medica:

A network of specialists leading the way in teleradiology

ANNUAL REPORT AND ACCOUNTS

31 December 2021

medica:

Improving your outcomes through a **collaborative approach** to care

Creating value through our core commitments

Our worldwide breadth and scale:

300+
Employees

750+
Current network of specialist doctors and clinical staff

200+
Clients

1.2m+
Reports and exams in 2021

Our mission:

Our mission is to lead the way in delivering collaborative and responsive telemedicine solutions that put patient outcomes at the heart of what we do. We will achieve this through technical innovation underpinned by the highest standards of clinical excellence.

Our vision:

Our vision is to provide market leading diagnostic services by connecting healthcare professionals and organisations with talent and technology. A trusted partner, we will be pioneering in adapting our offering to deliver sustainable and scalable services for customers and their patients.

Medica Group PLC is the market-leading provider of teleradiology services in the UK and Ireland.

Medica prides itself on delivering the highest quality service, underpinned by strong clinical governance and a culture of customer-centric process improvement. Medica provides a fast and reliable service during out-of-hours for urgent reporting, as well as support for routine diagnostic reporting throughout the week. Medica has developed a bespoke IT interface with customers, allowing comprehensive access to diagnostic images enabling our reporters the best opportunity to deliver high-quality reports for our clients and in turn, for their patients.

Through its subsidiary, RadMD, in the United States, Medica also provides pharmaceutical and biotech clients and contract research organisations (CROs) with high quality, complex imaging services for international clinical trials. RadMD has gained vast experience in the space, having contributed to over 500 international clinical trials, in all phases of clinical research from proof of concept to phase III and with expertise in oncology, as well as a wider range of therapeutic areas including medical devices, neurology and cardiovascular

Our values:

Patient first and truly collaborative

We are focused on our goal of improved patient experience and outcome and achieve so much more together by working in a collegiate and cooperative way.

Adaptive and pioneering

We strive to offer the best at all times which means adapting our services and using pioneering software and technologies to ensure the best customer and patient experience.

Responsive and accountable

We are responsive and flexible in our approach, processes and services in order to meet the changing requirements of our customers. We take our responsibilities seriously and act professionally at all times.

Excellence in our DNA

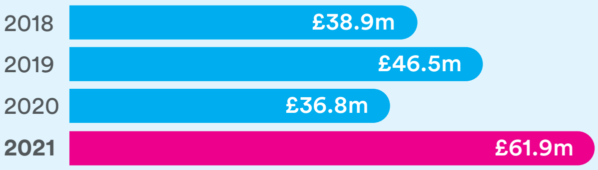
Our reliability and quality of delivery is what our customer's value most highly about Medica. We are always prepared to go the extra mile to deliver a service that adds value and exceeds expectations.

Contents:

1 The Section 172 report forms part of the 2021 strategic report

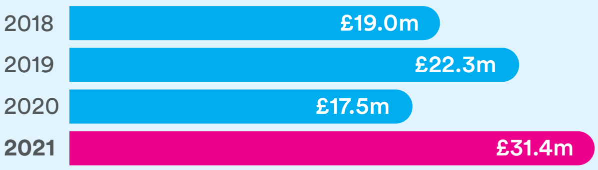
Highlights

Financial Highlights



£61.9m

Revenue

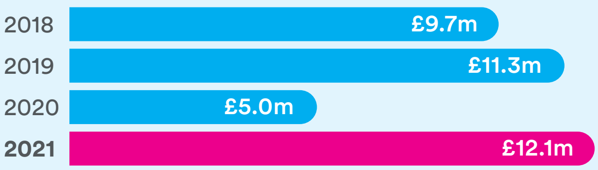


£31.4m

Gross Profit

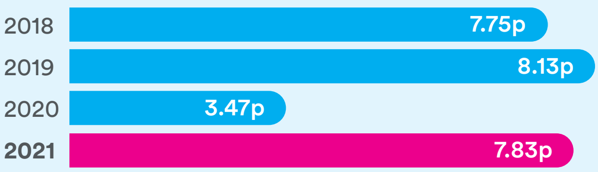
50.7%

Gross Profit Margin



£12.1m

Underlying Operating Profit[1]



7.83p

Underlying Earnings Per Share[2]

(1) Underlying operating profit is a non-IFRS measure and is calculated as operating profit before exceptional items and one-off costs relating to the GDI acquisition and associated extension to the debt facility, share based payments, intangible amortisation in respect of acquired assets.

(2) Underlying Earnings per share is a non-IFRS measure and is calculated based underlying operating profits less financing costs and taxation

- Delivered sales of £61.9m, representing 68% and 33% revenue increase on 2020 and 2019, respectively
  - UK revenues rose 33% to £47.1m as a result of a continued strong performance from NightHawk and a full recovery in Elective scanning activity by the year end
  - Medica Ireland contributed £9.7m in its first full year since acquisition in November 2020, in-line with expectations, and generated a return on capital employed (ROCE) in its first full year ahead of the Group target of 15%
  - RadMD contributed £5.2m of revenues for the nine-month period since acquisition in March 2021, broadly in-line with expectations at the time of purchase
- Increase in gross profit margin to 50.7% (2020: 47.4%) due to mix effect in UK, cost management and positive impact of acquisitions
- Recovery in underlying operating profit to £12.1m, up 141% from 2020 and 6.9% versus 2019, with underlying operating margins recovering to 19.5% (2020: 13.6%)
- Net cash at 31 December 2021 of £3.9m, an improvement of £7.8m on net debt of £3.9m at 31 December 2020

The Board declared an interim dividend for 2021 of 0.89 pence per share and is now proposing a final dividend for 2021 of 1.79 pence per share, which will, if approved, result in total dividends for 2021 of 2.68 pence per share, up 5% on 2020

Operational highlights

- Effective management of elective scanning capacity and demand as volumes recovered as COVID-19 restrictions eased
- Continued growth of NightHawk service with net contract wins and renewals
- Restructured the organisation to create additional management bandwidth and create new group functions to support future growth
- Reorganised business to integrate support functions and maximise efficiency
- Established a UK Leadership Team focused on driving growth and executing strategy
- Successfully deployed Augmented Intelligence solution into Medica's out-of-hours stroke reporting
- Expanded radiology reporting capacity in the UK by 5%

Acquisitions and Joint Ventures

- Completed the acquisition and first stage of integration of RadMD in Philadelphia
- Post-acquisition of RadMD, added new members to the senior team to drive growth and expand operational capacity
- Completed integration and rebranding of Global Diagnostics Ireland as Medica Ireland
- Established MedX, a joint venture with Integral Diagnostics Pty in Australia

Post-period highlights

- Successful launch of new Picture Archive and Communication System (PACS), Medica's new enterprise imaging and reporting software system/platform, with multiple experience and functionality improvements for our radiologists, as first major milestone of the FutureTech programme
- Strong start to the year for NightHawk service through new contract wins, extensions and re-tenders
- Launch of new service with the leading Irish health insurer in Dublin
- Expanded the team internationally with a General Manager for MedX and an expansion of reporting capacity outside of the UK

Dr. Stuart Quin, Chief Executive Officer of Medica, commented:

"The year saw Medica continue to deliver on its strategy by diversifying its offering, broadening geographic reach and investing in technology. With these strategic developments – including the acquisition of RadMD in the US, the creation of a new joint venture in Australia and the successful launch of Sectra PACS in the UK – as well as favourable market dynamics as customers seek to reduce the imaging backlog caused by Covid-19, there are strong foundations in place to support our growth. We look forward to continuing our momentum through 2022 to consolidate our position as the trusted, go-to teleradiology partner for healthcare providers"

Chairman's Statement

"Despite another challenging year, it has been pleasing to see the core business, as well as the recent acquisitions of Medica Ireland (formerly Global Diagnostics Ireland), and RadMD performing strongly during 2021. We continue to have a positive view on the future outlook for the business and believe the market dynamics are still very favourable for Medica."

Roy Davis
Chairman

Strong performance in 2021 as our clients recover and started to process the backlog of cases requiring imaging that accumulated during the pandemic

Medica has once again demonstrated the resilience of its business model in 2021. Having started the year with further lockdowns in the UK and Ireland, our team has worked closely with clients to support the return to pre-pandemic levels of diagnostic reporting, as well as enabling hospitals and clinics to make initial progress in undertaking priority cases that had been postponed due to the ongoing COVID-19 pandemic.

I am pleased to report a strong recovery year for Medica resulting in annual revenue increasing by 68% year-on-year to £61.9m with an improvement in gross profit margin to 50.7% and operating profit of £12.1m, up 141% from 2020. This also compares favourably to 2019 with a 33% increase in revenue (2019 £46.5m), 2.9% increase in gross margin (2019 47.8%) and 6.9% increase in operating profit (2019 £11.3m) as trading improved and Medica started to book sales from acquisitions in Ireland and the US. As a result, the Board has proposed a final dividend of 1.79 pence per share reflecting the strong performance of the business last year. It is particularly pleasing to deliver these results during the ongoing pandemic in 2021, without the need to furlough any employees or receive any government grants, demonstrating the robust nature of the business.

In addition to the core business, the recent acquisitions of Medica Ireland (formerly Global Diagnostics Ireland), and RadMD performed stronglyin a challenging year. These acquisitions were completed during a period of uncertainty due to the impact of COVID-19. However, we were confident that any short-term trading impact would be alleviated as we emerged from the first wave of the pandemic. This has been demonstrated and we are confident that both Medica Ireland and RadMD are very well placed for continued strong growth in 2022.

Continued progress made delivering against new strategic priorities and improving governance

Medica has made significant progress against delivering its strategy and improving its governance structure, including:

- Exceeded market expectations in terms of profitability and cashflow due to careful cost management and close client engagement
- Delivering on our stated strategy by expanding into clinical trial imaging services via the acquisition of RadMD, as well as via a joint venture to collaborate on opportunities in Australia and New Zealand
- Continuing to improve governance and strategic input to the board by recruiting two experienced non-executive directors; Barbara Moorhouse (Senior Independent Non-Executive Director and chair of Audit Committee) and Dr. Junaid Bajwa (Independent Non-Executive Director and chair of Environment, Social and Governance (ESG) and Clinical Governance and Quality Committees)
- Developed a comprehensive approach to develop clear ESG metrics that drive improved business performance
- Established a Clinical Quality and Governance Committee of the Board to increase oversight of factors that are critical to continuing to differentiate our service and respond to client needs

Medium term growth potential driven by the pandemic recovery

We ended 2021 in a similar position to 2020 with growing COVID-19 cases due to the increased transmissibility of the Omicron variant. Whilst it is largely impossible to predict how the pandemic will continue to run its course in 2022, we are increasingly confident that our clients are now better prepared to handle COVID-19 cases and to continue to deliver a largely 'business as usual' service to elective patients. Alongside significant growth potential in elective reporting, we have seen, and continue to expect to see, a marked increase in the number of patients attending Accident & Emergency (A&E) departments requiring imaging procedures to diagnose their conditions.

Both of these growth drivers in the UK and Ireland will require us to recruit more reporters across our business. We have had continued success this year in our ability to attract and retain expert reporters as evidenced by an increase in total reporter capacity of 5% during 2021. We continue to believe this is due to the quality of the service we offer and the breadth and depth of work available for reporters to build their careers and expertise with Medica and RadMD.

