



Advanced Medical Solutions

Results for the 6 months ended 30 June 2024

18 September 2024



Advanced Medical Solutions Group plc



Highlights

Strategic initiatives transforming AMS



- **10% Group revenue** growth with double digit growth from all key Surgical product lines
- **Transformative acquisition of Peters Surgical in July 2024**, integration progressing well
- **Acquisition of Syntacoll** in March 2024 significantly enhances Biosurgical capabilities
- **New US LiquiBand® marketing strategy contributing** to 54% increase in revenue
- **Successful launch of LIQUIFIX™ in US** through partner Tela BIO Inc
- **Strategic review of Woundcare Business Unit completed** – key initiatives being implemented to optimise shareholder value

Product Progress: LiquiBand®



- **Implementation of enhanced US route to market strategy driving growth**
 - **Recovering well** from 2023 disruption
 - **Increased commitment** from marketing partners established
 - **Full availability of LiquiBand® XL** well received
 - H1 benefiting from **some partner restocking**
- **UK, Germany and ROW** product demand remains strong
 - **Phasing of orders** negatively impacted H1 growth
- **China approval process** has started as clinical trial recruitment completed. Approval expected 2026



Product Progress: Internal Fixation and Sealants



Hernia mesh fixation (branded LIQUIFIX™ in US and LiquiBand Fix8® ex US):

- **Successful US launch of LIQUIFIX™ in Q1** through partner Tela BIO Inc
- **Positive feedback** from partner, surgeons and Key Opinion Leaders
- **Significant initial orders** received in Q1 2024
- **Excellent progress made on GPO listings but more protracted than anticipated**
 - Approval granted for Premier
 - Expect HealthTrust approval in H2 2024
 - Order ramp up expected in H1 2025



SEAL-G®/SEAL-G® MIST:

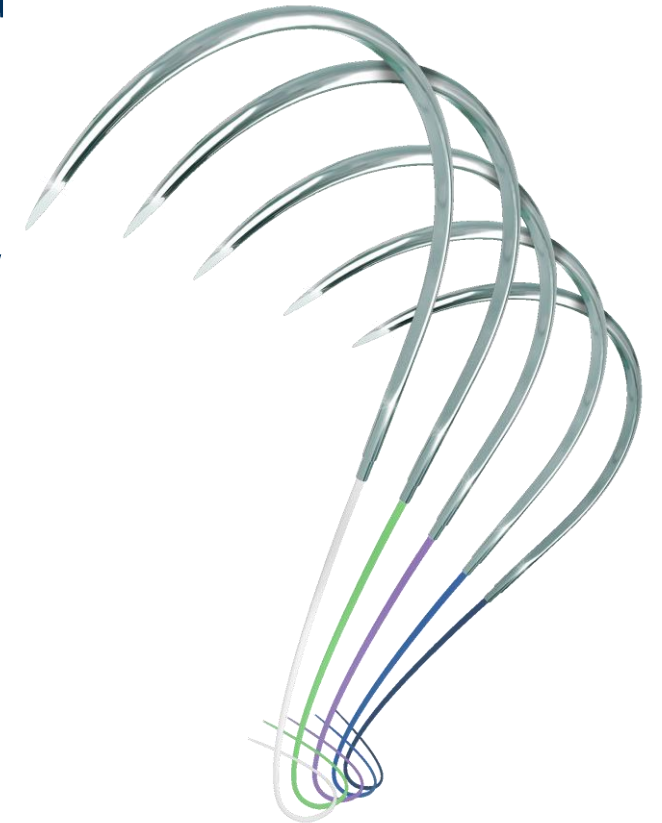
- **Clinical study (n=60) in pancreatic surgery** - 29 procedures completed with positive feedback
- **Development of next generation device underway**



Product Progress: Traditional Closure



- **Higher levels of growth** achieved with AMS portfolio of Resorba branded sutures
 - **Significantly increased customer appetite** for expediting suture conversions benefiting both AMS and Peters Surgical
 - **Increased inventory levels** have enabled demand from new customer wins to be fulfilled



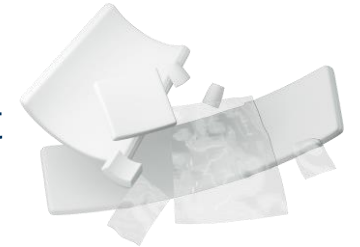
Integration with Peters Surgical sutures:

- Consolidation of **Peters Surgical** and **Resorba** portfolios underway
- **Integration of marketing/distribution networks** in process
- **First US launches** of Peters Surgical absorbable sutures anticipated in 2025 once existing approval gaps are filled

Product Progress: Biosurgical



- **Strong customer demand** for collagen products continues
- **Technical and capacity issues** at Nuremberg facility restricted ability to meet underlying demand in H1 2024
- **Syntacoll acquisition completed in March 2024** significantly strengthening AMS's existing collagen business:
 - **State of the art facility came online in May** contributing £1m of revenue during the Period
 - **Syntacoll expertise** is already addressing Resorba technical issues
 - **Addition of new facility** expected to add **significant headroom** against forecasted future demand
 - **Expected to accelerate US approval pathway** for the combined collagen portfolio and access to substantial new high margin US Biosurgical opportunities





- **Acquisition closed on 1 July 2024**
- **Business performing well;** revenues increased by 6% to €85.2 million in the last 12 months
- Initial progress confirms **excellent cultural and strategic fit** between two businesses
- **A dedicated integration team** has been established to maximise synergies
- **Commercial integration** of both businesses is underway



Product Progress: Woundcare



- **Challenging market conditions and lower Organogenesis royalties** continue to impact Woundcare performance, as previously reported
- Exited some **lower margin business**
- **Adverse phasing of orders** also impacting revenue in H1 2024 – **stronger H2 expected**
- **Strategic review of Woundcare completed:**
 - Focus on growing higher margin business
 - More selective investment in growth
 - Focus on improved future profitability
 - Further discontinuation of low margin business



Financial Summary

Financial Highlights



- **Revenue increased by 10%** at constant currency **to £68.0 million** and by **8% at reported currency**
- **As MDR investment nears completion**, the regulatory element of R&D reduced, resulting in the overall **R&D spend decreasing to £5.6 million**
- **Adjusted pre-tax profit increased 8% to £14.8 million**
- **Net cash decreased to £55.6 million** (Dec 2023: £60.2 million) following the acquisition of Syntacoll and contingent consideration on successful milestone achievements by Connexicon
- Proposed 10% increase in interim **dividend to 0.77p** per share (H1 2023: 0.70p) reflecting **Board confidence**

H1 2024 Revenue



- **Group revenue up by 10%* to £68.0 million** (2023 H1: £63.1 million)
- **Surgical revenue up 27%* to £48.4 million** (H1 2023: £39.4 million)
 - **Double-digit growth** in all product categories
- **Woundcare down 17%* to £19.5 million** (H1 2023: £23.7 million)
 - Exit of some lower margin business
 - Organogenesis impact

£ million	H1 2023	H1 2024	Growth at constant currency
Surgical	39.4	48.4	+27%
Woundcare	23.7	19.5	-17%
Total	63.1	68.0	+10%

