Advanced Medical Solutions Group plc

Transforming, Innovating, Accelerating Growth

Interim Report 2024

About Advanced Medical Solutions Group plc

AMS is a world-leading independent developer and manufacturer of innovative tissue-healing technology, focused on quality outcomes for patients and value for payers. AMS has a wide range of surgical products including tissue adhesives, sutures, haemostats, internal fixation devices and internal sealants, which it markets under its brands LiquiBand®, RESORBA®, LiquiBandFix8®, LIQUIFIX™, Peters Surgical, Ifabond, Vitalitec and Seal-G®. AMS also supplies wound care dressings such as silver alginates, alginates and foams through its ActivHeal® brand as well as under white label. Since 2019, the Group has made seven acquisitions: Sealantis, an Israeli developer of innovative internal sealants, Biomatlante, a French developer and manufacturer of surgical biomaterials, Raleigh, a leading UK coater and converter of woundcare and bio-diagnostics materials, AFS Medical, an Austrian specialist surgical business, Connexicon, an Irish tissue adhesives specialist, Syntacoll, a German specialist in collagen-based absorbable surgical implants and Peters Surgical, a global provider of specialty surgical sutures, mechanical haemostasis and internal cyanoacrylate devices.

AMS's products, manufactured in the UK, Germany, France, the Netherlands, Thailand, India, the Czech Republic and Israel, are sold globally via a network of multinational or regional partners and distributors, as well as via AMS's own direct sales forces in the UK, Germany, Austria, France, Poland, Benelux, India, the Czech Republic and Russia. The Group has R&D innovation hubs in the UK, Ireland, Germany, France and Israel. Established in 1991, the Group has more than 1,500 employees. For more information, please see **www.admedsol.com**.

Contents

Financial Highlights

Revenue (£ million)

£68.0m

H1 23: £63.1m
Reported change: +8%
(+10% change at constant currency)[1]

Adjusted[2] profit before tax (£ million)

£14.8m

H1 23: £13.8m
Reported change: +8%

Adjusted[2] profit before tax margin (%)

21.8%

H1 23: 21.8%
Reported change: 0.0pp

Adjusted[2] diluted earnings per share (p)

5.35p

H1 23: 4.97p
Reported change: +8%

Profit before tax (£ million)

£5.7m

H1 23: £11.8m
Reported change: -52%

Profit before tax margin (%)

8.4%

H1 23: 18.7%
Reported change: -10.3pp

Diluted earnings per share (p)

1.92p

H1 23: 4.06p
Reported change: -53%

Net operating cash flow (£ million)

£7.0m

H1 23: £4.1m
Reported change: +68%

Net cash[3] (£ million)

£55.6m

H1 23: £69.1m
Reported change: -20%

Interim dividend per share (p)

0.77p

H1 23: 0.70p
Reported change: +10%

Business Highlights (including post period end):

Operational

- Robust financial performance in line with expectations, with strong organic growth driven by the Surgical business, with particularly strong growth from US LiquiBand®.
- The transformative acquisition of Peters Surgical, completed 1 July 2024, a leading global provider of specialty surgical sutures, mechanical haemostasis and internal cyanoacrylate devices, substantially strengthens AMS's position as a leading global surgical supplier; with the integration of the business progressing well.
- The acquisition of Syntacoll GmbH ('Syntacoll'), completed 1 March 2024, a specialist manufacturer of drug-eluting collagens, strengthens the Group's existing Biosurgical business.
- The Board has completed a strategic review of the Woundcare Business Unit and has concluded that profitability of the Unit can be improved by focusing on higher margin business and reducing investment in certain areas.

Financial

- Revenue increased by 8% to £68.0 million and by 10% at constant currency (2023 H1: £63.1 million) driven by growth across all categories in the Surgical Business Unit, partly offset by challenges in the Woundcare Business Unit.
- Surgical revenues increased by 23% to £48.4 million (2023 H1: £39.4 million) and by 27% at constant currency, with double-digit growth in all product categories.
- US LiquiBand® grew by 54% at constant currency, due to significant momentum from the success of AMS's 2023 renegotiation of distribution agreements with key partners, an element of partner stock rebuild and in comparison to a weak prior period.
- Significant US launch orders were also received for LIQUIFIX™ with repeat orders expected in H1 2025, following a longer than anticipated Group Purchasing Organisations ('GPOs') approval process.
- Woundcare revenues decreased by 17%, at both reported currency and constant currency, to £19.5 million (2023 H1: £23.7 million) due to the previously reported declining Organogenesis royalty and weak demand, in particular within Exudate Management, which included the cessation of certain low margin business.
- Gross margins reduced to 54.3% (2023 H1: 56.5%) due to the previously reported reduction in Organogenesis royalty income stream, weakness in the Woundcare Business Unit and the addition of Syntacoll which currently operates at a lower margin.
- Adjusted profit before tax increased by 8% to £14.8 million (2023 H1: £13.8 million) with adjusted profit before tax margin remaining constant at 21.8% (2023 H1: 21.8%). Reported profit before tax declined to £5.7 million (2023 H1: £11.8 million) as a result of significant acquisition-related exceptional items.
- Net cash[3] decreased to £55.6 million from a year-end position of £60.2 million (2023 H1: £69.1 million) following the acquisition of assets of Syntacoll, and contingent consideration for Connexicon Medical Ltd ('Connexicon') following positive achievement of Research & Development milestones. Additional working capital has also been required to support Surgical growth. Post period end (as at 1 July), following the completion of the Peter's Surgical acquisition, the Company's net debt position was £56.2 million.
- Given the Board's continued confidence in the future, the interim dividend is increased 10% to 0.77p per share (2023 H1: 0.70p).

Outlook

- Outlook remains unchanged and the Board anticipates that revenue and adjusted profit will be in line with its expectations.

Commenting on the interim results, Chris Meredith, Chief Executive Officer of AMS, said:

> "We are delighted with the progress made so far this year, having completed the acquisitions of Peters Surgical and Syntacoll and now being able to report such a strong first half performance from the AMS Surgical Business Unit. Since the completion of the Peters Surgical deal in July, integration has been progressing well, and the business is proving to be an excellent fit culturally and strategically. Whilst Woundcare has continued to struggle, we believe we have a pathway to improving its profitability. We feel confident that our enlarged portfolio, greater geographic reach, the synergies that we believe can be established over the next three years, combined with the revitalised momentum established in the legacy AMS Surgical business has set us on a very strong trajectory for growth in the long-term."
>
> **Chris Meredith**
> Chief Executive Officer

1 Constant currency adjusts for the effect of currency movements by re-translating the current period's performance at the previous period's exchange rates.

2 Adjusted profit before tax is shown before exceptional items which, in 2024 H1, were £7.5 million expense (2023 H1: £nil); amortisation of acquired intangible assets which, in 2024 H1, were £2.5 million (2023 H1: £2.4 million) and a £0.9 million credit for movement in long-term acquisition liabilities (2023 H1: credit of £0.4 million) as defined in the Financial Review. Adjusted operating margin is shown before amortisation of acquired intangible assets.

3 Net cash consisted of £134.9 million of cash and cash equivalents (2023 H1: £69.1 million) and £79.3 million of debt (2023 H1: £nil debt). The majority of the cash as at 30 June was paid out on 1 July to acquire Peters Surgical.

Chief Executive's Review

Summary and Outlook

A number of strategic initiatives, new product launches and key acquisitions have been implemented over the past 12 months that the Board believes will transform AMS into a significantly larger, more competitive business with greater scope to generate stronger and more sustainable growth in the long-term. The interim results to the end of June 2024 confirm that many of these initiatives are already working well and delivering growth.