In 2020, we started to accelerate our recruitment of radiologists in Australia and New Zealand. Through our MedX joint venture in Australia with Integral Diagnostics, we have continued to recruit in 2021 and, as we seek to fulfil the demand from our customers, we will be ramping up our efforts in in 2022. In addition, we will look to other regions for further reporting capacity from expert General Medical Council (GMC) certified radiologists.

In terms of our clinical trials business, RadMD, the year started slowly as some pharmaceutical and biotech clients opted to delay the start of trials due to COVID-19 until more patients were enrolled. However, business performance improved in H2 2021 as we signed additional contracts with both new and existing clients, as well as resumed studies put 'on-hold' by the pandemic. As a result, the majority of the initial deferred element of the contingent consideration due to the founders of RadMD will be paid in 2022, which is testament to their and their team's hard work and performance in 2021, with a small amount of deferred consideration outstanding into 2023. We are also starting 2022 with an increased pipeline and backlog of opportunities and we continue to invest in expanding the expert team at RadMD.

Outlook

Whilst we are not yet 'out of the woods' in terms of the impact of COVID-19, we have confidence that we will be able to support our clients to tackle their respective backlog of scanning, reporting and clinical trial studies in 2022. We continue to have a positive outlook on the market and think that the dynamics are still very favourable for Medica as we observe more and more reporting capacity pressure in the NHS and Health Safety Executive (HSE) in Ireland.

Our NightHawk service continues to grow robustly, and we expect to extend and renew most of these contracts in 2022. Medica is ready to take advantage of this short to medium term market opportunity by expanding the amount of elective reporting capacity we can provide to our clients by encouraging more radiologists to report for Medica in the UK and Ireland. Government-led initiatives in Ireland have already commenced to reduce the backlog of patients requiring scanning and, in the UK, the NHS has launched its ambitious Community Diagnostic Hubs programme to conduct more diagnostic imaging outside of hospitals, which aligns favourably with Medica's core competencies.

Medica is also focussed on continuing to improve our reporting systems as part of the FutureTech programme, rolling out further Augmented Intelligence ("AI") solutions, increasing productivity of existing radiologists, as well as recruiting more reporters overseas and dual-certifying radiologists in UK and Ireland to support our respective businesses.

Further, we are confident that we are well-positioned to capitalise on the fast-growing market for imaging services for clinical trials. We expect to continue to invest in RadMD to underpin growth in the team and systems, as well as look for opportunities to increase our scale.

The healthcare industry is evolving rapidly and the pandemic has allowed clients to move at pace and make quick decisions which would otherwise have taken longer pre-pandemic. A dependable, reliable and high-quality provider like Medica with an equal willingness to embrace change and look for opportunities means we should be well-positioned for growth in the evolving market.

I would like to finish by thanking all our clients for choosing Medica as their imaging and diagnostics partner for clinical diagnosis and clinical trials. I would also like to recognise the huge efforts taken by our network of radiologists, radiographers and specialist doctors around the world who strive to provide timely and accurate reports for our clients day-in, day-out. I would like to thank our investors for their confidence in the Company in these challenging times. Finally, I would like to thank our operational teams based in UK, Ireland and US who have continued to demonstrate resilience and progress during what was another tough year across our industry and look forward to continuing the execution of our strategy in 2022.

Roy Davis
Chairman

11 April 2022

CEO report

"The year saw Medica continue to deliver on its strategy by diversifying its offering, broadening geographic reach and investing in technology. With these strategic developments – including the acquisition of RadMD in the US and the successful launch of Sectra PACS in the UK – as well as conducive market dynamics as customers seek to reduce the imaging backlog caused by Covid-19, there are strong foundations in place to support our growth."

Dr Stuart Quin
Chief Executive Officer

The strong performance demonstrated in 2021 was again testament to our excellent team and their ability to execute initiatives across the Group. This extends not only to our teams working day and night to deliver fast, efficient and reliable reports for patients, but also to those directly scanning and screening patients and participating in clinical trials. I am pleased that we ended 2021 with strong run-rate financial performance bolstered by a recovery in our Elective business above pre-pandemic levels, significant renewal of existing NightHawk contracts coupled with new client wins and growth in our international businesses in Ireland and the US.

The Company has continued to make excellent progress in 2021 and the first quarter of 2022. This includes:

- Launching our new PACS. This has been a significant project requiring input from all elements of the team in the UK. This project saw all of our radiologists, radiographers and specialist doctors (together "Reporters"), transition to our new provider in a short timeframe with no loss of service to our clients. We expect that this will have significant benefits going forward that will drive operating leverage
- Completing the acquisition of RadMD and immediately strengthening the team by recruiting an operations director, chief commercial officer and finance director. We have also expanded the range of customers with whom we work at RadMD and have entered some exciting new fields with contract wins
- Continuing to deliver our patient-facing ophthalmology screening and surveillance services in Ireland despite the huge impact of COVID-19 on staffing levels and patient activity. Our team has continued to receive praise from the National Screening Service in Ireland for their ongoing ability to deliver the service despite these obvious challenges
- Being awarded the prestigious "Overall Best Project" for Medica's delivery of Augmented Intelligence for Stroke patients in the Association of Project Management annual awards beating many other worthy projects including some from large FTSE 100 companies
- Expanding our team across the UK, Ireland and the US, as well as hiring a General Manager to lead our joint venture in Australia; MedX

In September 2021, the Company conducted its first Capital Markets Day event. This was well-attended and gave us the opportunity to update investors on our progress against the strategy, as well as showcase our wider team and projects, such as our FutureTech programme and Augmented Intelligence approach. It was also an opportunity for investors to meet the heads of our Irish and US businesses for the first time and to better understand the significant market opportunities in both countries. At the event, we reiterated our strategy to investors and devoted time to explain the growth opportunities in each of our market segments.

Significant progress against our strategic goals

Medica's strategy can be summarised as follows:

1. Be the **trusted, go-to partner** for healthcare providers with a reputation for reliability and transparency to **enhance patient outcomes**
2. Invest in our **people and systems** to build an engaged and motivated team
3. Be the **company of choice** for specialist doctors and clinicians wanting to expand their expertise in telemedicine
4. Deliver **profitable, diversified growth** underpinned by **commitment to ESG** with focus on market-leading clinical governance

Taking each in turn, I am pleased that we have delivered significant progress in 2021 against each of the drivers of our strategy:

1. Be the trusted, go-to partner for healthcare providers with a reputation for reliability and transparency to enhance patient outcomes

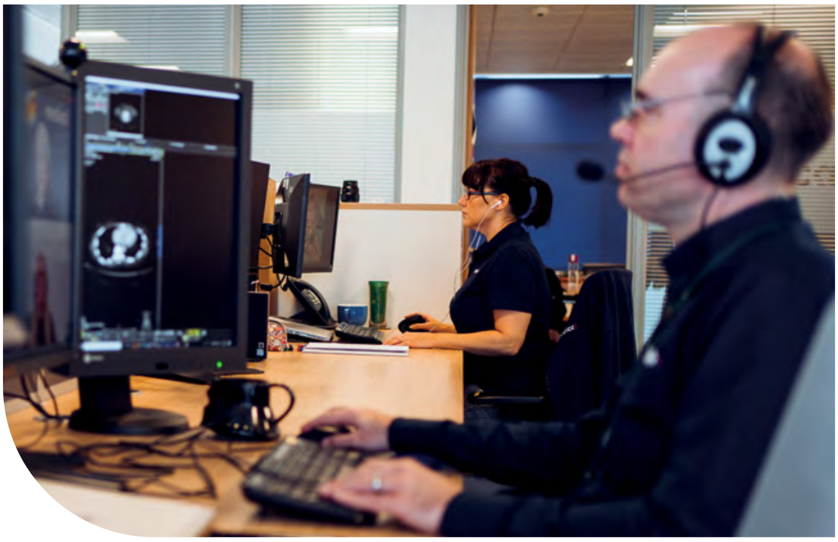
More customers trusted Medica to deliver services in 2021 than in any previous year.

This trust is underpinned by our reputation for delivering a high-quality service 24/7. What this means in practice is that whenever clients choose to send urgent or elective scans to Medica for reporting, we will ensure that we have the right specialist doctor or clinician available to report the exam within the timeframe required. Not only this, but our reports are routinely audited to ensure that they meet the Royal College of Radiologist standards and so that we can continue to provide helpful feedback to our experts on their reports.

Where Medica has long-term relationships with clients, it is working more closely with hospitals to improve communication and information flow such that Medica is better prepared to manage peaks in demand for its services particularly around holiday periods, but also in support of local backlog initiatives. Our systems already support close integration with hospital data, but often last-minute requests from clients require additional reporting capacity at short notice. By planning more effectively, we can help support our clients much better.

This client trust is also evident in the businesses that we have acquired: RadMD's experienced team is frequently trusted to help to resolve issues with so-called "rescue studies"; trials that have started but were not designed correctly and hence are not delivering the expected endpoints. This expert knowledge developed over many years is one of the key factors in clients' decisions to work with RadMD and failure to properly plan and execute the imaging component of clinical trials can result in costly delays to new therapy approval and, in the worst case, failure to gain new drug approval.

In Ireland, where Medica scans patients as well as reports the digital image, the strong relationship with clients is also evident. This has been tested over the last 12 months where we have had to continue to deliver a scanning and screening service in our radiology, ultrasound and ophthalmology businesses respectively, despite maintaining social distancing and increasing the time between scans to sanitise equipment. Over time, these relationships invariably lead to additional opportunities as Medica is trusted to deliver one scanning service, but where support is needed to improve the performance of other services. In this way, Medica can expand its range of services to meet clients' needs.



NightHawk services continued to grow strongly driven by higher admissions at A&E departments and a growing requirement for out-of-hours services in Ireland

Emergency admissions to hospital in England continued to climb in 2021. According to NHS England data published in January 2022, emergency admission growth over the previous three months, compared to January 2021, was 9.6%, and over the last 12 months, compared to the preceding 12 months, was 13.3%. This correlates with the increase in urgent, out-of-hours exams that have been reported by Medica in 2021 where we recorded a circa 1% increase in activity on average each month throughout the year.

Many of our existing contracts were renewed in 2021 demonstrating the fact that clients continue to trust Medica to deliver an urgent service 24/7. In addition to continuing to support existing customers, Medica also won new contracts to deliver out-of-hours reporting services across the UK. As we enter 2022, the Company has a significant number of new contract opportunities that are being tendered, as well as renewals of existing client contracts.

In Ireland, Medica was pleased to be selected by several hospitals to provide out-of-hours reporting services. This market is still nascent in Ireland, but as we predicted when we acquired Global Diagnostics Ireland, it is accelerating as hospitals feel the combined pressure of increasing imaging volumes coupled with a shortage of sub-specialist radiologists available to report during the night-time.

The UK and Ireland teams have been working closely together to increase capacity of reporting. One example of such a synergy has been the efforts to 'dual certify' many of our UK radiologists so they are both UK and Irish Medical Council certified and, therefore, provide a more flexible pool of reporters. Additionally, as we grow our out-of-hours service in Ireland, the team is increasingly drawing on both the operational and commercial expertise of the respective teams.

