue CAGR '19-23A</p>	<ul style="list-style-type: none"> Internal glues for mesh and tissue fixations in abdominal wall repair, prolapse repair and bariatrics Complementary to Fix8
<ul style="list-style-type: none"> Others 	 <p>Flat Revenue CAGR '19-23A</p>	<ul style="list-style-type: none"> Range of surgical devices in the gynaecological space Complementary range fillers and tender leverage

Commercial Synergies: Combined Specialist Portfolio – Doubling Surgical Revenues

Establishing major, global tissue-healing specialist surgical supplier



Topical surgical glues:

Major player in cyanoacrylate sealant technology

- LiquiBand® branded
- LiquiBand® XL



Biosurgicals and Haemostasis:

Range of Clips Biological surgical scaffolds

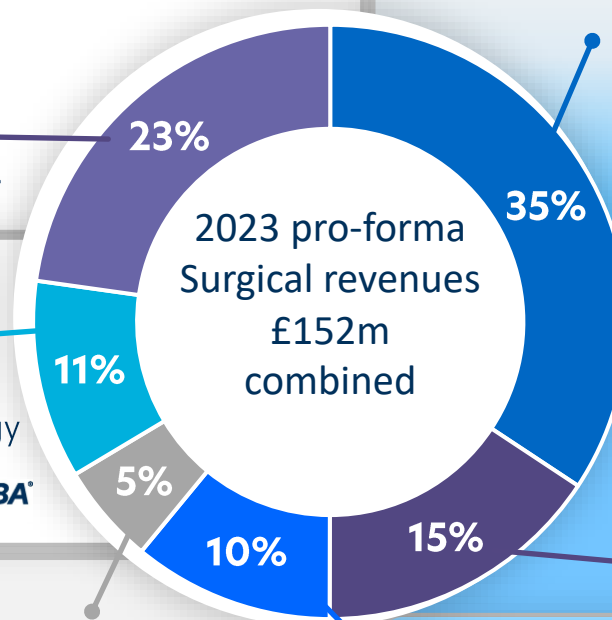
- Resorba®
- Collagen devices with drug eluting technology
- Synthetic Bone Substitutes



Internal Fixation:

Leader in the fast-growing internal glue market

- LiquiBand Fix8® / LIQUIFIX™ for hernia mesh fixation
- Complementary Ifabond Internal for hernia and expanded indications



Sutures:

Leading specialist suture provider:

- Absorbable/Non-absorbable
- Focus on key specialty segments
- Cardiovascular
- Dental
- Ophthalmic



Vascular Temporary Occlusion & Clips:

Innovative and novel clip technology

- Ligating clips
- Clamps



Other:

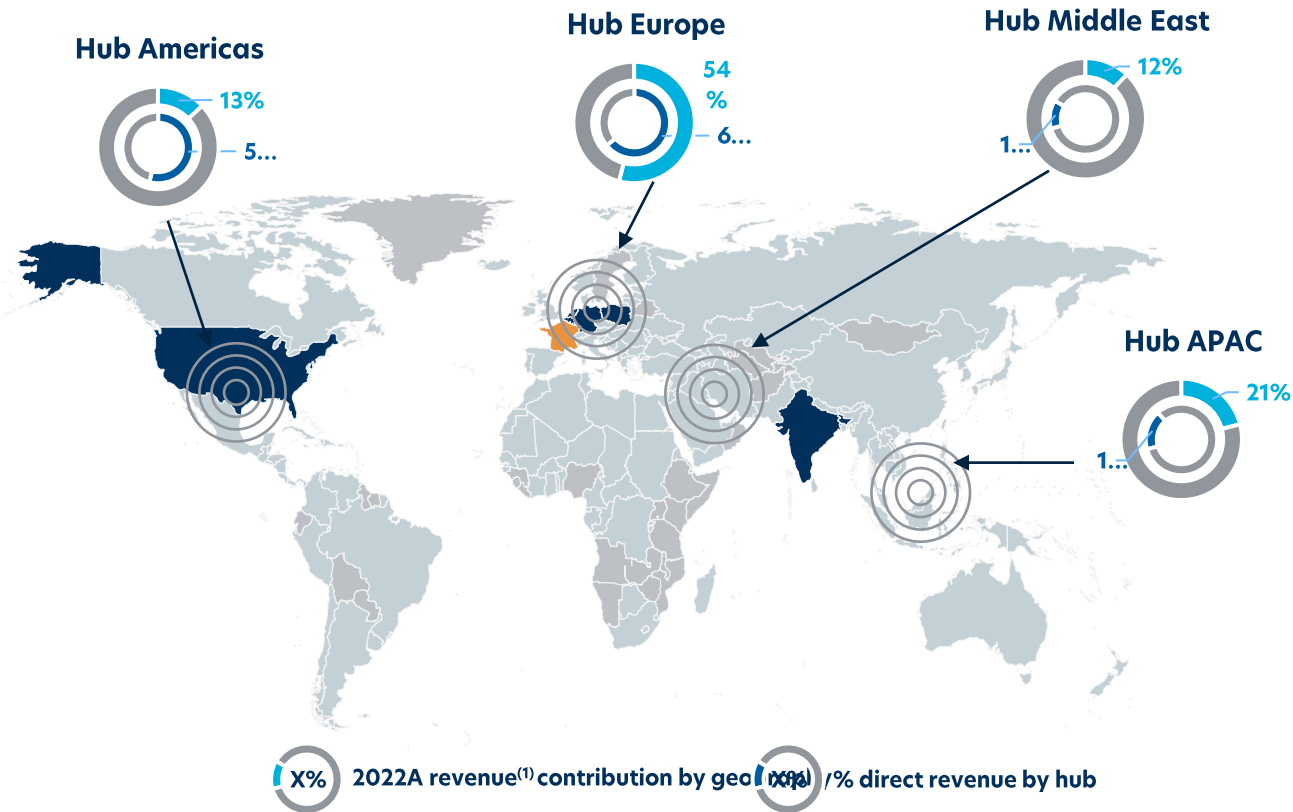
Range of specialist surgical devices and instruments

- AMS "Other Distributed products" including AFS
- Peters Surgical Range of distributed and sourced complementary devices



Increasing Global Footprint

A global presence with sales in 90+ countries and 4 commercial bases



- Sales in 90+ countries
- 4 regional hubs
- Direct distribution in 5 countries with hybrid model in US
- Network of 20 key strategic distributors, representing over 60% of non-direct sales
- c.75% ex-France sales
- 4 Manufacturing bases

Solid supply chain relying on two logistics hubs in Europe and Asia

Available capacity for additional volume increase

Increase Global Commercial Footprint & Direct Sales

Opportunity to leverage substantial Surgical cross-selling opportunities



Direct sales:

Increased direct sales presence in key markets

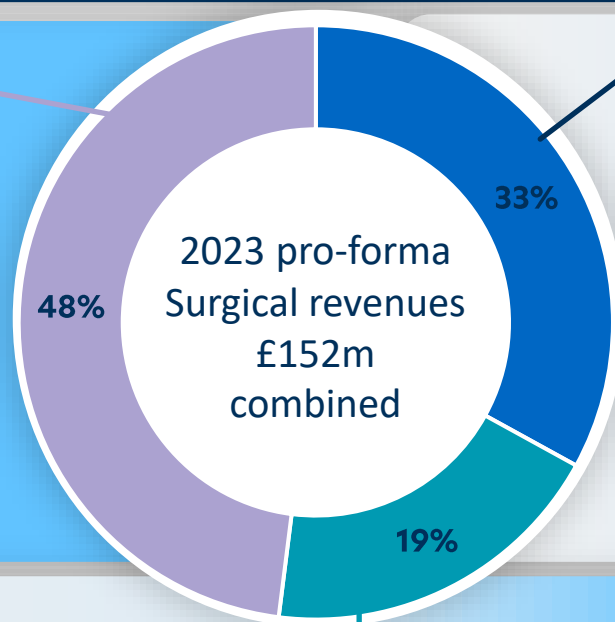


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- UK
- Germany
- Austria
- Czech Republic