Surgical Business Unit

The Surgical Business Unit includes tissue adhesives, sutures, biosurgical devices and internal fixation devices marketed under the AMS brands LiquiBand®, RESORBA®, LiquiBandFix8® and LIQUIFIX™. Revenue increased by 23% on a reported basis and 27% on a constant currency basis to £48.4 million (2023 H1: £39.4 million).

Surgical Business Unit	2024 H1 £ million	2023 H1 £ million	Reported growth	Growth at constant currency
Advanced Closure	21.8	17.0	28%	30%
Internal Fixation and Sealants	3.8	2.2	75%	79%
Traditional Closure	10.4	9.4	11%	17%
Biosurgical Devices	9.5	8.3	15%	18%
Other Distributed Products	3.0	2.5	19%	22%
TOTAL	**48.4**	39.4	23%	27%

Advanced Closure

LiquiBand® is a range of topical skin adhesives, incorporating medical grade cyanoacrylate in combination with purpose-built applicators. These products are used to close and protect a broad variety of surgical and traumatic wounds.

Advanced Closure	2024 H1 £ million	2023 H1 £ million	Reported growth	Growth at constant currency
Americas	13.8	9.2	50%	54%
UK/Germany	4.1	4.0	0%	1%
ROW	3.2	3.4	-6%	-5%
Connexicon	0.7	0.4	81%	86%
TOTAL	**21.8**	17.0	28%	30%

LiquiBand® revenues increased by 28% to £21.8 million (2023 H1: £17.0 million) and 30% at constant currency, predominately due to the successful implementation of the new US marketing strategy, which involved AMS taking over direct sales control for one key distribution channel, as well as other important renegotiations with its other partners. The success of this strategy, supported by partner stock rebuild, has resulted in US revenues of £13.8 million (2023 H1: £9.2 million) in the first half; growth of 50% on a reported basis and 54% at constant currency, compared to the weak prior period which saw higher than expected levels of destocking. This strategy has been further enhanced by Connexicon securing its FDA approvals in July 2024, providing the opportunity for further product exclusivity for our marketing partners and greater commitment from all parties.

US FDA approval granted in July for the majority of the Connexicon portfolio triggered €3m of earn-out payments in July relating to the approval.

Outside the US, end user demand for LiquiBand® remains strong, however phasing of customer orders, including the NHS supply chain, has meant this underlying demand has not been reflected in reported revenue growth.

The Chinese approval process for Connexicon Indermil® has begun following completion of clinical trial recruitment. It is anticipated that approval will be obtained by 2026 which would represent AMS's first tissue adhesive approval in this very significant market.

Internal Fixation and Sealants

AMS's hernia mesh fixation device, sold under the LiquiBandFix8® brand ex-US and as LIQUIFIX™ in the US, secures meshes inside the body with accurately delivered individual drops of cyanoacrylate adhesive instead of traditional tacks and staples. Revenues increased by 75% on a reported basis to £3.8 million (2023 H1: £2.2 million) and 79% on a constant currency basis.

The US launch of LIQUIFIX™ is progressing well with significant launch orders received. The GPO approval process has proven to be more prolonged than anticipated and consequently limited orders are expected in the second half of 2024. Progress has been made in two major US GPOs, with approval in Premier GPO, leveraging our distribution partners existing Premier mesh approvals, and pending approval in HealthTrust GPO from 1 November. Following the HealthTrust GPO approval, significant orders are anticipated from H1 2025.

SEAL-G® MIST is a novel, internal, biological sealant used to seal tissue to reduce leakage of fluid during internal surgery. Following a non-randomised clinical study of 160 gastrointestinal (GI) surgery patients in 2023, AMS has progressed with a 60-patient clinical study for pancreatic surgery, which is a high-risk procedure with higher leakage rates and thus a lower patient population to demonstrate results. This study is underway with 29 procedures completed and positive initial feedback.

In 2023, a key component required to connect the laparoscopic device to an external gas supply was discontinued by the supplier, restricting commercialisation and limiting our activities to just critical clinical work and KOL surgeon evaluations. With no short-term solution, AMS is progressing with its development of the next generation laparoscopic device that does not need a gas supply connection and has developed a working prototype.

Traditional Closure

RESORBA® branded Absorbable and Non-absorbable Suture ranges are used in general surgery and a wide range of surgical specialties including dental and ophthalmic surgery. Revenue increased by 11% to £10.4 million (2023 H1: £9.4 million) and by 17% at constant currency with ongoing growth primarily in our core European markets. Customer appetite for suture conversions has significantly increased and greater investment in inventory has allowed commercial demand to be met and increased AMS's ability to win new customers.

Biosurgical Devices

The Biosurgical Devices category comprises antibiotic-loaded collagen sponges, collagen membranes and cones, oxidised cellulose, synthetic bone substitutes and bio-absorbable screws. Revenue increased by 15% to £9.5 million (2023 H1: £8.3 million) and by 18% at constant currency, including a £1 million contribution from the acquisition of the Syntacoll assets from administration in March 2024. The assets were purchased for €1 million, and came on-line in May 2024, significantly enhancing AMS's Biosurgical capabilities in the development, manufacture and regulatory approval of drug-loaded collagens. These capabilities are expected to accelerate AMS's US approval pathway for the combined collagen portfolio to open substantial new high margin US biosurgical opportunities.

End user demand for AMS's collagen products remains strong but technical and manufacturing issues at the Nuremberg facility restricted the Group's ability to fulfil all customer orders. Expertise acquired with the Syntacoll assets has already started to address some of these issues and, with the addition of the new facility, AMS expects to have significant capacity headroom against forecasted future demand.

Other Distributed Products

The Other Distributed products category comprises products distributed through AFS Medical in Austria, including minimally invasive access ports and laparoscopic instruments. This category excludes sales of LiquiBandFix8® which are recorded within the Internal Fixation and Sealants category. Revenue increased by 19% on a reported basis and 22% on a constant currency basis to £3.0 million (2023 H1: £2.5 million).

Peters Surgical

AMS completed the acquisition of Peters Surgical in July 2024. Consideration consisted of an initial cash payment of €132.5 million, on a normalised cash free, debt free basis, and an earnout of up to €8.9 million payable in FY25 and FY26 on delivery of regulatory, gross margin, inventory and tax milestones. Two US approvals are required to trigger the regulatory milestone, one of which has already been achieved in Q3 2024. It is anticipated that the second approval, that would trigger the earnout, will follow in late 2024 or early 2025. Peters Surgical increased revenues by 6% to €85.2 million in the last 12 months to the end of June 2024.

Excellent progress has been made since the recent completion, confirming the excellent cultural and strategic fit between both companies.

A dedicated integration team has been established to maximise and deliver significant operational synergies, which the Board is confident will be £10 million p.a. from FY27 from Peters Surgical and Syntacoll. Optimisation of the operational functions of both businesses is subject to regulatory approval timelines and is expected to take approximately three years to complete.

The commercial integration of both businesses is also underway and is on track.

Woundcare Business Unit

The Woundcare Business Unit is comprised of the Group's multi-product portfolio of advanced woundcare dressings sold under its partners' brands and the ActivHeal® label, plus a portfolio of specialist medical bulk materials and multi-layer woundcare products.

Business Unit revenue decreased by 17% to £19.5 million (2023 H1: £23.7 million) on a reported and constant currency basis.

Infection and Exudate Management

Infection and Exudate Management revenue decreased by 13% on both a reported and constant currency basis to £17.2 million (2023 H1: £19.9 million). Ongoing challenging market conditions continue to impact the business including pricing pressure, low-cost competition and reimbursement issues, but the first half performance was also impacted by adverse phasing of orders. The ordering pattern anticipated during the rest of the year is expected to result in a stronger second half.