CEO report
continued

Elective reporting: confidence increasing as pandemic recovery continues

In 2021 we saw a strong recovery in activity as the impact of the pandemic on elective activity has abated. Our clients both in Ireland and in the UK, are now much better placed to separate COVID-19 related cases from Elective cases. This is evidenced by the continued increase in month-on-month activity that we have seen across our portfolio of clients during 2021. Looking ahead into the medium term, we expect to see an increase in scanning activity as clients get to grips with record waiting lists for procedures which in turn drives imaging activity. According to the NHS, this backlog pressure is expected to endure for at least the next two years. In addition, as noted by the UK Health Secretary recently, UK waiting times are set to continue to grow and only likely to recover in 2024 and initiatives to tackle this growing backlog will also increase the requirement for imaging.

In late 2021, the NHS in England announced those companies that have been successful in joining the Community Diagnostic Hubs framework and Medica was delighted to be amongst them. This ambitious project expects to realise around 150 community-based hubs that will offer a range of out-patient diagnostics including routine Plain Film (PF; X-Ray), Computerised Tomography (CT) and Magnetic Resonance Imaging (MRI) scanning. Medica is well-placed to offer reporting services to these hubs and to play a strategic role in supporting existing and new clients with efficient delivery of imaging in an outpatient, community setting.

In Ireland, Medica has been successful in winning backlog elective contracts with the HSE (Irish equivalent of the NHS), as well as providing reporting services for independent sector clients and insurance companies. Medica was proud to partner with VHI, Ireland's leading health insurance company. to be the exclusive provider of imaging diagnostic services across their sites, including at their new flagship site in Carrickmines in the south of Dublin which opened in February 2022. We have also partnered with organisations such as the Children's Health Institute where we have supported them to develop a bespoke hip screening service for neonates. These are some of the examples of the creative ways that we are building the organisation in Ireland to support our clients.

Also in Ireland, we have been proud to continue to be able to deliver our diabetic retinopathy screening service throughout the period of the pandemic, working closely with the National Screening Service to ensure that patients are contacted, screened and appropriately referred for follow up intervention. This service, now in its tenth year, serves around half of the diabetic population in Ireland delivering both a surveillance and screening service for patients.

Acquisition of RadMD, a leader in imaging for clinical trials

In March 2021, we were excited to announce the acquisition of RadMD based outside Philadelphia in the US. RadMD is a specialist business focused on design and delivery of the imaging component of clinical trials. The company operates in the $1 billion market which is growing quickly in response to the increase in demand for imaging services in therapeutic areas such as oncology and neurology.

Since the acquisition, we have recruited new members of the senior team to support the founders, Drs. Richard Patt and Kohkan Shamsi, ahead of expected growth in the company. This has already had a positive impact on the business generating additional opportunities with numerous new clients and helping to bring experts into the team with significant experience in leading operations for imaging core labs, as well as extensive commercial and finance expertise.

Also since acquisition, RadMD has grown its combined pipeline and signed backlog of contracts awaiting commencement in 2021 by 34% from $40m to $53.6m. This is testament to the hard work of the team, but also to the acceleration of studies, many of which were postponed during the pandemic. We expect the strong underpinning of orderbook and pipeline coverage to translate into strong earnings growth throughout 2022 and beyond and are increasing our capacity in both people and infrastructure accordingly to ensure that we continue to expand to meet our clients' needs.

MedX joint venture in Australia and New Zealand

In February 2021, Medica formed a joint venture (JV) with Integral Diagnostics Pty, listed leader in radiology clinics and teleradiology services in Australia and New Zealand. The initial focus of the partnership is to accelerate building reporting capacity during the daytime hours in Australia and New Zealand to report urgent exams in the UK during the night-time. We have recruited an experienced general manager for the MedX joint venture who will support the growth in reporting capacity for the respective JV partners, as well as to develop our wider out-of-hours teleradiology reporting offering for the Australian and New Zealand markets.

2. Invest in our people and systems to build an engaged and motivated team

Medica has continued to invest in its people despite the impact of the pandemic on the underlying business. We have also reorganised our business to create a structure that will provide shared services across the Group enabling our skilled finance, medical, clinical governance, information technology, recruitment, and compliance teams to support their colleagues across Medica.

Whilst a new structure was necessary to underpin our future growth strategy, it also presented the opportunity to promote members of the team into new roles across the Group or within their country organisations. This included Sarah Burns, formerly COO, taking on the new role of UK Managing Director and Kevin Terrins, formerly UK Business Development, assuming the new role of Group Director of Corporate Development. Kevin will be working closely with me to drive organic growth across the business and to ensure that we deliver synergies across our operations.

Further, we have invested in additional resource to support phase two of our ambitious "FutureTech" programme – the first phase of which went live in February 2022. We see this as an ongoing programme which will deliver significant benefits over the next 24 months but will remain a critical component of our strategy going forward as we deploy further workflow and Augmented Intelligence solutions.

Outside of the UK, we have also invested in senior operations and commercial roles in Ireland and the US, as well as a finance director role for RadMD.

Taken together, this represents a significant investment in all our people and provides the opportunity for long-term career development for all of our employees at Medica.

FutureTech project delivering on time and on budget

In terms of systems, much of 2021 was spent preparing the groundwork to launch our new PACS in early 2022. This required significant stakeholder engagement with our new PACS provider, Sectra, as well as with clients, our radiologists and clinical teams, our service delivery and IT teams, as well as finance and compliance functions.

Our FutureTech team was recognised by the Association of Project Management winning not only the "Best Project in IT", but also the overall prestigious "Best Project" awards for delivery of our first Augmented Intelligence tool powered by Qure.ai to assist our doctors in diagnosing intracranial haemorrhage of patients who have suffered a stroke. This AI tool has supported improved quality of reporting by reducing the chance that hard to detect brain bleeds are missed, as well as demonstrating an improvement in the time to report urgent stroke cases of 13%. These awards pitted Medica against some of the largest, best-known FTSE 100 companies and we were thrilled that the delivery of this important project received international recognition. This is credit not only to our project management team, but also to the many reporters, technicians and experts across Medica who worked hard to ensure that our new PACS was ready for deployment by the end of 2021.

In early February 2022, Medica launched its new PACS – the first time in our history that we have replaced our core reporting system in favour of a state-of-the-art solution. This project has been managed by a dedicated team and the first phase was pleasingly delivered slightly ahead of time and budget. Whilst the Company experienced some temporary reduction in reporting capacity during the few days of transition to the new PACS as radiologists familiarised themselves with a new system and Medica calibrated the new PACS to accommodate the volume of cases reported, the system is now operating as planned and is starting to deliver expected benefits.

CEO report
continued

The immediate benefits of the new PACS are multifactorial and include an improved reporting environment, increased speed of reporting and throughput of studies and reduced workflow steps for our radiologists and clinical teams. Going forward, our ambition is to be able to more easily integrate new tools such as Augmented Intelligence, advanced visualisation and data analytics. The Company has indicated to investors that it expects the initial planned phases of the FutureTech programme to be delivered by 2023 and to cost up to £6m. Once fully deployed, our expectation is that the new systems will not only deliver an improved reporting environment, enhanced productivity and functionality, but will also generate operating leverage and increased scalability to meet demand.

3. Be the company of choice for specialist doctors and clinicians wanting to expand their expertise in telemedicine

We continue to have the largest network of radiology experts in the UK and we are expanding this network into other countries to provide more resilience and capacity to support our clients. In 2021, we expanded our network in Australia and New Zealand, as well as in Ireland. We now have an increasing pool of radiologists that are dual certified to report cases in Ireland and the UK which provides resilience in our capacity. We have also invested in developing and growing our radiologist recruitment team and now have a robust team to manage the relationship with our doctors and clinicians from the first moment they speak to Medica and throughout the time that they choose to work with us.

In the US, our RadMD business focused on clinical trials, has also widened its pool of radiologists to support new studies both in the US, but increasingly in Europe with some studies now starting in Asia.

During 2021, we focused on improving our continuing education programme for our reporters. We started hosting regular seminars on topics that are relevant to our radiologists and clinical experts. These seminars count towards the continuing education that our doctors are required to do as part of their roles in the NHS. They also allow experts within our network to share their expertise across a range of diverse topics such as AI tools, cancer reporting criteria and specialist areas of imaging such as Positron Emission Tomography (PET-CT) and have been well attended and received.

4. Deliver profitable, diversified growth underpinned by our commitment to ESG with focus on market-leading clinical governance

At the Capital Markets Day management reiterated its short to medium financial and investment targets- which are as follows:

- **Group Growth Rate and Revenue Target** – Growth of core UK business at 12-14% and recently acquired US and Irish companies by over 15% in the short to medium term with an overall target of c.£100m revenues in 3-5 years excluding any non-organic growth
- **Target Margins** – Gross margins of over 45% and underlying operating profit margins of over 20% in the short to medium term
- **Target Return on Capital Employed (ROCE)** – ROCE of at least 15% within a reasonable period for such opportunities whilst looking to maintain group ROCE above 20% overall
- **Target Cash Conversion** – Underlying operating profit to cash conversion of at least 80%

Commitment to ESG

Medica has significantly revised its approach to measuring and reporting ESG metrics in 2021. Our framework focuses on four key areas of our business that benefit from our commitment to ESG. These areas are aligned to the Sustainability Accounting Standards Board (SASB) international standards for healthcare companies.

1. People and Community
2. Responsible Operations
3. Environmental Impact
4. Customer Centricity

Details of our ESG framework, approach and measures are set out in detail in our new ESG report on Pages 14 to 22 of the Strategic Report.

Clinical governance

Medica has a commitment to audit up to 2% of Elective plain film and 5% of Elective cross-sectional (MRI/CT) scans. The Clinical Governance Committee at Medica chaired by Dr. Robert Lavis, Group Medical Director, meets monthly to review performance data in terms of audit, regulation and any clinical matters requiring attention. The members of this committee include expert radiologists that cover the main disciplines within the clinical service. The audit process is governed as part of the Clinical Governance and Quality Committee of the Medica Board, which meets quarterly and is chaired by Non-Executive Director, Dr. Junaid Bajwa, and establishes the framework to monitor overall clinical governance across Medica.

The NHS tends not to audit exams unless there are specific clinical reasons to do so, hence if you are an NHS radiologist, you tend not to receive regular feedback on the quality of your reporting. Therefore, our radiologists continually cite the fact that Medica regularly audits a proportion of their reports as being a differentiator and very useful feedback that they can not only use to improve the quality of their reporting at Medica, but can also take with them back into their NHS day jobs.

Diversified growth opportunities

Telepathology reporting

As hospitals make progress with digitising histology and cytology specimens embedded in glass slides thereby creating a digital image, this presents Medica with the opportunity to be able to establish a similar remote reporting service for pathology cases, as well as radiology. This not only presents a new market opportunity for Medica, but importantly it offers existing clients an integrated service that focuses on broader diagnosis of a patient's condition. The best example is the diagnosis of cancer which requires often both analysis of tissue or individual cells, as well as radiological examination of the tumour *in situ*. These data, taken together, would provide an integrated report for the oncologist and medical team in the hospital. To do this, Medica will need to integrate pathology reporting applications into its current PACS reporting system, which it is now able to do with the migration to Sectra as our partner. Additionally, Medica would need to build a network of pathologists to be able to remotely report the images in the same way that we currently provide this service for radiology. This project is ongoing, and we look forward to being able to provide this service in the future.