*Growth rates shown at constant currency

H1 2024: LiquiBand and Fix8/LIQUIFIX Revenue

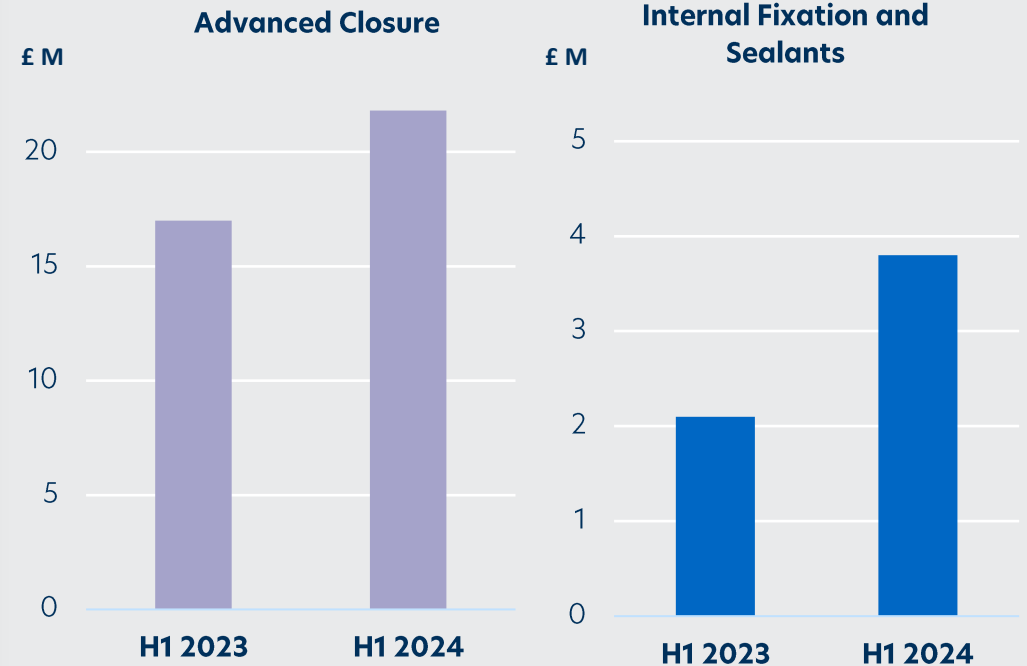


Advanced Closure

- LiquiBand® revenue up 30%* to £21.8 million
- New US route to market strategy, product exclusivity and greater partner commitment drove 54%* growth in the US
- Revenue includes an element of partner stock rebuild
- Weak comparative period
- LiquiBand® performance ex-US impacted by order phasing

Internal Fixation and Sealants

- LiquiBandFix8®/LIQUIFIX™ revenue up 79%* to £3.8 million
- Successful Q1 US launch resulted in significant H1 orders
- Repeat orders expected in H1 2025 based on GPO approval status



H1 2024: Sutures, Biosurgical and Other Revenue



Traditional Closure

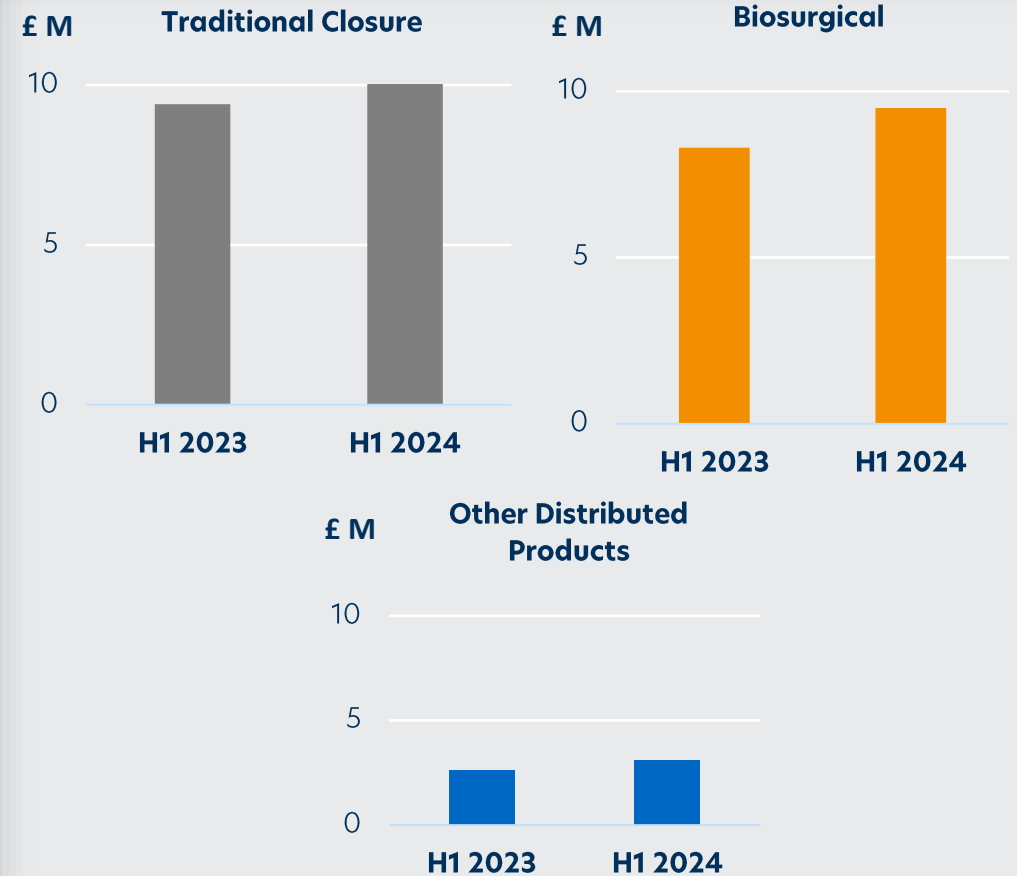
- Revenue up 17%* to £10.4 million
- Growth reflects meeting increased customer demand, supported by higher inventory levels