Other Woundcare

Other Woundcare comprises royalties, fees and woundcare sealants. Revenue reduced by 39% at reported currency and by 38% at constant currency to £2.3 million (2023 H1: £3.8 million) as a result of lower royalty income from the Group's licensing arrangement with Organogenesis, as announced in September 2023.

Woundcare strategy

With the Group's increased focus on Surgical products and as the challenging Woundcare market conditions persist, the Board has performed a strategic review of the Woundcare Business Unit which included assessing its growth prospects, investment requirements and gross margins by customer and product. Following this review, the Board has concluded that shareholder value can be best optimised through various initiatives, including focusing on higher margin business and reducing investment in certain areas, that will improve future profitability of the Unit.

Regulatory

AMS continues to make good progress in meeting the requirements for the new Medical Devices Regulation ('MDR') and is well placed to obtain certifications for all its products well before the extended 2027/2028 deadlines.

Environmental, Social & Governance

AMS continues to make positive progress on its ESG activities, building on the foundations reported in its FY23 Annual report. It is now working on aligning these with the considerable CSR program already established in the Peters Surgical group. This alignment will include combining emissions data for the two businesses and rebasing the initial carbon footprint for the enlarged group, progressing its Pathway to Net Zero, which has a commitment date of 2045.

Stakeholders

On behalf of the Board, I would like to thank the Group's committed staff, partners and other stakeholders, without whose help and commitment the achievements would not have been possible.

Outlook

The strong underlying trend in AMS's Surgical business has continued in Q3 whilst the Peters Surgical business performed in line with expectations in the first half of 2024 and is expected to make a positive contribution to the Group from its acquisition in July 2024. The outlook for the Group for the full year 2024 remains unchanged and the Board anticipates that revenue and adjusted profit will be in line with its expectations.

Woundcare Business Unit	2024 H1 £ million	2023 H1 £ million	Reported growth	Growth at constant currency
Infection Management and Exudate Management	**17.2**	19.9	-13%	-13%
Other Woundcare	**2.3**	3.8	-39%	-38%
TOTAL	**19.5**	23.7	-17%	-17%

Financial Review

IFRS reporting

To provide the clearest possible insight into our performance, the Group uses alternative performance measures. These measures are not defined in International Financial Reporting Standards ('IFRS') and, therefore, are considered to be non-GAAP ('Generally Accepted Accounting Principles') measures. Accordingly, the relevant IFRS measures are also presented where appropriate. AMS uses such measures consistently at the half-year and full-year and reconciles them as appropriate. The measures used in this statement include constant currency revenue growth, adjusted operating margin and profit, adjusted profit before tax and adjusted earnings per share, allowing the impacts of exchange rate volatility, exceptional items, amortisation and the movement in long-term acquisition liabilities to be separately identified. Net cash is an additional non-GAAP measure used.

Overview

Completion of the Peters Surgical acquisition in July 2024 transforms the Group going forwards, adding significant revenue, profit and scale whilst reducing our net cash position. In the last 12 months, Peters Surgical reported revenue of €85.2 million and adjusted EBITDA of €13.6 million. To fund the acquisition the Group obtained £90 million of borrowing facilities from its banks as discussed in further detail below.

Revenue increased by 8% at reported currency to £68.0 million (2023 H1: £63.1 million) and increased by 10% at constant currency, as summarised in the Chief Executive's Review.

Gross profit increased to £36.9 million (2023 H1: £35.7 million) but gross margin decreased to 54.3% (2023 H1: 56.5%) due to adverse product mix in Woundcare including the reduced royalty income from Organogenesis.

Administration expenses, before exceptional items, remained constant at £25.0 million (2023 H1: £25.0 million) although it includes the effect of favourable foreign exchange movements which added £2 million of benefit versus the prior period. The Group has increased investment in the sales and marketing team to support growth, in particular in the Surgical Business Unit whilst the acquisition of Connexicon in H1 2023 has added £0.2 million of annualised operating costs.

Exceptional items totalling £7.5 million (2023 H1: £nil) have been incurred in the period as a result of the acquisition of Peters Surgical and Syntacoll. Given the significance of these costs in comparison to costs incurred for acquisitions in previous periods, they have been disclosed separately. Exceptional costs incurred in relation to Peters Surgical include deal advisory fees, due diligence fees such as legal, accounting and tax amongst others as well as hedging costs to ensure protection against movement in the Euro rate on the purchase price between March 2024 when the Group agreed to acquire Peters Surgical and June when FDI approval for the transaction was received. Exceptional items relating to Syntacoll include legal costs, termination payments to staff not retained and operating costs for an idle period when the site was not yet operational. The site recommenced operations at the end of May.

As the investment required to comply with the Medical Device Regulation ('MDR') nears completion, the Group has been able to reduce the regulatory element of its R&D spend and consequently total investment in R&D has reduced to £5.6 million (2023 H1: £6.0 million), representing 8.2% (2023 H1: 9.5%) of revenue. The reduction from the prior period also reflects the inclusion in FY23 of the final stages of the US PMA for LIQUIFIX™. As shown in the table below, elements of this cost are capitalised and amortised over 5 to 10 years.

	2024 H1 £'000	2023 H1 £'000
Total investment in Research and Development, Regulatory and Clinical	**5,593**	5,972
Of which:		
Charged to the profit and loss account	**3,448**	2,926
Capitalised, to be amortised over 5–10 years	**2,145**	3,046

Amortisation of acquired intangible assets increased to £2.5 million (2023 H1: £2.4 million) due to the annualised impact of the prior period Connexicon acquisition.

Adjusted operating profit, which excludes amortisation of acquired intangibles and exceptional items, increased by 9% to £14.0 million (2023 H1: £12.8 million) whilst the adjusted operating margin increased by 20 bps to 20.5% (2023 H1: 20.3%) due to the improved performance of the Surgical Business Unit.

Movement in long-term acquisition liabilities of Sealantis, AFS & Connexicon resulted in a net credit of £0.9 million (2023 H1: £0.4 million credit), as a result of a reduction in the Connexicon earn-out.

The Group delivered increased adjusted profit before tax of £14.8 million (2023 H1: £13.8 million), despite the Woundcare headwind. Reported profit before tax was £5.7 million (2023 H1: £11.8 million) as a result of the significant exceptional items.

Reconciliation of profit before tax to adjusted profit before tax	2024 H1 £'000	2023 H1 £'000
Profit before tax	**5,695**	11,768
Amortisation of acquired intangibles	**2,468**	2,402
Exceptional items	**7,544**	–
Movement in long-term acquisition liabilities	**(895)**	(404)
Adjusted profit before tax	**14,812**	13,766

The Group's effective corporation tax rate, reflecting the blended tax rates in the countries where we operate and including UK patent box relief, increased to 26.7% (2023 H1: 24.1%) with the main driver behind the increase being acquisition costs, some of which are not tax deductible, and the annualised impact of the UK Corporation tax rate increase to 25%, effective 1 April 2023. These are partly offset by lower profits in Germany as a result of the reduced Organogenesis royalty. The tax rate in Germany is higher than the Group's average tax rate and therefore a lower proportion of profit in Germany reduces the Group's effective tax rate.

Adjusted diluted earnings per share increased by 8% to 5.35p (2023 H1: 4.97p) whilst adjusted basic earnings per share also increased by 8% to 5.44p (2023 H1: 5.04p). Diluted earnings per share reduced by 53% to 1.92p (2023 H1: 4.06p) as a result of the significant exceptional items incurred in the period and basic earnings per share reduced by 53% to 1.95p (2023 H1: 4.12p).