International expansion and continued diversification

- **Clinical trials:** Medica's entry into the exciting clinical trial market for medical imaging will continue to be an area of focus in 2022. The nature of the market is such that it provides services to clinical trials operating across the globe. RadMD's customers are also international and increasingly we are growing our customer base outside of the US into Europe and Asia where there is a fast-growing life sciences market. As we grow, RadMD will invest in systems to generate operating synergies across our customer base and enable the company to benefit from the scale effects that growth brings. Medica will continue to expand both the range of services and therapeutic areas covered, as well as the international footprint of clients during 2022.

- **New teleradiology and telemedicine markets:** In 2020, Medica entered the Republic of Ireland. We saw the Irish market as having very similar dynamics to the UK, but not yet at the same level of outsourcing of key clinical services such as radiology. As we expected, this is changing and Medica Ireland is well-placed to take advantage of the growth in the market. During 2022, Medica will continue to evaluate new market opportunities for teleradiology in Europe and further afield, as well as continue to look at expanding into new areas of telemedicine. In addition, Medica will look to build on existing international partnerships to expand its reach into new markets.

Positive start to 2022

Medica has worked closely with existing customers throughout the past twelve months to extend existing contracts and sign new contracts to deliver both out-of-hours (NightHawk) and Elective services. In addition, we are seeing strong growth in patients attending A&E and requiring imaging in both the UK and Ireland. Whilst February was a challenging month as many radiologists took annual leave and Medica transitioned to its new PACS as described above, March performance has returned to plan and we are focused on accelerating recruitment of new radiologists whilst continuing to deliver benefits from the new, enhanced PACS functionality.

Despite the emergence of the Omicron strain in late November 2021 which peaked in January 2022, the adverse impact on the number of elective cases being referred to Medica as a result of this was minimal, although this did impact the availability of reporters in some cases. This demonstrates that the majority of our clients have been able to successfully resume a level of scanning not dissimilar from pre-pandemic levels. We now expect clients to start to operationalise projects to significantly deal with the backlog of patients working with scans including extending scanning hours within hospitals, closer working with independent hospital groups and scanning companies, as well as making use of central NHS and HSE funding to invest in upgrading to more efficient, faster throughput scanning equipment. With strong demand from our customers, we will continue to manage capacity carefully and explore recruitment options in order to maximise output in the UK and Ireland. Our focus is on the recruitment of new sub-specialist radiologists, as well as working closely with our existing reporter network to improve the overall efficiency through better systems and processes.

In the US, we have continued to see conversion of pipeline projects into signed contracts and new opportunities materialising in areas allied to our traditional focus of oncology. The commercial and operations teams are actively pursuing a broader pipeline of opportunities supported by RadMD's founders, Drs. Patt and Shamsi. This has seen RadMD work with new customers in new markets and with Medica's support, we are also starting to work in areas such as pathology and in new countries where we see opportunity to expand our service offering.

Finally, we continue to pursue our organic growth strategy to further diversify our remote reporting services into areas such as telepathology, and to expand the scale and breadth of our telemedicine services via potential acquisitions.

I continue to be confident that the quality of our team and the extensive network of highly-skilled radiologists, radiographers, sonographers and other specialist medical experts delivering our service, will propel our future organic growth. Alongside this, we continue to look for exciting partnerships and acquisitions that will underpin our growth strategy and further diversify our revenue, breadth of services offered and geographic footprint for the future.

I would like to close by thanking all of our team including our network of radiologists, radiographers and specialist doctors who have contributed their part in what has been a challenging recovery year for Medica and the wider healthcare sector as we started to emerge from the pandemic. I look forward to continuing to deliver on our ambitious growth strategy in 2022 and beyond.

Dr. Stuart Quin
Chief Executive Officer
11 April 2022

Business Model and Services

Our services

At its core, our business model can be summarised as identifying opportunities to improve the service available to our clients and patients using technology and a strong governance framework. Improvements in services are demonstrated by any combination of the following:

- Higher clinical quality, leading to improved patient outcomes;
- Timely delivery, facilitating improved patient outcomes and/or improved patient satisfaction;
- Increased return on investment for our clients.

Medica Group provides teleradiology, teleophthalmology, managed imaging services, and clinical trial reading and imaging management services.

Teleradiology is the secure electronic transmission of radiological patient images, including PF, CT scans and MRI scans, from one location to another, for the purposes of diagnostic interpretation and reporting by highly qualified radiologist experts. Through teleradiology, images can be transmitted from the hospital setting, where the images are created, to a reporter who can review and report on the images remotely.

In the case of Medica, these reporters comprise consultant radiologists, reporting radiographers and rheumatologists, all specialising in their relevant field, reporting on the images from their own home office. Teleradiology improves patient care by enabling reporters to provide their services remotely, thereby facilitating the rapid availability of trained specialists 24 hours a day, 365 days a year.

Teleophthalmology is the secure electronic transmission of photographs of the eye from one location to another, for the purposes of diagnostic interpretation and reporting by highly qualified experts. Teleophthalmology is particularly useful in the context of community screening for potential eye diseases. Medica Group currently provide the Diabetic RetinaScreen service to around half of the Irish population in partnership with the Irish National Screening Service. We provide a full end-to-end screening service, arranging appointments, taking photos of the eye in convenient community locations which are then collated centrally for review and reporting. If the images show no evidence of disease progression (or other abnormality) the service user is kept on the surveillance cycle and we will see them again after an appropriate interval. If there are signs of disease progression (or other abnormality) they will be referred to a specialist centre for further investigation or treatment.

Diabetic RetinaScreen
An Clár Náisiúnta Scagthástála Reitiní do Dhiaibéitigh
The National Diabetic Retinal Screening Programme

Managed imaging services, is the provision of end to end imaging to healthcare providers. For Medica this includes the provision of facilities, staffing, imaging equipment, appointment scheduling, imaging, and reporting via our teleradiology service. We provide a service which is tailored to the client's requirement giving them the flexibility to provide elements of the service themselves. We provide X-Ray, CT, MRI, Ultrasound and Dual Energy X-Ray Absorptiometry (DEXA – bone density scans) managed services. These range from short-term contracts to aid with waiting lists or improved patient access, right through to long-term contracts where we establish lasting partnerships with our clients.

Clinical trials imaging services

Clinical trials support the development of new treatments (drugs, therapies and devices) to improve patient care and patient outcomes. A large proportion of clinical trials utilise medical imaging performed at regular intervals to provide empirical data on the impact of the new treatment. Medica provide consultancy, project management, training and reader services for clinical trial imaging. Clients include pharmaceutical and BioTech companies, device manufacturers and Contract Research Organisations.

Multi-disciplinary teams (MDT)

Medica provides MDT support as part of our elective reporting service. This service supports clients who have specialist radiologist capacity gaps by leveraging the large cohort of radiologists at Medica who have experience and expertise of working in an MDT environment.

Medica radiologists attend virtual meetings on a regular basis to discuss the diagnosis and suggested treatment for individual patients alongside the hospital's on-site clinical team. Working with other healthcare professionals such as pathologists, haematologists, and clinical oncologists they assist in making timely decisions that directly affect patient treatments and outcomes.

Why might a client choose Medica?

- Rapid flexible set up options, providing support to clients when they need it;
- Experts are available to discuss or clarify reports with clients;
- Experienced in-house technical team offering full support 24/7;
- Platform designed with contingency systems providing a robust and resilient network;
- Access to a network linking Medica's over 500 reporters with over 100 hospitals;
- Market-leading Emergency service delivering high quality reports in a timely manner to support critical decisions in patient care; and
- Decades of experience in clinical trial design and execution, coupled with an extensive network of experienced readers.

ESG

Our approach to understanding our impact and building a sustainable business

In order to achieve our mission of leading the way in telemedicine and putting patient outcomes at the heart of what we do, we recognise the importance of the Environmental, Social and Governance (ESG) activities that underpin our business. Our employees, clients, consultant radiologists, radiographers, specialist doctors and wider stakeholders make achieving our mission possible. Following a detailed review and materiality assessment during 2021, our framework and approach to ESG has been updated to focus on four key pillars; **People and Community**, **Responsible Operations**, **Environmental Impact and Customer Centricity**.

Each pillar is relevant to the Group's business strategy and the framework has been approved by Medica's ESG sub-committee, chaired by independent Non-Executive Director Dr. Junaid Bajwa. The committee meets quarterly and provides advisory oversight, supporting the Board and management to develop policies, frameworks and strategies for key ESG matters. Please refer to the chair's letter for more details on the committee and its activities during the year on page 49.

For each of our ESG pillars, we have outlined the key areas of focus below and the contents of this report includes commentary highlighting the main activities aligned to these focus areas and progress we have made to date.

SASB (Sustainability Accounting Standards Board)

We are pleased to be reporting against the SASB standard for Healthcare Delivery for the first time. We think that this is the most appropriate internationally recognised ESG reporting standard for healthcare companies such as Medica. Our SASB disclosure for 2021 can be found on our website at www.medicagroupplc.com/sasb-disclosure-2021.

Unless otherwise noted, this report summarises the ESG activities and impact of our UK and Ireland operations for the reporting period of 1 January 2021 to 31 December 2021 and our US operations for the period of 23 March 2021, the date of acquisition of RadMD, to 31 December 2021.

Measuring our impact

As part of our ongoing commitment to building a sustainable business, the below table sets out how we measure our ESG impact and progress.

	People and Community	Responsible Operations
Our commitments	1. Attract, retain and develop our people to deliver sustained business growth 2. Promote equality, diversity and inclusion across our business 3. Supporting and encouraging initiatives resulting in positive community impact	4. Protect the privacy and security of the data we are entrusted with 5. Promote ethical standards within our workforce and onward supply chain
KPIs	• Percentage of women on the Board of Directors • Percentage of women on the Wider Management team • Internal appointments as a percentage of total appointments	• Number of material regulatory compliance breaches • Total amount of monetary losses as a result of legal proceedings associated with data security and privacy
Targets for 2022	• Collecting data and reporting on diversity and inclusion within the wider business • Improving our reporter experience through the delivery of our future tech programme	• Review the United Nations Sustainable Development Goals (SDGs) to identify where Medica has the biggest impact and align to our ESG strategy • Provide our staff with training on the risks of modern slavery • Carry out an employee salary review against the National Living Wage in Ireland

	Environmental Impact	Customer Centricity
Our commitments	6. Minimise our impact on the environment 7. Minimise our carbon emissions	8. Put patient outcomes at the heart of everything we do 9. Deliver exceptional clinical quality 10. Developing long-term partnerships built on trust
KPIs	• Carbon emissions, tCO_2	• Percentage of NightHawk studies completed within SLA
Targets for 2022	• Introduce further green travel initiatives • Begin developing Medica's net zero strategy	• Report on additional KPIs next year • Review and align the client survey programme across the Group and report on Net Promoter Score • Increase the reporter engagement programme across the Group

ESG
continued

People and Community

Our commitments

- Attract, retain and develop our people to deliver sustained business growth
- Promote equality, diversity and inclusion across our business
- Supporting and encouraging initiatives resulting in positive community impact

KPIs

- Percentage of women on the Board of Directors
- Percentage of women on the Wider Management team
- Internal appointments as a percentage of total appointments

Promoting equality, diversity and inclusion

Our people are our most valuable assets. They have been vital to the success of Medica as market leader in teleradiology in the UK and Ireland, as well as driving growth in our clinical trial imaging business. Our ability to attract, retain and develop a diverse and talented team is crucial to delivering our business strategy and ensuring our continued sustainability going forward.