Biosurgical Devices

- Revenue up 18%* to £9.5 million
- Nuremberg technical and capacity issues prevented customer demand from being fully met in the Period
- Syntacoll expertise already addressing these issues and added £1 million of revenue in the Period

Other Distributed Products

- Revenue up 22%* to £3.0 million
- Good progress with new special laparoscopic devices



H1 2024: Woundcare Revenue



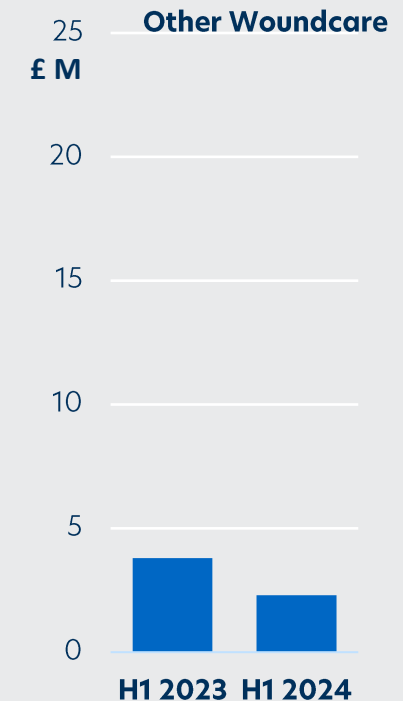
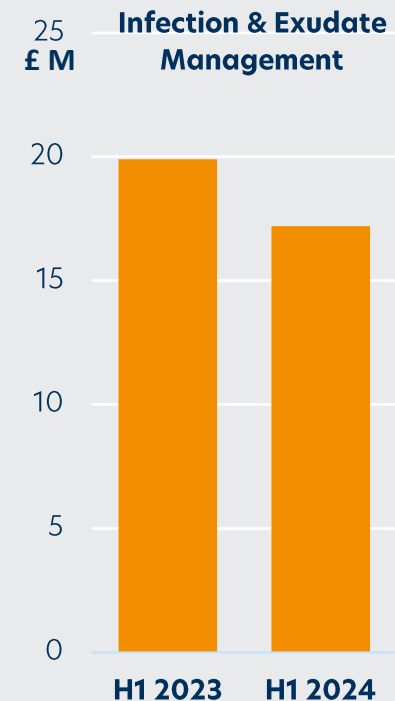
Infection & Exudate Management

- Revenue down 16%* to £17.2 million due to exiting some low margin business, ongoing reimbursement challenges, pricing pressure and increased competition
- Phasing of orders expected to drive stronger H2

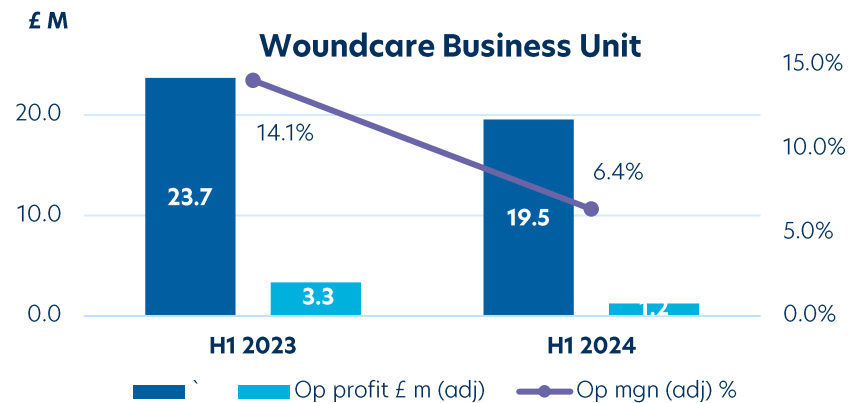
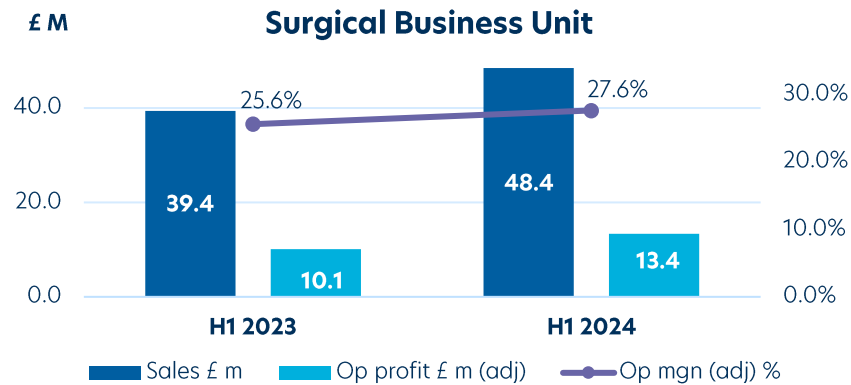
Other Woundcare