The Board intends to pay an interim dividend of 0.77p per share on 25 October 2024 to shareholders on the register at the close of business on 27 September 2024. This is a 10% increase on the interim dividend paid in respect of the first half of 2023 reflecting the Board's ongoing confidence in the future growth in the Group.

Operating result by business segment Six months ended 30 June 2024	**Surgical £'000**	**Woundcare £'000**
Revenue	**48,439**	**19,547**
Segment operating profit	**11,375**	**776**
Amortisation of acquired intangibles	**1,998**	**470**
Adjusted segment operating profit[4]	**13,373**	**1,246**
Adjusted operating margin[4]	**27.6%**	**6.4%**
Six months ended 30 June 2023		
Revenue	39,411	23,677
Segment operating profit	8,164	2,860
Amortisation of acquired intangibles	1,931	471
Adjusted segment operating profit[4]	10,095	3,331
Adjusted operating margin[4]	25.6%	14.1%

4 Adjusted for amortisation of acquired intangible assets and exceptional items.

Table is reconciled to statutory information in note 5 of the financial information.

Surgical

Surgical revenues increased by 23% to £48.4 million (2023 H1: £39.4 million) at reported currency and increased by 27% at constant currency. Adjusted operating margin increased by 200 bps to 27.6% (2023 H1: 25.6%) due to improved sales mix following the new US Marketing strategy for LiquiBand®.

Woundcare

Woundcare revenues decreased by 17% to £19.5 million (2023 H1: £23.7 million) at reported currency and constant currency. Adjusted operating margin decreased by 770 bps to 6.4% (2023 H1: 14.1%) predominately due to adverse product mix and lower royalty income from Organogenesis.

Currency

The Group hedges significant currency transaction exposure by using forward contracts and aims to hedge approximately 80% of its estimated transactional exposure for the next 18 months. In the first half of the year, approximately one third of sales were invoiced in Euros and approximately one third were invoiced in US Dollars. Sales in Czech Koruna & Russian Ruble are immaterial for the purpose of hedging. The acquisition of Peters Surgical will add further USD and Euro cash flows as well as additional currencies including Thai Baht and Indian Rupees. The impact of this is being considered and risk management plans will be implemented as appropriate although the net risk is unlikely to be material.

The Group estimates that a 10% movement in the £:US$ or £:€ exchange rate will impact Sterling revenues by approximately 3.0% and 3.6% respectively and in the absence of any hedging this would have an impact on the Group operating margin of 2.1% and 0.3% percentage points respectively. Given the increased cost base in Euro currency following the latest acquisitions across Europe, the Euro currency transaction exposure has a minimal impact on Group Operating Margin, and hence the Group has decided to only hedge US Dollar currency transaction exposure over the next 18 months.

Cash Flow

Adjusted net cash inflow from operating activities has increased by 160% due to increased operating profit when excluding the impact of exceptional items. Net cash inflow from operating activities increased by 68% to £7.0 million (2023 H1: £4.1 million) despite reduced operating profit due to the timing of certain payables items, in particular acquisition related costs which were incurred but not paid at the end of the period. Additional information on working capital movements is explained below.

Reconciliation of Net cash inflow from operating activities to Adjusted net cash inflow from operating activities	**(Unaudited) Six months ended 30 June 2024**	**(Unaudited) Six months ended 30 June 2023**
Net cash inflow from operating activities	6,962	4,149
Add back exceptional items	3,841	–
Adjusted net cash inflow from operating activities	10,803	4,149

At the end of the period, net cash had reduced to £55.6 million from £60.2 million at year-end (2023 H1: £69.1 million) due to acquisition related payments including €1m for the acquisition of Syntacoll assets; earn-out payments of €3m for achievement of Connexicon Research & Development milestones and €0.5 million for the achievement of AFS' FY23 EBITDA target. Additional working capital has also impacted cash as a result of increased levels of Inventory and Receivables. Net cash includes £79.3 million debt (2023 H1: £nil debt) obtained at the end of the period ahead of completing the Peters acquisition.

In the first half of 2024, receivables increased by £2.9 million (2023 H1: £3.2 million increase) due to increased sales volumes, particularly within the US. Debtor days increased to 47 from 45 days at year-end (2023 H1: 41 days) due to higher levels of US sales which are typically on longer payment terms.

Total payables increased by £1.3 million (2023 H1: £4.0 million increase) due to significant acquisition related activity within the period, some of which is to be paid post-period end increasing the payables position. This was partially offset by the reduction in payables following Connexicon & AFS earn-out related payments. Creditor days increased slightly to 37 days from 35 days at year-end and was in line with previous HY reporting (2023 H1: 37 days).

Inventory levels increased by £2.5 million (2023 H1: £3.9 million increase) following the acquisition of Syntacoll assets, increasing our capabilities in the Collagen market. Inventory cover has increased to 7.3 months of supply in comparison to 7.1 months at year-end (2023 H1: 6.7 months) with the Group choosing to maintain higher than historical levels of Inventory in order to remain resilient to supply chain risks and fulfil growing commercial demand.

The Group invested £3.8 million in capital equipment, R&D and regulatory costs, a reduction from the prior period (2023 H1: £4.8 million) which reflects the reducing levels of investment required for MDR. The prior period also included investment in the LIQUIFIX™ PMA approval which was received in July 2023. The current period includes investment in packaging automation in Germany to improve production efficiency, investment in Information Systems including hardware and continued progress on Medical Device Regulation compliance.

Tax payments increased to £2.9 million (2023 H1: £1.4 million) which is £1.4 million higher than tax in the Income Statement, mainly due to timing of payments on account.

In June 2024, the Group paid its final dividend for the year ended 31 December 2023 of £3.6 million (2023 H1: £3.3 million).

The Group utilised £80 million of funding from its two banks, NatWest and HSBC, who, as a syndicate, have arranged a new debt facility in the period to fund part of the cash consideration for the post period end acquisition of Peters Surgical. As part of the borrowing arrangement, fees of £0.7 million were deducted from the £80 million loan. The facility is up to £90 million potential borrowing comprised of Facility A, a £60 million term loan facility with £5 million of annual repayments commencing 1 July 2025 and Facility B, a £30 million multi-currency revolving credit facility, of which £20 million has been drawn down at 30 June 2024.

£10 million of funding in the revolving credit facility remains available in future if required. The interest rate on both facilities for the first year is based on SONIA plus 1.75% margin. Following the first year, the margin can vary based on the Groups net leverage. The minimum margin is 1.50% per annum based on a net leverage of less than 1.5:1.0 but greater than 1.0:1.0, and the maximum margin is 2.50% per annum based on a net leverage of more than 2.5:1.0.

The loan has covenants in place meaning the group needs to comply with the following financial conditions: a) Interest cover in respect of any relevant period shall not be less than 4.0:1.0 and b) Net leverage in respect of each relevant period shall not exceed 3.0:1.0.

Interest cover is calculated as a ratio of Adjusted EBITDA to Net Finance Charge in respect of any relevant period. Net leverage is calculated as a ratio of Total Net Debt on the last day of that relevant period to Adjusted EBITDA in respect of that relevant period.

Post period-end, on 1 July 2024, the Group completed the acquisition of Peters Surgical with consideration consisting of an initial cash payment of €132.5 million.