We are determined to make Medica a great place to work and have a firm commitment to equality of opportunity in all our employment policies, practices and procedures. Our recruitment and selection processes are geared to selecting the best candidate regardless of their age, gender, sexuality, ethnicity, full or part-time status, disability and marital status. Our equal opportunities policy ensures that no employee or applicant is discriminated against. We also apply these principles to the recruitment of the radiologists, radiographers, specialist doctors and other clinicians that we contract with across our business.

We welcomed 195 new employees following our acquisitions in Ireland, the US and business growth in the UK.

Our employees in numbers

	2021
Total no. of employees (headcount)	329
Employee growth year on year	+ 146%
Split by gender	Female – 60% Male – 40%
Percentage with a permanent contract	74%
Total no. of full-time employees	207
Total no. of part time employees	122

*reporting to Senior Management Team

Our reporters in numbers

	2021
Reporters by gender diversity	Female – 26% Male – 74%

We note that none of our employees are subject to a collective bargaining agreement or represented by a trade or labour union and our relationship with employees remains very positive.

Fostering a diverse leadership team

This year we are reporting for the first time on diversity within our Board of Directors and senior management team (SMT). Although the Group is not currently in scope, we are pleased to report positive progress against the targets set out by the Hampton-Alexander and Parker reviews. Our performance on ethnic and gender diversity, is outlined in the tables below.

Our Board of Directors in numbers

Number of individuals on the Board	6
Percentage of women on the Board	33.3%
Number of women holding chair or senior positions	2
Number from an ethnically diverse background	1

Our Wider Management team

Number of individuals on the WMT	27
Percentage of women on the WMT	44%
Number from an ethnically diverse background	1

Engaging with the people who help to create our story

An engaged team of employees and reporters is vital to our current and future success. We held regular "town hall" style meetings, led by Dr. Stuart Quin, CEO, to share updates of our progress and good news stories with employees across our UK, Ireland and US based teams. Further updates are shared with our employees and reporters through our newsletter the 'Medica Reporter'. New members of our teams are welcomed into the business, including interview styled introductions.

Alongside this we conducted regular education and "lunch and learn" sessions with employees, as well as organising a dedicated educational programme for our reporters which is run by one of our internal radiologist experts.

Our Independent Non-Executive Director, Jo Easton, hosted virtual employee forums during the year to hear directly from our employees and discuss a variety of topics to review how our people strategy is performing. Topics addressed included experience of working for Medica, developments to the way we work as a result of the pandemic, Medica's strategy, culture and values, leadership communication, remuneration and for Medica Ireland, the acquisition and integration experience. Two formal Board reviews of the output and feedback took place in August and December 2021.

The Group defines employee performance management through the setting of company-wide strategic objectives and these are cascaded throughout the organisation. Performance against objectives is reviewed and managed via an appraisal process and through regular meetings between our managers and their teams.

Following on from our 2020 exercise in the UK, our Irish business was rebranded to 'Medica Ireland' in March 2021. This included updating and launching our existing Medica values and embedding them into our Irish operations. Our values have been further embedded into our annual performance and development process in the UK and we shall introduce this in Ireland and the US in 2022.

We reviewed and launched an improved staff benefits package in our UK division, including increased annual leave allowances and improved parental leave and compensation and benefits. We also launched our new 'home working policy' in the UK, Ireland and the US providing our employees with greater flexibility to manage their work remotely. Additionally, we have plans to roll out a new cycle to work scheme in 2022 that will be open to eligible UK employees.

In addition to the benefits we provide, our ethos of recognising and rewarding our staff remains at the heart of what we do. At the end of 2021, our colleagues and the leadership nominated individuals who embodied Medica's values and we celebrated their success with annual virtual 'Medica Awards' events.

Developing and growing our talent

Following on from the leadership programme we delivered in 2020, many our UK based junior managers received a similar leadership and management programme during the year. This supported individuals to learn and develop the skills and tools needed to support their teams and the wider business and in turn to deliver the Group's strategic objectives and goals.

To further enhance our commitment to clinical excellence, we delivered a safety critical communication training to our out of hours NightHawk service. Developing key communication skills ensures that our teams deal effectively with critical messages when liaising with our customers and reporters.

Our compliance teams continued to deliver a suite of e-learning modules for our employees and reporters. This included the induction process and ongoing training during their time with the organisation. This resulted in improved employee and reporter engagement and streamlining of training.

During 2021 we ran a series of virtual 'lunch and learn' sessions in the UK, Ireland and US, enabling staff to access additional training and increase cross-functional awareness within the organisation.

We have supported the further education of our employees, including individuals working towards MBAs, masters degrees and specialist training and recertification across the business.

We continue to invest in our talented workforce, and this continues to lead to regular internal promotion. This enables the Group to develop a loyal and highly engaged workforce, as well as continuing to maintain and develop our culture. We continue to adopt our "grow your own" approach to talent and where possible, will always seek to fill internal roles by offering existing team members the opportunity to grow and develop within the organisation.

When internal promotion was not possible, our in-house recruitment team were on-hand to source new talent to join the organisation, whilst keeping external recruitment agency costs down.

Internal appointments as a percentage of total appointments	29%
Number of training hours per employee	7

Sustaining the wellbeing, health and safety of our people

This year we increased our focus on mental health by running a health and wellness survey across the organisation. This resulted in the formulation of a wellness strategy aimed to support our employees across the business. This included running mental health awareness training sessions and wellness-focused coffee mornings.

As our employees continued the trend of working remotely during the year, we arranged virtual access to our coffee mornings and 'watercooler' sessions as an opportunity to share feedback and discuss key topics such as wellbeing and health.

We also hosted a live webinar with a former Premier League footballer who shared his story about mental health challenges through difficult times. Colleagues from all three of our divisions joined the session and shared incredibly positive feedback.

Additionally, our employees were empowered to setup a social committee with members joining across the organisation to arrange social events inside and outside of the workplace.

In the UK, Ireland and US, our employees have the flexibility to work from home, with some of the team fully remote. In the US market, our employee health care premiums are fully paid by the company with an additional fund provided annually in a health savings account to assist managing the cost of health care expenses (insurance deductibles). The health plan offers coverage for health and wellbeing, including psychological counselling and is a market-leading plan offering for our employees.

We have published the health and safety data collated across all three divisions for the first time this year, demonstrating Medica's safety record across the Group:

TRIR (total recordable incident rate)	0
DART (days away, restricted, or transferred)	0

Attracting and retaining the highest calibre of clinical expertise

In addition to the earlier stories on our recruitment, engagement and development activities, the Group continues to invest in our dedicated in-house recruitment team and our approach to attract and retain our reporters. Delivering telemedicine solutions with clinical excellence requires the highest calibre of expertise. Our clinical recruitment and retention strategy focuses on the needs of all stakeholders to ensure clinical quality for our clients and a satisfying and rewarding experience for our doctors. Although the majority of our reporters are not employed with us, our strategy focuses on the importance of investing in ongoing professional development, training and regular audit which reinforces the quality of their reporting output. The addition of augmented intelligence tools also helps to assist our radiologists with reporting of critical, highly time sensitive diagnosis of stroke out-of-hours.

Our people strategy considers all aspects of a reporter's interaction with us and encourages long-term retention. In addition to our dedicated reporter recruitment and training teams, our reporter relationship functions in the UK and Ireland provide assistance with day-to-day queries, requirements and 24/7 support. Our clinical governance team oversee the management of our reporters. Investment as part of our Future Tech programme in the UK is targeted to improve the workflow experience for reporters and functionality of the system to enhance both the quality of reports, as well as reporter productivity.

ESG
continued

This year, we implemented the license to practice (L2P) solution, streamlining the appraisal process for our reporters and our clinical governance team. Ongoing wellbeing has been introduced as a discussion item for all annual appraisals. In the UK and Ireland, the job plans for our Reporters are regularly reviewed to ensure they are not overworking when they report for Medica. For further details on our approach to reporter governance, please see our 'Customer Centricity' section on page 22.

Reporters who partner with Medica experience more than just reporting and reading work. We provide flexible scheduling, with both ad-hoc and regular reporting work to suit their availability. This year, we offered leadership development initiatives, allowing reporters to participate in working groups, focus group involvement and present on a series of educational seminars. We also supported our reporters with mentorship opportunities and access to the seminar series. Our reporters in the UK and Ireland also have an exciting prospect of undertaking work for both divisions as we continue to align and develop our service offering in both countries.

In the US, our reporters are offered a flexible schedule and the ability to be fully remote and work from anywhere in the world. We support them through regular communication channels including updates on upcoming projects and sharing feedback from labs.

Community impact and charitable causes

The Medica team is proud to work for a company that makes a real difference to improving patient welfare and contributes to saving lives. Our NightHawk and Elective services in the UK do this by providing high quality complex reports back to hospitals quickly to support diagnosis of illness and disease that directs the care of the patient. In Ireland, our diabetic retinopathy (DR) screening service can quickly identify and reduce the likelihood of blindness through a cost-effective screening approach. Further, in the US, we support our clients to analyse imaging data from clinical trials that aim to demonstrate safety and efficacy of novel therapies including for cancer.

We are always looking to innovate and improve the quality of our services. A recent example of this is the extended investment in critical communication training for our emergency out of hours team. This was directly aimed to improve patient outcomes particularly in time-sensitive conditions such as stroke and trauma diagnosis pathways.

Our business continues to help improve the day to day reporting experience for our consultant radiologists and this ultimately improves patient outcomes. There are many ancillary benefits of teleradiology to the NHS apart from providing much-needed reporting capacity. Radiologists want a more flexible portfolio career that allows specialisation and telemedicine is a great way to achieve this. Our consultants continue to augment their expertise by focusing on particular types of sub-specialist reporting which benefits the NHS and in the case of reading for clinical trials, our pharmaceutical and biotech clients. Medica's clinical audit process is valued by our radiologists as this is rarely conducted in the NHS or HSE systems. They receive support and feedback on their reporting quality and approach and we also share best practices that help to develop sub-specialist expertise that is highly valued in their roles working for the NHS in the UK or HSE in Ireland and is an important benefit of working for Medica.

Our core business model relies on us to continually '"do well by doing good" and through our business model and strong company values, we believe that we will have a positive impact on our people and the Group's future growth. During the year we continued to support our charitable partner RefuAid to sponsor doctors arriving in the UK as refugees as they retrain to become qualified in the UK.

Our employees in the UK and Ireland raised further charitable donations, including fundraising for local mental health and homeless charities; the latter by collecting and donating clothing and supplies, essential during the winter months.

Responsible Operations

Our commitments

- Protect the privacy and security of the data we are entrusted with
- Promote ethical standards within our workforce and onward supply chain

KPIs

- Number of material regulatory compliance breaches
- Total amount of monetary losses as a result of legal proceedings associated with data security and privacy

Behaving ethically with good governance at the heart of what we do

We remain committed to maintaining and implementing policies to ensure we operate in a manner that is both responsible and ethical. This is essential to ensuring that our business grows in a sustainable manner. Behaving ethically involves everyone at Medica from our Board of Directors down and all employees are required to abide by our Employee Code of Conduct and is made available via Medica's internal network.