- Revenue down 17%* to £2.3 million due to reduced Organogenesis royalty

*Growth rates shown at constant currency



H1 2024 Operating Margins



Surgical

- Adjusted operating margin increased by 200bps
- US LiquiBand® growth and US launch of LIQUIFIX™ were margin accretive
- Surgical margin restricted by Syntacoll, initially low margin but expected to improve as higher volumes arise

Woundcare

- Significant reduction in operating margin
- Substantial impact from reduced Organogenesis royalty
- Pricing pressure
- Reduced volumes and high fixed overhead
- Initiatives arising from Woundcare strategic review are in progress, to stabilise and improve Woundcare margins

H1 2024 Cashflow



£ million	H1 2023 (£m)	H1 2024 (£m)
Cash flows from operating activities:		
Profit from operations	10.4	3.9
Depreciation and Amortisation	5.2	5.7
Working Capital movements	(11.5)	(1.2)
Share based payment expense	1.5	1.4
Taxation	(1.4)	(2.9)
Adj. net cashflow from operating activities	4.1	7.0
Acquisitions including earn-out payments	(8.6)	(3.9)
Capital Investments	(4.8)	(3.8)
Dividends paid	(3.3)	(3.6)
New bank loan raised	-	79.3
Net increase in cash and cash equivalents	(12.6)	74.9
Cash at start of period	82.3	60.1
Foreign exchange effect	(0.5)	(0.2)
Cash at end of period	69.1	134.9

Working capital

- **Inventory increased £2.5 million** to support Suture and Biosurgical revenue growth and new US LB marketing strategy
- **Receivables increased £5.0 million** due to Surgical growth and order phasing and prepaid facility fees
- **Payables increased £5.5 million** due to underlying growth and acquisition related expenses

Acquisitions and earn-outs on successful milestone delivery

- €1 million to acquire Syntacoll
- €3 million relating to Connexicon R&D milestones
- €0.5 million earn-out paid as AFS met FY23 EBITDA targets

Peters acquisition

- £80m loan drawdown 30 June ahead of 1 July completion less £0.7m arrangement fee

Net Debt



- **Net cash** at the period end £55.6 million
 - Cash £134.9 million (2023 H1: £69.1 million) and
 - Debt £79.3 million (2023 H1: £nil)
- **Post-Period end** - 1 July initial cash payment of €132.5 million to acquire Peters Surgical on a normalised cash free, debt free basis
- **Net debt position at 1 July £56.2 million**
- **Net debt in H2 2024** - expected to be between 1.5x and 2.0x EBITDA with further reductions in leverage anticipated in FY25, FY26 and FY27

Summary and Outlook



Summary and Outlook

Execution of key initiatives driving growth



- The Group generated **a strong financial performance in H1 2024**
- **Peters Surgical performing in line with expectations** with integration progressing well
- **New US LiquiBand® route to market strategy** performing well and driving growth
- **LIQUIFIX™ successfully launched in the US**
- **Syntacoll acquisition** already strengthening Biosurgical business
- **Outlook for FY 2024 unchanged** with revenue and adjusted profit in line with the Board's expectations
- **The Group is well positioned for strong, long-term growth**

Contact



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