- France
- Poland
- Benelux
- Germany
- India



Distributor led sales:

Partnerships in 80+ countries, including significant sales presence in:



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- France
- Australia
- Italy
- South Korea



- Japan
- China
- South-East Asia
- Middle East
- Africa



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USA - Hybrid model: Locally based Specialist supporting Partners



- Four LiquiBand® Strategic partners
- TelaBio - LIQUIFIX™ partnership
- Independent Reps - Resorba Bone
- VTO, clip technology and suture sales
- A network of distributor partnerships
- Independent Reps

Profitable & Cash Generative

Financial Overview

Year ended 31 December (€ millions)	2021	2022	2023
Revenue	64.6	75.5	84.0
Reported operational EBITDA ⁽¹⁾	1.9	7.1	10.6

- **Healthy sales and margin progression in recent years**
- **2024 budget shows further progression**
- **Expected to be cash generative on a standalone basis**
- **The Directors believe that under AMS ownership, excluding synergies, Peters Surgical should deliver:**
 - Organic revenue growth of more than 4%
 - Gross margin of approximately 55%
 - Adjusted EBITDA margin of approximately 13%

Audited financial information from 31 Dec 2021 and 2022 (shown on a pre IFRS 11 basis) and extracted from management information for the financial year to 31 Dec 2023.

Delivering Cost Synergies

- Significant broad global base of **specialist manufacturing and R&D facilities**
- Anticipated **improvements in efficiency and profitability** across the combined Group

AMS

UK

- Plymouth - LiquiBand



Germany

- Nuremberg - Biosurgical
- Neustadt - Sutures



Czech Republic

- Domazlice - Sutures



France

- Nantes - Biosurgical



Peters Surgical

France

- Domalain - Clips & Glues



Thailand

- Bangkok - Sutures



India

- New Dehli - Sutures



Germany

- Markneukirchen/Ichtershausen - Sutures & Needles



Overview of Transaction: Financials

- **Funding** - through existing cash and new bank facilities:
 - £90.0 million acquisition facility from HSBC and NatWest including:
 - Interest on drawn funds: **SONIA plus 1.75%** reducing as leverage reduces
- **Leverage ratio** - initial pro forma **net debt to EBITDA ratio of 1.5 times** expected for the Enlarged Group
 - Expected to reduce materially thereafter
- **Timing** - completion expected in June 2024, conditional on approval pursuant to the French Foreign Direct Investment Rules "FDI"
 - FDI approval anticipated without condition
 - No other regulatory approvals or required consents required for this transaction and limited Peters Surgical minority shareholder consents which we anticipated prior to this date
- **Financial impact**
 - **Expected to be earnings neutral for the year ending Dec 2024 (excluding transaction-related costs)**
 - **High single-digit earnings accretion** anticipated in the first full year ending Dec 2025⁽¹⁾
- **Operational synergies** - significant commercial and operational synergies expected from 2026

Conclusion



Conclusion: Peters Surgical meets all of AMS's strategic criteria for acquisitions



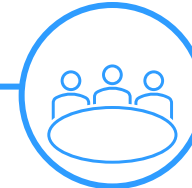
Expand presence in operating room

- ✓ Peters Surgical focussed entirely on surgical space



Increase portfolio of "own" brand products

- ✓ Peters Surgical "own" brands of sutures, clips and glues



Increase direct sales force capabilities

- ✓ Direct sales in France, Germany, Poland, Belgium and India complements AMS' sales force



Increase global footprint

- ✓ Peters Surgical strong presence in Middle East and APAC to promote AMS products



Profitable and cash generative

- ✓ Peters Surgical EBITDA positive and cash generative



Commercial and cost synergies

- ✓ Significant commercial and cost synergies in manufacture and distribution with cross-selling opportunities