We operate in accordance with the Universal Declaration of Human Rights and take account of other internationally accepted human rights standards. We also promote human rights through our employment policies and practices, our supply and value chains.

We conducted a review of the hourly rate of all UK staff and workers in 2021 to satisfy ourselves that the National Minimum Wage and National Living Wage were being paid in all circumstances. We continue to maintain this position and obtained the National Living Wage accreditation during the year as a further statement of our commitment.

The Group publishes a Modern Slavery statement in line with the requirements of the Modern Slavery Act 2015. We also have a Modern Slavery Policy that reflects our commitment to act ethically and with integrity in all our business relationships. The Policy is made available to all workers to ensure they understand our responsibility and attitude towards modern slavery. Our annual Modern Slavery Statement can be found on the footer of our website at www.medicagroupplc.com.

Medica maintains and implements policies that demonstrate commitment to adhere to regulations on tax and financial transparency. We refrain from using offshore jurisdictions for tax planning and our tax payments are aligned with revenue generating activity.

We continue to adhere to regulations on anti-bribery, anti-corruption and anti-money laundering. We reviewed our policies and process with external auditors to ensure continued adherence with the Criminal Finances Act 2017.

Our Whistleblowing policy enables anyone from any level of the organisation to report known or potential breaches of our code of conduct and policies.

We have further developed our risk management framework and this has been further embedded into our business, following our acquisitions in 2020 and 2021. During the year we aligned risk, project and performance management across our UK, Ireland and US divisions. Further information on our approach to risk can be found in our Risks & Uncertainties report on pages 34 to 37. We would also refer you to our Corporate Governance report on pages 40 to 42.

Number of material regulatory compliance breaches	0

Ensuring we work with ethical and responsible supply chain partners

We are committed to working with suppliers who demonstrate highly ethical business practices. Our supplier management and assurance process ensures that suppliers are assessed for supply chain risks, including modern slavery, privacy and data security. This is driven by our internal Information Security & Risk team with support and engagement across the business. In 2022, our target is to develop a supply chain code of ethics policy to further support our existing supplier risk processes.

Protecting the security and privacy of the data we are entrusted with

The risks from cyber security continue to rise globally and so too does the need to protect our customer's patients, our employees and Medica's other information assets.

Cyber and privacy risk is reviewed alongside our wider risk management approach and was regularly reported on by our Head of Information Security & Risk and discussed with the Senior Management Team and Board of Directors.

Our UK and Ireland divisions are accredited and certified to a number of quality and security focused standards, including the Quality Standards of Imaging (QSI) and CHKS for our teleradiology operations and both ISO 27001 and Cyber Essentials to support our internal information security management system. In addition to our own internal audit process, our management systems are regularly audited by external certification and accreditation bodies to provide assurance against the standards, our policies and our controls.

Our IT, security and business teams successfully identified and stopped a number of cyber attacks during the year. One such example originated from China, attacking one of our external facing systems.

To fully support and develop awareness, employees are provided with regular training on relatable security and privacy topics, including the risks from the internet, email security and data protection (UK and EU GDPR).

Medica has dedicated budget for investment in cyber security with a particular focus on staff awareness and IT security technologies. We have also obtained Cyber Insurance for the Group.

More information can be found in our 'Information Security and Data Protection Overview' publication, located on our website at www.medicagroupplc.com/privacy-security-overview.

Total amount of monetary losses as a result of legal proceedings associated with data security and privacy	(£) zero

Environmental Impact

Our commitments

- Minimise our impact on the environment
- Minimise our carbon emissions

KPI

- Carbon emissions, tCO_2

Minimising our environmental impact

Medica actively considers its environmental footprint and the impact that decisions may have on the environment and particularly climate change. As a technology & services focused Group with most of its staff either working from home or employed in one office location and radiologists contracted mainly from their own homes, we believe our own environmental footprint remains small.

Our environmental policy sets out our core foundation of environmental and sustainability principles, a copy is available on our website at: www.medicagroupplc.com/environmental-policy.

Following on from the pandemic we have implemented a working from home policy in our UK and Ireland divisions. This has resulted in higher levels of remote working and reduced travel into the office. Although we do not have the data available, we believe that reducing employee travel has positively impacted our related carbon footprint. In the US our team already benefit from home working and reduced travel time.

We have continued to reduce our environmental impact through partnerships including leveraging existing delivery networks, rather than delivering reporter workstations around the UK ourselves. This also benefits our business with reduced lead times, quicker overall deployment of workstations and an improved experience for reporters.

This year we have explored the use of virtual desktop infrastructure (VDI) to further minimise the potential transport of large workstations, in particular as we continue to grow our overseas based reporters.

We continue to maintain our clear approach to recycling by encouraging those in the office to use conveniently placed bins for standard paper & plastic recyclables, and separate secure confidential paper recycling.

During the year, we continued to drive the recycling of higher value items such as redundant workstations, laptops, PCs and cabling etc. Our process has been further adopted for non-office based equipment, such as server infrastructure. Due to our approach to re-use equipment where practicable, we did not require any physical recycling by our Waste Electrical and Electronic Equipment (WEEE) regulated partners in 2021. We do however have plans to green recycle equipment that can no longer be re-purposed during 2022.

In 2021, our documents requiring execution were processed using an e-signature solution. The use of this solution has positively impacted our environmental impact with estimated savings of over 1,700kg of carbon, 100kg of physical waste, and 700kg of wood.

Following a review of our leased head office, we have been advised that the building was supplied with 100% renewable source electricity during the year.

ESG
continued

Climate Disclosure Project (CDP) and Task Force on Climate-Related Financial Disclosures (TCFD)

The Group submitted its first corporate response to the annual CDP Climate Change survey and also recognises the TCFD recommendations, in particular the relevance for organisations who have identified key risk exposure to climate change impact. Medica's exposure to climate risk over the near-term has been assessed and is considered immaterial due to our operating model,, we have however set a target to start beginning the development of a climate strategy during 2022 that will set out our ambition to become carbon neutral and achieve net zero in the future. Please find our responses to the TCFD recommendations below:

TCFD recommendation	Our disclosure
Description of Medica's governance arrangements to assess and manage climate-related risks and opportunities Description of how Medica identifies, assesses and manages climate-related risks and opportunities Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process	Medica's Environmental Social and Governance Committee has been appointed by the Board to identify, assess and strategically manage climate-related risks and opportunities that materially impact the Group. The Group's Audit Committee is responsible for providing oversight of Group risks and opportunities, and this includes environmental and climate-related risk. This includes risk mitigation, strategic alignment, scenario analysis and reviewing progress against targets where these have been set. The ESG Committee met once during 2021 and have committed to meeting bi-annually in 2022 onwards. Medica has a very limited direct impact on the environment and is not a significant producer of greenhouse gas emissions. Therefore, climate risk has been assessed as very low and is considered immaterial to the Group's future success. However, the Group recognises that it still has a key part to play in global climate-related challenges and continues to seek out opportunities to positively impact in this area. Our actions and impact is outlined in the 'Minimising our environmental impact' section on page 19. Climate risks and opportunities are identified, assessed and managed through the Group's existing risk management framework and further details on this can be found in our Risks and Uncertainties report on pages 34 to 37.
Description of the climate-related risks and opportunities that Medica has identified and the time period(s) Description of the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning. Description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy Analysis of the resilience of the business model and strategy against different climate-related scenarios	Medica has reviewed climate-related risk and as a business we are not materially exposed to environmental risks in the next 0-5 years. The Group employs less than 330 employees globally and all of our offices are leased. Therefore we have not yet carried out an assessment of climate-related scenarios. For transparency, we have detailed the climate-related risks and opportunities that we have identified and assessed, below: **Risk: Environmental impact events (floods, fires, storms etc.)** Our offices in the UK and Ireland are located in areas of very low risk to flooding, fires and storms. Our office in the US is located in an area known for flood risk, however there has been no historical impact from floods in the region. Medica's remote working strategy, combined with resilient IT infrastructure, means that our employees and reporters who are dispersed globally, minimise any potential impact from such localised environmental events. **Risk: Changes to government or regulatory policies on climate change** Our leadership team continue to monitor climate policy changes and ensure that Medica are able to comply and disclose appropriately. **Opportunity: Increasing demand for healthcare delivery** Demand analysis shows that if global temperatures rise, this may increase the impact on human health and this could increase the demand on healthcare delivery and in particular Medica's services. Medica recognises that the effects of climate change need to be continually assessed and analysed for the short, medium and longer term and we will continue to report on this annually.
Description of targets to manage climate-related risks and/or realise climate-related opportunities and performance against them Description of the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	As stated earlier, Medica has assessed climate-related risk to be immaterial, however we have set ourselves targets to introduce further green travel initiatives and to begin developing a net zero strategy as set out in the 'Measuring our impact' table on page 15. In addition we continue to report on carbon emissions metrics as a KPI in line with SECR and have enhanced our disclosure this year to include limited scope 3 reporting. These will continue to be monitored to assess climate-related risks and opportunities. Further details of greenhouse gas emissions can be found on page 21.

Our energy use and greenhouse gas (GHG) emissions during the year

The Group reports on energy consumption and the associated GHG emissions in compliance with the Streamlined Energy and Carbon Reporting (SECR) legislation.

Greenhouse gas emissions and energy use data – UK and Offshore (for the period 1 January to 31 December 2021)	2021	2020	2019
Scope 1 in tCO_2e	**0**	0	0
Scope 2 (location based) in tCO_2e			
Purchased electricity	**8.9**	10.3	15.4
Total Scope 2	**8.9**	10.3	15.4
Total Scope 1 and 2 in tCO_2e	**8.9**	10.3	15.4
Intensity Ratio			
tCO_2e per £m Revenue	**0.1**	0.3	0.3
Scope 2 emissions in metric tonnes CO_2e (Market based)			
Purchased electricity	**0**	No data	No data
Total Scope 2 – Market based	**0**	No data	No data
Scope 3 emissions in metric tonnes CO_2e			
Business travel in employee owned vehicles	**13.3**	No data	No data
Total Scope 3	**13.3**	No data	No data
Total Energy Consumption used to calculate scope 1 & 2 emissions (kWh)			
Electricity	**42,029**	44,263	60,346
Total	**42,029**	44,263	60,346

Scope

As per previous years reports and for the 2021, the scope includes our UK operations only. For 2021, our non-UK subsidiaries are not included as they are excluded by way of the SECR exemptions, as they would not be obliged if reporting on their own account and they are also considered immaterial.

We did not purchase or combust fuel directly, so Scope 1 was not applicable. Scope 2 emissions are limited to our UK operations and specifically to electricity usage at our Group's head office building. We have also chosen for the first time to make a voluntary disclosure for Scope 3 emissions relating to business travel in employee-owned vehicles this year.

Calculation methodology

The reporting methodology used is the GHG Protocol Corporate Accounting and Reporting Standard, operational control approach. This year we have also reported market based scope 2 emissions as this data was made available from our third party building landlord.

The calculations for Scope 2 are derived from electricity meter readings for lighting and power and estimates where applicable. The calculations for Scope 3 are derived from mileage claims for UK employee expense forms for travel during the period. Scope 2 & 3 GHG emissions have been calculated this year using the 2021 UK Government GHG Conversion Factors for Company Reporting. We have also re-calculated and re-published our 2019 and 2020 emissions using the respective 2019 and 2020 UK Government Conversion Factors to provide more comparable year on year data as the previously published figures for FY 2019 and FY 2020 were generated using the US centric EPA emissions calculator.