Condensed Consolidated Income Statement

	Note	(Unaudited) Six months ended 30 June 2024			(Unaudited) Six months ended 30 June 2023			(Audited) Year ended 31 December 2023		
		Before Exceptional Items £'000	Exceptional Items (Note 8) £'000	Total £'000	Before Exceptional Items £'000	Exceptional Items (Note 8) £'000	Total £'000	Before Exceptional Items £'000	Exceptional Items (Note 8) £'000	Total £'000
Revenue from continuing operations	5	**67,986**	**–**	**67,986**	63,088	–	63,088	126,210	–	126,210
Cost of sales		**(31,091)**	**–**	**(31,091)**	(27,435)	–	(27,435)	(56,070)	–	(56,070)
Gross profit		**36,895**	**–**	**36,895**	35,653	–	35,653	70,140	–	70,140
Distribution costs		**(812)**	**–**	**(812)**	(713)	–	(713)	(1,520)	–	(1,520)
Administration costs		**(25,039)**	**(7,544)**	**(32,583)**	(25,007)	–	(25,007)	(50,669)	–	(50,669)
Other income		**443**	**–**	**443**	473	–	473	931	–	931
Operating profit		**11,487**	**(7,544)**	**3,943**	10,406	–	10,406	18,882	–	18,882
Finance income		**2,024**	**–**	**2,024**	2,229	–	2,229	3,786	–	3,786
Finance costs		**(272)**	**–**	**(272)**	(867)	–	(867)	(1,511)	–	(1,511)
Profit before taxation		**13,239**	**(7,544)**	**5,695**	11,768	–	11,768	21,157	–	21,157
Income tax	7	**(3,167)**	**1,648**	**(1,519)**	(2,836)	–	(2,836)	(5,268)	–	(5,268)
Profit for the period attributable to equity holders of the parent		**10,072**	**(5,896)**	**4,176**	8,932	–	8,932	15,889	–	15,889
Earnings per share										
Basic	4	**4.70p**	**(2.75p)**	**1.95p**	4.12p	–	4.12p	7.36p	–	7.36p
Diluted	4	**4.63p**	**(2.71p)**	**1.92p**	4.06p	–	4.06p	7.25p	–	7.25p
Adjusted diluted[5]	4	**5.35p**	**(2.71p)**	**2.64p**	4.97p	–	4.97p	9.39p	–	9.39p

5 Adjusted for amortisation of acquired intangible assets and movement in long-term acquisition liabilities.

Condensed Consolidated Statement of Comprehensive Income

	(Unaudited) Six months ended 30 June 2024 £'000	(Unaudited) Six months ended 30 June 2023 £'000	(Audited) Year ended 31 December 2023 £'000
Profit for the period	**4,176**	8,932	15,889
Exchange differences on translation of foreign operations	**(3,010)**	(3,674)	(3,126)
(Loss)/gain arising on cash flow hedges	**(431)**	2,774	3,984
Deferred tax charge arising on cash flow hedges	**(212)**	(163)	(465)
Other comprehensive (charge)/credit for the period	**(3,653)**	(1,063)	393
Total comprehensive income for the period attributable to equity holders of the parent	**523**	7,869	16,282

Condensed Consolidated Statement of Financial Position

	Note	(Unaudited) 30 June 2024 £'000	(Unaudited) 30 June 2023 £'000	(Audited) 31 December 2023 £'000
Assets				
Non-current assets				
Intangible assets		**54,327**	55,451	55,864
Goodwill		**78,993**	79,770	80,435
Property, plant and equipment		**30,767**	29,344	29,601
Deferred tax Asset		**515**	–	356
Trade and other receivables		**182**	1,260	593
		164,784	165,825	166,849
Current assets				
Inventories		**38,564**	31,812	36,046
Trade and other receivables		**28,996**	24,392	25,728
Current tax assets		**497**	403	388
Cash and cash equivalents		**134,944**	69,142	60,160
		203,001	125,749	122,322
Total assets		**367,785**	291,574	289,171
Liabilities				
Current liabilities				
Trade and other payables		**22,089**	21,097	19,254
Current tax liabilities		**569**	594	1,165
Lease liabilities		**1,534**	1,051	1,164
		24,192	22,742	21,583
Non-current liabilities				
Trade and other payables		**2,863**	7,034	4,400
Borrowings	11	**79,325**	–	–
Deferred tax liabilities		**9,580**	10,919	11,013
Lease liabilities		**9,015**	8,126	7,973
		100,783	26,079	23,386
Total liabilities		**124,975**	48,821	44,969
Net assets		**242,810**	242,753	244,202
Equity				
Share capital	13	**10,881**	10,858	10,865
Share premium		**37,473**	37,420	37,473
Share-based payments reserve		**20,106**	17,199	18,649
Investment in own shares		**(6,877)**	(167)	(6,877)
Share-based payments deferred tax reserve		**325**	413	150
Other reserve		**1,531**	1,531	1,531
Hedging reserve		**1,357**	1,092	2,000
Translation reserve		**(1,132)**	1,330	1,878
Retained earnings		**179,146**	173,077	178,533
Equity attributable to equity holders of the parent		**242,810**	242,753	244,202

Condensed Consolidated Statement of Changes in Equity

	Share capital £'000	Share premium £'000	Share-based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2024 (audited)	10,865	37,473	18,649	(6,877)	150	1,531	2,000	1,878	178,533	244,202
Consolidated profit for the period to 30 June 2024	–	–	–	–	–	–	–	–	4,176	4,176
Other comprehensive expense	–	–	–	–	–	–	(643)	(3,010)	–	(3,653)
Total comprehensive (expense)/income	–	–	–	–	–	–	(643)	(3,010)	4,176	523
Share-based payments	–	–	1,450	–	–	–	–	–	–	1,450
Share options exercised	16	–	7	–	175	–	–	–	–	198
Shares purchased by EBT	–	–	–	–	–	–	–	–	–	–
Shares sold by EBT	–	–	–	–	–	–	–	–	–	–
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(3,563)	(3,563)
At 30 June 2024 (unaudited)	10,881	37,473	20,106	(6,877)	325	1,531	1,357	(1,132)	179,146	242,810

	Share capital £'000	Share premium £'000	Share-based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2023 (audited)	10,843	37,269	15,711	(167)	531	1,531	(1,519)	5,004	167,419	236,622
Consolidated profit for the period to 30 June 2023	–	–	–	–	–	–	–	–	8,932	8,932
Other comprehensive income/(expense)	–	–	–	–	–	–	2,611	(3,674)	–	(1,063)
Total comprehensive income/(expense)	–	–	–	–	–	–	2,611	(3,674)	8,932	7,869
Share-based payments	–	–	1,476	–	–	–	–	–	–	1,476
Share options exercised	15	151	12	–	(118)	–	–	–	–	60
Own shares purchased	–	–	–	–	–	–	–	–	–	–
Own shares sold	–	–	–	–	–	–	–	–	–	–
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(3,274)	(3,274)
At 30 June 2023 (unaudited)	10,858	37,420	17,199	(167)	413	1,531	1,092	1,330	173,077	242,753

	Share capital £'000	Share premium £'000	Share-based payments £'000	Investment in own shares £'000	Share-based payments deferred tax £'000	Other reserve £'000	Hedging reserve £'000	Translation reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2023 (audited)	10,843	37,269	15,711	(167)	531	1,531	(1,519)	5,004	167,419	236,622
Consolidated profit for the year to 31 December 2023	–	–	–	–	–	–	–	–	15,889	15,889
Other comprehensive income/(expense)	–	–	–	–	–	–	3,519	(3,126)	–	393
Total comprehensive income/(expense)	–	–	–	–	–	–	3,519	(3,126)	15,889	16,282
Share-based payments	–	–	2,916	–	(381)	–	–	–	–	2,535
Share options exercised	22	204	22	–	–	–	–	–	–	248
Own shares purchased	–	–	–	(6,710)	–	–	–	–	–	(6,710)
Own shares sold	–	–	–	–	–	–	–	–	–	–
Dividends paid (Note 9)	–	–	–	–	–	–	–	–	(4,775)	(4,775)
At 31 December 2023 (audited)	10,865	37,473	18,649	(6,877)	150	1,531	2,000	1,878	178,533	244,202

