

Smith & Nephew acquires tissue regeneration technology of Rotation Medical

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Medical technology business, Smith & Nephew has announced that it has entered into a definitive agreement to acquire Rotation Medical for an initial cash consideration of \$125 million and up to \$85 million over the next five years, contingent on financial performance.

U.S. based rotation medical is a developer of a novel tissue regeneration technology for shoulder rotator cuff repair.

Olivier Bohuon, Chief Executive Officer, Smith & Nephew said, Rotation Medical furthers our strategy to invest in disruptive technologies that accelerate the transformation of Smith & Nephew to higher growth. The Rotation Medical Rotator Cuff System is an innovative technology serving unmet clinical needs. It is highly complementary to our Sports Medicine portfolio and provides a compelling new treatment option for our customers."

The system incorporates a breakthrough technology and technique that balances biomechanics and biology to enhance the body's natural healing response. The bioinductive implant helps tendons heal by inducing growth of new tendon-like tissue, offering the potential to prevent tear progression and reduce the incidence of re-tears. The system also includes a set of disposable arthroscopic instruments that enable reproducible procedures.

The bioinductive implant can be used along the rotator cuff tear treatment continuum – by itself for partial tears or in conjunction with our conventional portfolio of anchors and suturing technologies to supplement repairs of more complex tears. It is deployed arthroscopically.

Jeffrey Abrams, MD, Princeton Orthopedic Associates and Sports Medicine said, "This is the most innovative product that I have seen in sports surgery in recent years. There have been many improvements in surgical repair, but despite these, in many situations, the quality of the attached tendon is less than optimal. A biological approach to treating rotator cuff disease remains a major priority for surgeons. The Rotation Medical bioinductive implant is a game changer in that it improves tendon quality and thickness. My patient outcomes are impressive. This is an exciting technology that has the potential to change the way we treat rotator cuff tears and reverse the natural progression of the disease."

The Rotation Medical System will be sold through Smith & Nephew's sports medicine sales force as well as Rotation Medical's dedicated sales force. It has 510(k) clearance for sale in the US and a filing is being prepared for approval in the EU. In the US alone there are 650,000 rotator cuff procedures each year growing at a rate of 5-6% per annum⁴.

Martha Shadan, Chief Executive Officer of Rotation Medical said, "The Rotation Medical bioinductive implant addresses a well-recognized unmet need in the treatment of rotator cuff disease by treating the biology of the tendon. Since first commercialization in 2014, thousands of patients have benefited from the Rotation Medical technology."

"We are proud of the impact our technology has made in healthcare and are excited by the opportunity to reach many more customers and their patients as an integrated part of Smith & Nephew's extensive Sports Medicine portfolio", he added.