Scope 1: includes emissions from activities for which the company own or control including combustion of fuel and operation of facilities for the UK.

Scope 2: includes emissions from purchase of electricity, heat, steam or cooling for own use for the UK.

Scope 3: includes emissions from business travel in employee owned vehicles.

We have disclosed one intensity ratio this year and it is calculated based on total tCO_2e emissions in the reporting period divided by total Group revenue in £m.

ESG

continued

Customer Centricity

Our commitments

- Put patient outcomes at the heart of everything we do
- Deliver exceptional clinical quality
- Developing long-term partnerships built on trust

KPI

- Percentage of NightHawk studies completed within SLA

Keeping patient outcomes at the heart of what we do underpinned with clinical excellence

Clinical governance remains paramount to the delivery of our critical services. The Group's oversight utilises regular reporting from clinical committees in the UK and Ireland and is consolidated by the Medical Advisory Board, led by our Group Medical Director, Dr. Robert Lavis. The Clinical Governance and Quality sub-committee of the PLC Board chaired by Dr. Junaid Bajwa meets quarterly to ensure oversight of clinical excellence, highlighting potential clinical risk and enabling the Board to review and manage this in line with the Group's wider risk management framework.

Onboarding: All of our reporters are taken through a thorough review, accreditation and assessment to assure quality of patient care. This is balanced with careful management of reporter engagement, hours worked and wellbeing.

Appraisal: Our high quality appraisal team are now engaging with overseas reporters to assist in regaining GMC registration to further increase our overseas rostered capacity.

Audit: We provided ongoing evolutions of our clinical audit processes to harmonise systems across the clinical aspects of our business. We have changed the focus of some of our internal audit to target patient groups with complex studies such as major trauma so that they were effectively reviewed in a shorter time frame.

Percentage of NightHawk studies completed within SLA	97%

Continuing Professional Development (CPD): We drive excellence through our reporter engagement exercises such as feedback surveys, educational seminars and working groups to enhance reporter experience and education.

Building partnerships with clients that go beyond excellence in service delivery

This year, we continued to offer our pro-bono "pass through" service whereby we collaborated with radiology departments in response to the impact of the pandemic to leverage our network of reporting capabilities. This facilitated the home reporting of internal client work by their own staff utilising our infrastructure. This was provided during 9am – 5pm weekday NHS contracted hours throughout the year.

The service has enabled NHS hospitals to utilise their radiologists or reporting radiographers who already contract with Medica, to continue to report from home when required to self-isolate due to COVID-19. As a result, Medica continues to strengthen its relationship with clients and to demonstrate our core values.

In Ireland and the US, our teams worked closely with our clients, including supporting compliance challenges. This year we performed vendor and site audits on behalf of sponsors to utilise the expertise within the RadMD business.

Human Story: Alfred Francia shares the impact COVID had on radiographers

I am a clinical specialist in CT scanning at Our Lady's Hospital, Navan. The hospital's CT service is managed by Medica, who I have worked for since May 2014 when they won the tender for the equipment and end to end service. I previously worked with Alliance Medical for 8 years, managing the CT service at the same hospital on their equipment, and prior to that I worked in a military hospital in Saudi Arabia as a CT and MRI radiographer.

Q Describe your day-to-day role both pre-pandemic and during the pandemic. What have been the most significant changes? How do you adapt to changes in best practice?

A COVID-19 had a big impact on my daily routine in the radiology department. It was a stressful environment as early in the pandemic we didn't know what COVID-19 was and how serious the situation was. Pre-pandemic, I would only use personal protective equipment (PPE) for patients with tuberculosis or MRSA, so the increased use of PPE was met with supply difficulties during the first few weeks of the pandemic. In addition to PPE, we had to allocate one scanner to be exclusively used by COVID-19 patients during certain hours in order to minimise the risk of exposure to other patients, which meant our service was running at a reduced capacity.

Q What has it been like adjusting to wearing PPE and carrying out infection control while you serve a patient?

A We must treat all our patients as if they are carrying the virus, which means wearing a full PPE suit. Wearing a full PPE suit can be very uncomfortable and comes with additional challenges such as communicating with patients and staff. We also had to develop new cardiac arrest protocols to protect both the staff and patients, which involved a new cardiac arrest trolley that included fresh COVID-19 PPE and removing the mouth to mouth element of resuscitation.

Q Do you think the pandemic has affected both ambulatory and critical patients, and how has Medica/you worked to maintain a patient first environment?

A The biggest challenge has been looking after patients with co-morbidities, giving them safe access to the CT service. Patients, such as those accessing the oncology service, regularly require scans to monitor their cancer treatment and many of these patients are vulnerable and scared of the risk of COVID-19 when attending their appointment. I recognised this issue very early on and came up with a solution that meant patients didn't have to walk through the main hospital and corridors to attend their appointment. I located an alternative entrance, which enabled patients to drive up to the entrance, attend their appointment without entering any other part of the hospital, and then comfortably exit to their car. This arrangement worked really well and patients fed back that they were happy their exposure to the hospital environment was minimised.

Q As a frontline member of staff, you are serving patients who are critically ill, some with COVID. How does this make you feel and what is it like returning home after your shift?

A CT scans have a vital role in the diagnosis and treatment for COVID-19 patients. Severe cases require a CT scan of their chest and occasionally an angiogram. I have seen a lot of critically ill COVID-19 patients that come for a CT scan before being taken straight to ICU for intubation. Some of them survived and unfortunately some didn't. This has been the hardest part of the pandemic for me, I've found it very mentally exhausting knowing that the patients did not have the opportunity to say goodbye to their loved ones.

Q Did Medica do anything to support you and your colleagues throughout the pandemic?

A I have not felt alone or unsupported throughout the pandemic. Catriona, our radiology services manager has been available from day one, even supplying sets of PPE when we were running short on stock. There has also been continuous communication from the Medica admin team through email and regular online meetings.

Q Our working relationships internally and with our clients have had to adapt to ensure the safety of our patients and staff. Do you feel this helped to cement the relationship with Navan and your colleagues? Were they tested/affected negatively at all?

A In my time with Medica, there has always a sense of being part of the team in Navan, despite being a private provider in the Hospital. We really were all in it together here during the pandemic, and I guess the only impact from the client support side was our management team not being allowed on site during peak affect periods. We kept our meeting schedules up though with telephone and video dial in options which kept key relationships and communications in focus. We had the further impact last year of the cyber-security attack across the HSE which lost Medica access to all systems – and we even managed to get radiologists on our team to come to Navan and stay overnight to ensure the on call/NightHawk service was maintained. Going out of our way to support Navan and its patients in that way strengthened an already very strong relationship between Medica and the Hospital.

Group Themes

Leveraging scale across the Group – key themes

As Medica has expanded over the past 18 months into new service lines, as well as new countries, there is an increased opportunity to leverage the effects of scale across the company. As we grow, not only can we take advantage of the expertise we have built as part of Medica's group functions, but we can also ensure that this learning is a two-way street with opportunities from one part of the business being utilised to improve services across the Group. We have selected four areas where the benefits of working as a Group have improved both the quality of service, but also improved the scalability of the business which will support the delivery of operating leverage across the company.

1. Integration of acquisitions

Medica has integrated both of its acquisitions; Global Diagnostics Ireland (GDI; November 2020) and RadMD (March 2021) into the Group.

In the case of GDI, the company has now been rebranded to Medica Ireland and is successfully building the Medica brand in Ireland given the strong links to the UK teleradiology business. In addition, we have rebranded our diabetic retinopathy screening service to Medica Vision which has been similarly successful. Medica Ireland has already benefited from being part of the wider Group in areas such as:

- **Systems** – we now have a combined team providing support for Ireland, as well as the UK. This team were involved in migrating our Irish systems across to a new datacentre following acquisition and provide day-to-day support where needed alongside the local IT team in Dublin
- **Quality and governance** – we have centralised the process and clinical governance framework to ensure that both the UK and Irish businesses are now jointly managed in terms of clinical governance. This also offers some Ireland and UK medical council dual-certified radiologists the opportunity to report scans in both jurisdictions
- **Recruitment** – as Medica grows, it requires an increased reporting capacity. We have a dedicated recruitment team that is focused on building and developing relationships with our reporters in the UK and Ireland. This enables us to work quickly and effectively to ensure we can react to requests from clients for more reporting – particularly during busy times of the year
- **Training, development and incentivisation** – we now have a single team focused on training and development. In addition, the team in Ireland are now benefiting from being part of the wider Medica employee benefits and incentive scheme which we hope will improve recruitment and retention of employees.

In terms of RadMD, the business lines are quite separate and so synergies are limited to wider Medica group support in areas such as finance, HR and IT. However, we have started to train a number of UK-based radiologists to be able to read clinical trial images as an opportunity to both increase their expertise and experience, as well as expand into other sources of revenue. This is still early stage, but we are hopeful that such opportunities will continue to grow.

2. Working in partnership

In March 2021, Medica entered into a joint venture partnership with Integral Diagnostics Pty, an Australian imaging clinics company based in Sydney with operations across Australia and New Zealand. The partnership called MedX is making good progress with phase one of the venture which was focused on recruitment of radiologists in Australia and New Zealand to support Medica UK's out-of-hours service, NightHawk. Medica now has radiologists reporting regularly via the joint venture which is helping to support our clients to deal with the increasing number of scans that require urgent reporting between 7pm-7am. In addition, MedX has recruited a General Manager who is tasked with developing the joint venture to offer teleradiology services in Australia supported by both parent companies.

3. Investment in people

Medica spent considerable time and investment during the pandemic to focus on training and development of its teams in UK, Ireland and the US. In the UK, Medica ran a tailored management training programme to develop the next leaders in the business. This proved very successful and as Medica has reorganised its teams to support Ireland and RadMD in the US, several senior managers have been promoted to manage operations across more than one country. This creation of a group function and multi-country responsibility has enabled career progression across the organisation. In addition to this, managers across the Medica Group have benefited from being part of the company incentive scheme and well over 30 managers are now participating in the Performance Share Plan at Medica. The company continues to also run an Employee Share Scheme which allows all UK employees an opportunity to acquire Medica shares in a tax efficient manner. Further details on our investment in people can be found on pages 14 to 22 of our ESG report.

4. Investment in technology

FutureTech: Over two years ago, we announced a significant investment in Medica's reporting systems and information technology architecture. This has culminated in Medica's ambitious FutureTech programme which is a £6m investment that will continue to run through 2022 and into 2023 to deliver an improved reporting experience for our radiologists, radiographers and specialist doctors.

The first phase of FutureTech went live in February 2022 with the new Sectra PACS. This is the first time that Medica has made significant changes to its operating systems and represents a huge step forward in terms of the scalability and functionality it offers. Although it is still quite early in terms of quantifying the benefits of the Sectra PACS go-live in February, we are already observing improvements in the following areas:

1) New analytics & functionality: The new PACS has enabled improvement in the quality of data which will support improved SLA management and will enable focused service improvements including AI integration & deployment

2) Improved reporter experience & clinical outcomes: whilst data is still being analysed, we have already recorded a decrease in time to report urgent cases. In addition, the new system has improved our ability to allocate studies on a 'right first time' basis. As one radiologist noted, "*the new PACS is much more intuitive*"

3) Efficiency gains: early results indicate reduced time to report a study by an average c.10% per study for acute workflows Cost reduction: finally, we estimate that initial savings of c. £250k have been generated in annual technical support on a like-for-like basis, savings which will underpin our ongoing FutureTech programme

We also anticipate that the new systems will deliver improved productivity, as well as enhanced functionality in areas such as Augmented Intelligence (AI) and advanced visualisation tools that support the diagnosis made by the reporter. The new systems will also be fully scalable and will underpin Medica's future growth.