Condensed Consolidated Statement of Cash Flows

	Note	(Unaudited) Six months ended 30 June 2024 £'000	(Unaudited) Six months ended 30 June 2023 £'000	(Audited) Year ended 31 December 2023 £'000
Cash flows from operating activities				
Operating profit		**3,943**	10,406	18,882
Adjustments for:				
Depreciation		**2,434**	2,045	4,375
Amortisation – acquired intangible assets		**2,468**	2,402	4,887
– development costs		**574**	458	1,004
– software intangibles		**227**	258	522
Increase in inventories		**(2,477)**	(4,011)	(8,064)
Increase in trade and other receivables		**(4,288)**	(2,732)	(2,515)
Increase/(decrease) in trade and other payables		**5,519**	(4,783)	(5,249)
Share-based payments expense		**1,450**	1,476	2,916
Taxation paid		**(2,888)**	(1,370)	(4,413)
Net cash inflow from operating activities		**6,962**	4,149	12,345
Cash flows from investing activities				
Purchase of software		**(152)**	(4)	(89)
Capitalised development costs		**(2,145)**	(3,046)	(6,216)
Purchases of property, plant and equipment		**(1,546)**	(1,767)	(3,544)
Proceeds from disposal of property, plant and equipment		**6**	–	42
Interest received		**1,064**	1,147	2,470
Acquisitions (net of cash acquired)	10	**(899)**	(5,529)	(5,529)
Payment of contingent consideration	10	**(2,998)**	(3,080)	(7,399)
Net cash used in investing activities		**(6,670)**	(12,279)	(20,265)
Cash flows from financing activities				
Dividends paid	9	**(3,563)**	(3,274)	(4,775)
Repayment of principal under lease liabilities		**(876)**	(653)	(1,472)
Repayment of borrowings		**–**	(480)	(480)
New bank loan raised		**79,325**	–	–
Issue of equity shares		**(41)**	162	180
Shares purchased by Employee Benefit Trust		**–**	–	(6,710)
Shares sold by Employee Benefit Trust		**–**	–	–
Interest paid		**(196)**	(204)	(362)
Net cash used in financing activities		**74,649**	(4,449)	(13,618)
Net increase/(decrease) in cash and cash equivalents		**74,941**	(12,579)	(21,538)
Cash and cash equivalents at the beginning of the period		**60,160**	82,262	82,262
Effect of foreign exchange rate changes		**(157)**	(541)	(564)
Cash and cash equivalents at the end of the period		**134,944**	69,142	60,160

Notes Forming Part of the Consolidated Financial Statements

1. Reporting entity

Advanced Medical Solutions Group plc ('the Company') is a public limited company incorporated and domiciled in England and Wales (registration number 2867684). The Company's registered address is Premier Park, 33 Road One, Winsford Industrial Estate, Cheshire, CW7 3RT.

The Company's ordinary shares are traded on the AIM market of the London Stock Exchange plc. The consolidated financial statements of the Company for the six months ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is primarily involved in the design, development and manufacture of innovative tissue-healing technology for sale into the global medical device market.

2. Basis of preparation

The information for the period ended 30 June 2024 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2023 has been delivered to the Registrar of Companies. The auditor reported on those accounts; their report was unqualified, did not draw attention to any matters of emphasis without qualifying the report and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The individual Financial Statements for each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company and the presentation currency for the Consolidated Financial Statements.

3. Accounting policies

The same accounting policies, presentations and methods of computation are followed in the condensed set of Financial Statements as applied in the Group's latest annual audited financial apart from the adoption of the following new or amended IFRS and Interpretations issued by the International Accounting Standards Board ('IASB'):

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1 Presentation of Financial Statements: Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures Supplier Finance Arrangements

No revised standards adopted in the current period have had a material impact on the Group's Financial Statements.

The unaudited condensed set of Financial Statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the United Kingdom. These condensed interim accounts should be read in conjunction with the annual accounts of the Group for the year ended 31 December 2023. The annual Financial Statements of Advanced Medical Solutions Group plc are prepared in accordance with International Financial Reporting Standards as adopted by the United Kingdom.

4. Earnings per share

	(Unaudited) Six months ended 30 June 2024	(Unaudited) Six months ended 30 June 2023	(Audited) Year ended 31 December 2023
Number of shares	**'000**	**'000**	**'000**
Weighted average number of ordinary shares	217,395	216,947	217,093
Basic weighted average number of shares held by Employee Benefit Trust	(3,222)	–	(1,195)
Weighted average number of ordinary shares for the purposes of basic earnings per share	214,173	216,947	215,898
Effect of dilutive potential ordinary shares: share options, deferred annual bonus, Share Incentive Plan, LTIPs	3,536	3,084	3,391
Weighted average number of ordinary shares for the purposes of diluted earnings per share	217,709	220,031	219,289

Basic EPS is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated on the same basis as basic EPS but with the further adjustment to the weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share options and awards granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period.

Notes Forming Part of the Consolidated Financial Statements continued

4. Earnings per share continued

Adjusted earnings per share

Adjusted EPS is calculated after adding back amortisation of acquired intangible assets, exceptional items and movement in long-term acquisition liabilities and is based on earnings of:

	(Unaudited) Six months ended 30 June 2024 £'000	(Unaudited) Six months ended 30 June 2023 £'000	(Audited) Year ended 31 December 2023 £'000
Earnings			
Profit for the year being attributable to equity holders of the parent	4,176	8,932	15,889
Exceptional items	7,544	–	–
Tax impact of exceptional items	(1,648)	–	–
Amortisation of acquired intangible assets	2,468	2,402	4,887
Movement in long-term acquisition liabilities	(895)	(404)	(186)
Adjusted profit for the year being attributable to equity holders of the parent	11,645	10,930	20,590

	pence	pence	pence
Basic EPS	1.95	4.12	7.36
Diluted EPS	1.92	4.06	7.25
Adjusted basic EPS	5.44	5.04	9.54
Adjusted diluted EPS	5.35	4.97	9.39

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

The adjusted diluted EPS information is considered to provide an alternative representation of the Group's trading performance, consistent with the view of management.

5. Segment information

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, corporate assets, head office expenses, exceptional items, income tax assets and the Group's external borrowings. These are the measures reported to the Group's Chief Executive for the purposes of resource allocation and assessment of segment performance.

Business segments

The principal activities of the Business Units are as follows:

Surgical

Selling, marketing and innovation of the Group's surgical products either sold directly by our sales teams or by distributors.

Woundcare

Selling, marketing and innovation of the Group's advanced woundcare products supplied under partner brands, bulk materials and the ActivHeal® brand predominantly to the UK NHS as well as bio diagnostics products following the acquisition of Raleigh.

Segment information about these Business Units is presented below:

Six months ended 30 June 2024 (Unaudited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	48,439	19,547	67,986
Result			
Adjusted segment operating profit	13,373	1,246	14,619
Amortisation of acquired intangibles	(1,998)	(470)	(2,468)
Segment operating profit	11,375	776	12,151
Unallocated expenses			(664)
Exceptional items			(7,544)
Operating profit			3,943
Finance income			2,024
Finance costs			(272)
Profit before tax			5,695
Tax			(1,519)
Profit for the period			4,176

At 30 June 2024 (Unaudited) Other information	Surgical £'000	Woundcare £'000	Consolidated £'000
Capital additions:			
Software intangibles	102	50	152
Development	1,867	278	2,145
Property, plant and equipment	1,024	522	1,546
Depreciation and amortisation	(4,219)	(1,484)	(5,703)
Balance sheet			
Assets			
Segment assets	278,125	88,985	367,110
Unallocated assets			675
Consolidated total assets			367,785
Liabilities			
Segment liabilities	81,994	38,893	120,887
Unallocated liabilities			4,088
Consolidated liabilities			124,975

Six months ended 30 June 2023 (Unaudited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	39,411	23,677	63,088
Result			
Adjusted segment operating profit	10,095	3,331	13,426
Amortisation of acquired intangibles	(1,931)	(471)	(2,402)
Segment operating profit	8,164	2,860	11,024
Unallocated expenses			(618)
Operating profit			10,406
Finance income			2,229
Finance costs			(867)
Profit before tax			11,768
Tax			(2,836)
Profit for the period			8,932

At 30 June 2023 (Unaudited) Other information	Surgical £'000	Woundcare £'000	Consolidated £'000
Capital additions:			
Software intangibles	2	2	4
Development	2,680	366	3,046
Property, plant and equipment	1,253	514	1,767
Depreciation and amortisation	(3,680)	(1,483)	(5,163)
Balance sheet			
Assets			
Segment assets	206,856	84,718	291,574
Unallocated assets			–
Consolidated total assets			291,574
Liabilities			
Segment liabilities	37,800	11,021	48,821

Notes Forming Part of the Consolidated Financial Statements continued

5. Segment information continued

Year ended 31 December 2023 (Audited)	Surgical £'000	Woundcare £'000	Consolidated £'000
Revenue	79,093	47,117	126,210
Result			
Adjusted segment operating profit	19,985	5,317	25,302
Amortisation of acquired intangibles	(3,944)	(943)	(4,887)
Segment operating profit	16,041	4,374	20,415
Unallocated expenses			(1,533)
Operating profit			18,882
Finance income			3,786
Finance costs			(1,511)
Profit before tax			21,157
Tax			(5,268)
Profit for the year			15,889

At 31 December 2023 (Audited) Other information	Surgical £'000	Woundcare £'000	Consolidated £'000
Capital additions:			
Software intangibles	47	42	89
Development	5,222	994	6,216
Property, plant and equipment	2,337	1,207	3,544
Depreciation and amortisation	(7,504)	(3,284)	(10,788)
Balance sheet			
Assets			
Segment assets	207,647	81,524	289,171
Unallocated assets			–
Consolidated total assets			289,171
Liabilities			
Segment liabilities	34,810	10,159	44,969

Geographical segments

The Group operates in the UK, the Netherlands, Germany, the Czech Republic, Ireland, France and Israel, with a sales office located in Russia, distributor in Austria, and a sales presence in the USA. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets. The Group's small legacy sales office in Moscow has historically contributed approximately 1% of the Group's operating profit.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods or services, based upon location of the Group's customers:

Segmental revenue	(Unaudited) Six months ended 30 June 2024 £'000	(Unaudited) Six months ended 30 June 2023 £'000	(Audited) Year ended 31 December 2023 £'000
United Kingdom	**7,921**	8,537	17,385
Germany	**11,954**	11,666	26,365
Rest of Europe	**23,013**	20,593	38,933
United States of America	**19,593**	16,678	31,875
Rest of World	**5,505**	5,614	11,652
	67,986	63,088	126,210

Several international distributors with material sales have changed their shipping location during the prior year. To ensure a like for like comparison, the prior year sales for the six months ended 30 June 2023 by geographical market has been restated to categorise these specific customers as if they had always been based in the amended shipping location.

The following table provides an analysis of the Group's total assets by geographical location:

Segmental Assets	(Unaudited) 30 June 2024 £'000	(Unaudited) 30 June 2023 £'000	(Audited) 31 December 2023 £'000
United Kingdom	**212,554**	144,895	138,199
Germany	**86,202**	76,428	80,942
France	**11,103**	11,414	11,761
Rest of Europe	**36,172**	36,927	37,782
Israel	**18,246**	19,698	19,231
United States of America	**3,508**	2,212	1,256
	367,785	291,574	289,171

6. Financial Instruments' fair value disclosures

It is the policy of the Group to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts.

The Group held the following financial instruments at fair value at 30 June 2024. The Group has no financial instruments with fair values that are determined by reference to significant unobservable inputs i.e. those that would be classified as level 3 in the fair value hierarchy, nor have there been any transfers of assets or liabilities between levels of the fair value hierarchy. There are no non-recurring fair value measurements.

The following table details the forward foreign currency contracts outstanding as at the period end:

	Ave. exchange rate			Foreign currency			Fair value		
	30 June 24 USD:£1	30 June 23 USD:£1	31 Dec 23 USD:£1	30 June 24 USD'000	30 June 23 USD'000	31 Dec 23 USD'000	30 June 24 £'000	30 June 23 £'000	31 Dec 23 £'000
Cash flow hedges									
Sell US dollars									
Less than 3 months	**1.07**	1.31	1.26	**8,500**	9,500	7,500	**1,178**	(192)	51
3 to 6 months	**1.23**	1.30	1.15	**10,000**	9,000	7,500	**202**	(142)	617
7 to 12 months	**1.25**	1.21	1.15	**15,000**	15,000	18,500	**176**	585	1,468
Over 12 months	**1.24**	1.14	1.24	**15,000**	15,000	22,500	**253**	1,188	520
				48,500	48,500	56,000	**1,809**	1,439	2,656

	Ave. exchange rate			Foreign currency			Fair value		
	30 June 24 EUR:£1	30 June 23 EUR:£1	31 Dec 23 EUR:£1	30 June 24 EUR'000	30 June 23 EUR'000	31 Dec 23 EUR'000	30 June 24 £'000	30 June 23 £'000	31 Dec 23 £'000
Cash flow hedges									
Sell Euros									
Less than 3 months	**–**	1.15	1.14	**–**	600	600	**–**	5	5
3 to 6 months	**–**	1.15	1.13	**–**	600	600	**–**	4	4
7 to 12 months	**–**	1.14	–	**–**	1,200	–	**–**	8	–
Over 12 months	**–**	–	–	**–**	–	–	**–**	–	–
				–	2,400	1,200	**–**	17	9

7. Taxation

The weighted average tax rate for the Group for the six-month period ended 30 June 2024 was 28.2% (first half of 2023: 26.3%, year ended 31 December 2023: 28.0%). The Group's effective tax rate for the full year is expected to be 26.7%, which has been applied to the six months ended 30 June 2024 (first half of 2023: 24.1%, year ended 31 December 2023: 24.9%). This represents an increase on the previous period due to the impact of the increased corporation tax rate in the UK effective 1 April 2023 and acquisition related costs, some of which are not tax deductible. These are partly offset by lower profits in Germany as a result of the reduced Organogenesis royalty. The corporation tax rate in Germany is higher than the Group's average tax rate and therefore a lower proportion of profit in Germany reduces the Group's effective tax rate.

8. Exceptional items

Exceptional items totalling £7.5 million (2023 H1: £nil) have been incurred in the period as a result of the acquisition of Peters Surgical and Syntacoll. Exceptional costs incurred in relation to Peters include deal advisory fees, due diligence fees such as legal, accounting and tax amongst others as well as hedging costs to ensure protection against movement in the Euro rate on the purchase price between March 2024 when the Group agreed to acquire Peters and June when FDI approval for the transaction was received. Exceptional items relating to Syntacoll include legal costs, termination payments to staff not retained and operating costs for a period when the site was not yet operational. The site recommenced operations at the end of May. These costs have been deemed exceptional items due to the transformative nature of the acquisition in the case of Peters and due to the unusual nature of the acquisition in the case of Syntacoll, being a business acquired out of administration.

9. Dividends

Amounts recognised as distributions to equity holders in the period:	(Unaudited) Six months ended 30 June 2024 £'000	(Unaudited) Six months ended 30 June 2023 £'000	(Audited) Year ended 31 December 2023 £'000
Final dividend for the year ended 31 December 2022 of 1.51p per ordinary share	–	3,274	3,274
Interim dividend for the year ended 31 December 2023 of 0.70p per ordinary share	–	–	1,501
Final dividend for the year ended 31 December 2023 of 1.66p per ordinary share	3,563	–	–
	3,563	3,274	4,775

10. Acquisitions

On 1 March 2024 the Group acquired certain assets of Syntacoll GmbH, for €1 million. Syntacoll GmbH is a specialist manufacturer of drug-eluting collagens based in Saal an der Donau, Germany, and strengthens the Group's existing Biosurgical business. The Saal site was not operational between March and May and those operating costs have been included in exceptional expenses.

During the period €3 million (first half of 2023: €3 million, year ended 31 December 2023: €8 million) of contingent consideration was paid in respect of Connexicon Medical and €0.5 million in respect of AFS Medical (first half of 2023: €0.5 million, year ended 31 December 2023: €0.5 million).

11. Borrowings

The Group received £80 million of funding from its two banks, NatWest and HSBC, who, as a syndicate, have arranged a new debt facility in the period to fund part of the cash consideration for the acquisition of Peters Surgical post reporting date. As part of the borrowing arrangement, fees of £0.7 million were deducted from the £80 million loan. The facility is up to £90 million potential borrowing comprised of Facility A, a £60 million term loan facility with a £5 million repayment due each year on the anniversary of the closing date and Facility B, a £30 million multi-currency revolving credit facility, of which £20 million has been drawn down at 30 June 2024.

£10 million of funding in the revolving credit facility remains available in future if required. The interest rate on both facilities for the first year is based on SONIA plus 1.75% margin. Following the first year, the margin can vary based on the Groups net leverage. The minimum margin is 1.50% per annum based on a net leverage of less than 1.5:1.0 but greater than 1.0:1.0, and the maximum margin is 2.50% per annum based on a net leverage of more than 2.5:1.0.

The loan has covenants in place meaning the Group needs to comply with the following financial conditions: a) Interest cover in respect of any relevant period shall not be less than 4.0:1.0 and b) Net leverage in respect of each relevant period shall not exceed 3.0:1.0.

Interest cover is calculated as a ratio of EBITDA to Net Finance Charge in respect of any relevant period.

Net leverage is calculated as a ratio of Total Net Debt on the last day of that relevant period to Adjusted EBITDA in respect of that relevant period.

12. Contingent liabilities

A maximum potential earnout of €7m relating to the 2023 acquisition of Connexicon and €0.5m relating to the 2022 acquisition of AFS have been recognised at fair value. The acquisition of Peters Surgical post period-end in July 2024, has resulted in an additional earnout with a maximum potential to pay of €8.9 million.

The Directors are not aware of any additional contingent liabilities faced by the Group as at 30 June 2024 (30 June 2023: £nil, 31 December 2023: £nil).

13. Share capital

Share capital as at 30 June 2024 amounted to £10,881,000 (30 June 2023: £10,858,000, 31 December 2023: £10,865,000). During the period the Group issued 296,989 shares in respect of share options, LTIPS, Deferred Annual Bonus Scheme and the Share Incentive Plan.

14. Going concern
In carrying out their duties in respect of going concern, the Directors have carried out a review of the Group's financial position and cash flow forecasts for the next 12 months and considered whether there are any factors that indicate a deterioration in trading performance beyond 12 months. The forecasts used are based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the current economic environment.

The Group has used sensitivity analysis on the Group's forecasted performance, using a 10% sales reduction scenario which is felt to reflect a significant deterioration of trading. The results show that the Group is able to continue its operations for a period of at least 12 months.

With regards to the Group's financial position, it had cash and cash equivalents at 30 June 2024 of £134.9 million and debt of £79.3m. The credit facility from the syndicate comprising HSBC & NatWest available to the Group includes: Facility A £60m long term loan & facility B, a £30m Revolving Credit Facility. At the reporting date £80m was utilised, leaving flexibility to draw a further £10m to support working capital needs in the future. Interest on both is based on SONIA plus a margin (+1.75% in the first year) based on the Group's net leverage.

While the current economic environment is uncertain, AMS operates in markets whose demographics are favourable, underpinned by an increasing need for products to treat chronic and acute wounds. Consequently, long-term market growth is expected. The Group has a number of long-term contracts with customers across different geographic regions and also with substantial financial resources, ranging from government agencies through to global healthcare companies.

After taking the above into consideration, the Directors have reached the conclusion that the Group is well placed to manage its business risks in the current economic environment. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated Financial Statements.

15. Principal risks and uncertainties
Further detail concerning the principal risks affecting the business activities of the Group is detailed on pages 61–65 of the Annual Report and Accounts for the year ended 31 December 2023. There have been no significant changes since the last annual report.

16. Seasonality of sales
There are no significant factors affecting the seasonality of sales between the first and second half of the year.

17. Events after the balance sheet date
Subsequent to the end of the interim reporting period the Group acquired 100% of the Share Capital of Peters Surgical. The deal completed on 1 July 2024, for an initial cash consideration of €132.5 million, potentially increasing by a further €8.9 million earn-out, payable in 2025 based on delivery of US suture 510(k) approvals, achievement of FY24 revenue and gross margin targets, and satisfying certain inventory and tax conditions.

Peters Surgical is a manufacturer and distributor of high-quality surgical closure devices including sutures, haemostatics clips, haemostatic clamps, and internal glues. The portfolio is focused on surgical specialties in the Cardiovascular ('CV'), Visceral, and Digestive Urology and Gynaecological ('DUG') surgical indication areas. Headquartered in France, Peters Surgical was founded in 1926 and today employs approximately 650 people around the world.

Peters Surgical operates a fully integrated business model including research and product development, regulatory and clinical affairs, device manufacture, distribution, commercial and after-sales service. It owns manufacturing facilities in France, Thailand, India, and Germany.

Peters Surgical sells products in over 90 countries with direct sales infrastructure in France, Belgium, Germany, Poland and India; and with a hybrid sales model in the APAC region and the US. Peters Surgical generated revenues of €75.5 million in 2022 and €84.0 million in 2023.

18. Copies of the interim results
Copies of the interim results can be obtained from the Group's registered office at Premier Park, 33 Road One, Winsford Industrial Estate, Winsford, Cheshire, CW7 3RT and are available on our website www.admedsol.com.

RECYCLED
Paper made from recycled material
FSC™ C014531
www.fsc.org

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP027549

Printed by a Carbon Neutral Operation (certified: CarbonQuota) under the PAS2060 standard.

This product is made using recycled materials limiting the impact on our precious forest resources, helping reduce the need to harvest more trees.

This publication was printed by an FSC™ certified printer that holds an ISO 14001 certification.

100% of the inks used are HP Indigo ElectroInk which complies with RoHS legislation and meets the chemical requirements of the Nordic Ecolabel (Nordic Swan) for printing companies, 95% of press chemicals are recycled for further use and, on average 99% of any waste associated with this production will be recycled and the remaining 1% used to generate energy.

The paper is Carbon Balanced with World Land Trust, an international conservation charity, who offset carbon emissions through the purchase and preservation of high conservation value land. Through protecting standing forests, under threat of clearance, carbon is locked-in, that would otherwise be released.

Designed and produced by emperor
Visit us at **emperor.works**

Advanced Medical Solutions Group plc

Registered Office:
Premier Park, 33 Road One
Winsford Industrial Estate
Winsford, Cheshire, CW7 3RT

Company number: 2867684

Tel: +44 (0)1606 863500
Tel: +44 (0)1606 863600
E-mail: **info@admedsol.com**

www.admedsol.com