Augmented Intelligence: in December 2020, Medica went live with its new AI tool from Qure.ai called qER which detects haemorrhages in the brain indicative of stroke. This decision support tool is integrated into the normal way that a radiologist would review and report a case, but crucially qER provides additional information for the radiologist that acts as a second pair of eyes to flag often what are very hard to detect micro-haemorrhages in the brain. The qER tool has >99% sensitivity meaning that it has a very low false negative rate – in other words it very rarely misses a brain bleed. This allows our radiologists to improve the quality of their reporting as well as productivity. Indeed, we have shown that using an AI tool, it improved the time to report by 7% or 1 minute per scan that normally takes around 14 minutes to report. Every minute counts when reviewing a potential stroke case and so this is improving patient outcomes, as well as supporting our specialist radiologists to make the right decision during the night-time.

Medica's new PACS will be much better suited to adopt AI tools into the workflow and we are expecting that further solutions will be added this year and into the future based on what is most useful to support our radiologists and also based on client needs.

Clinical trial systems: RadMD, Medica's provider of imaging services for clinical trials has expanded rapidly over the past few years. As the business grows, we are looking at ways to improve economies of scale and better manage our data, systems and processes. Work is underway as part of the wider FutureTech programme to develop a Clinical Trial Management System (CTMS) to support growth.

Delivery: UK

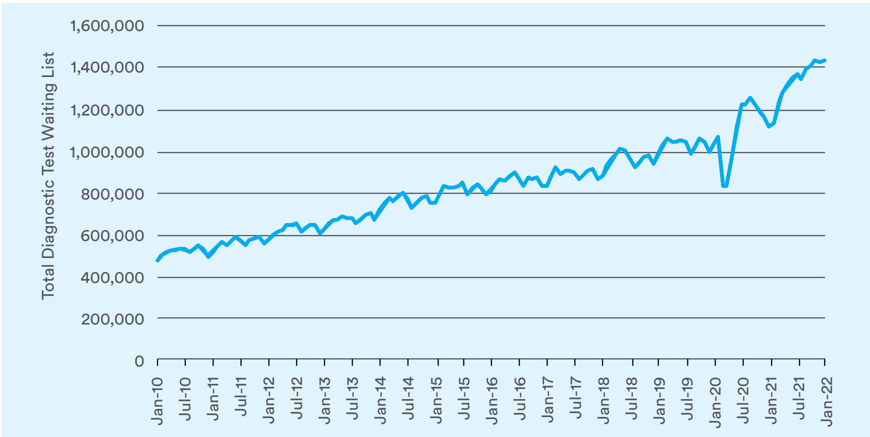
Despite a lockdown in the early part of 2021, our clients were soon able to start to resume elective scanning of patients. This recovery continued throughout 2021 to the point that in Q4, reporting reached pre-pandemic levels. In our UK business, our teams adapted well to an agile hybrid working model that enabled a combination of home and office- based working based on the needs of the employee and what was required to fulfil their role. Our business model, clients and professional reporting workforce were also adapting to the changes that the pandemic had brought about within the healthcare sector. In November 2021, in response to the increased backlog of patients waiting for diagnostic tests, the government committed £250 million in funding for diagnostics. They also announced that the intention was to increase delivery of diagnostics in a community setting. Whilst already part of the NHS Long Term Plan, this was accelerated due to the pandemic and the unprecedented numbers of patients waiting for routine procedures. When implemented, this will see millions of patients benefit from earlier diagnostic tests closer to home thanks to up to 40 community diagnostic centres set to open or expand across England in a range of settings from local shopping centres to football stadiums. The new one-stop-shops for checks, scans and tests will be backed by a £350 million investment from government to provide around 2.8 million scans in the first full year of operation.

The centres will help to achieve:

- earlier diagnoses for patients through easier, faster, and more direct access to the full range of diagnostic tests needed in areas including respiratory, cancer and ophthalmology
- a reduction in hospital visits which will help to reduce the risk of COVID-19 transmission
- a reduction in patient waiting times by diverting patients away from hospitals, allowing them to treat urgent patients, while the community diagnostic centres focus on tackling the backlog

NHS England Monthly Diagnostic waiting list data show that despite increasing capacity as COVID precautions ease, the volume of patients waiting is still increasing.

Total number of patients waiting at month end for all tests January 2010 to January 2022



Source: NHS England: NHS Diagnostic Waiting Times and Activity Data. January 2022 Monthly Report. First published: 10 March 2022

In addition, all cancer services are back to or above pre-pandemic levels with almost half a million people checked for cancer in June and July – among the highest numbers on record – while more than 50,000 people started treatment for cancer in the same period, a 32% increase on the same period last year.

UK Financial metrics

Revenue:
£47.1m

Gross profit margin:
50.2%

Underlying operating profit:
£9.9m

Medica has responded to these approaches taken by clients by extending the range of services that we offer. In terms of support for cancer diagnosis, Medica has partnered with clients to provide Multidisciplinary Team (MDT) support where Medica radiologists provide both reporting and advisory services via a virtual meeting with other healthcare professionals from our client.

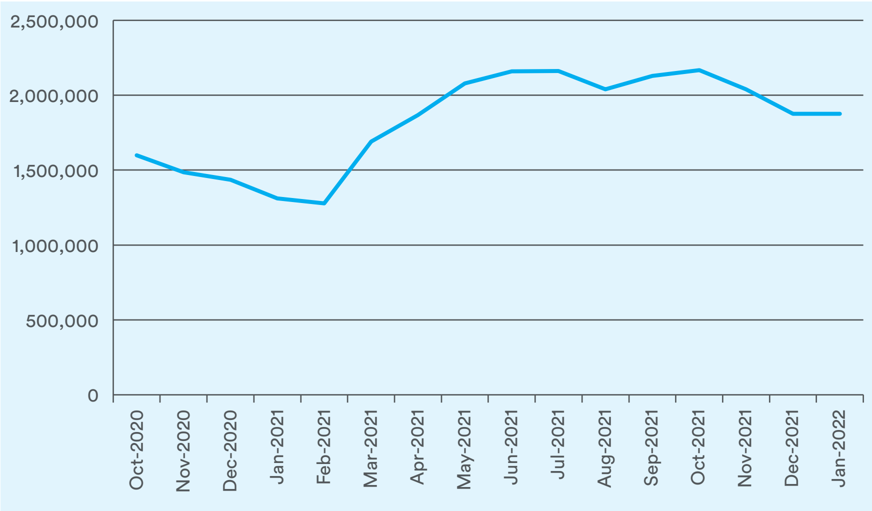
Another example is our Same Day service, which has also seen growth during 2021, as hospital radiology departments gear back up to manage their own competing demands of the backlog of both elective, cancer and emergency cases. Same Day service provides reporting with a report turnaround time of between 4 -24 hours dependent on clinical indication. Our service is being expanded in 2022 as Medica responds to increasing demand by providing duty radiologist services alongside the Same Day reporting service. Duty radiologists will provide our clients with access to specialised advice in real time, meaning care pathways and patient decision making can be made more efficiently.

Finally, in 2021, we launched a new Cardiac MR service.

Our ability to redesign services has been heavily influenced by the move of our core PACS system to Sectra, which was successfully completed in February 2022. This will furnish our reporting workforce with improved image viewing facilities, alongside advanced visualisation and clinical interpretation tools including Augmented Intelligence. Additional anticipated benefits include increased reporting productivity and a scalable platform to support the further development of Medica's 'Future Tech' strategy – a move to more digitised and automated workflow and process management. Further automation of systems and processes will continue in 2022 and 2023. To support our growing reporter workforce, we moved both our shift rostering and medical appraisal process to digital systems. This has allowed a much more streamlined approach with reporters having a 'self-service' approach to both their reporting roster with Medica and documentation to support information for medical appraisal – a fundamental requirement for maintenance of a licence to practice medicine in the UK. All these technical developments make it easier to work with us, supporting our group strategy for making us the organisation of choice for specialist radiologists and radiographers.

Whilst recovery was the focus of our elective service in the UK in 2021, growth was the outstanding feature of our NightHawk service. Regularly performing over 1000 exams per 24-hour period in H2 2021, Medica provides ever increasing emergency reporting services for the NHS. As the graph below shows the number of A&E attendances increased significantly from the lock down months of late 2020 and early 2021 and is only now stabilising However, we expect that attendance at A&E will continue to rise. However, we expect that attendance at A&E will continue to rise.

Total A&E attendances per month



Source: NHS England https://www.england.nhs.uk/statistics/statistical-work-areas/ae-waiting-times-and-activity/ae-attendances-and-emergency-admissions-2021-22/

Our bespoke acute case management portal provides real time visibility to our emergency specialist reporters, referrers in A&E and our in-house team to manage and prioritise cases in a clinically time sensitive manner. We have appointed an experienced operations manager to manage the growth of the acute service and overall, have expanded our in-house team. Part of our investment included training on "human factors" and critical communication methods which enabled improvement in the way our team interacts with emergency care physicians and prioritises and report urgent clinical cases. During 2022, the focus in the UK is to further develop the value proposition with both clients and our reporting workforce to build long term relationships, provide a community where people feel valued, and be a partner that is responsive and reliable. Future investment in additional roles in the UK, namely a new Client Service Manager, Group Head of Reporter Relations and Head of Commercial Development will assist in cementing our stakeholder centric culture and quality of service delivery.

UK Operational metrics:

Increase in total capacity:	Increase in total exams reported vs. 2020:	Increase in average number of body parts per exam vs. 2020:	NightHawk SLA adherence:
5%	28%	6%	97%*

* target – 95%

Delivery: Ireland

Scanning, Screening and Reporting – COVID-19 Recovery and Backlog Management

Healthcare provision in Ireland in 2021 continued to be impacted by the COVID-19 pandemic throughout the year. This impact was exacerbated by the ransomware cyberattack on the Health Service Executive (HSE; equivalent to the UK NHS) computer systems in May. The cyberattack effectively caused the shut down of the HSE IT systems with a significant impact on hospital appointments across the country, with many appointments cancelled including all outpatient and radiology services. The cyberattack impact meant that many hospitals and their radiology teams were scanning and manually reporting only their urgent studies with no access to NIMIS (National Integrated Medical Imaging System). This created a significant reporting backlog which Medica were poised to assist with once the systems were brought back up, and enabled a number of new client Hospital go lives in the process.

Despite these challenges, Medica was able to support clients to recover from the pandemic by delivering diagnostic scanning and reporting for over five thousand public patients in our primary care locations. Our radiographer, sonographer, screening and patient facing support teams were able to continue to examine patients every week while adhering to PPE and public health guidelines. In addition, we were able to support the teleradiology requirements of a large private diagnostics provider who scanned significant numbers of HSE patients but experienced a bottle neck on the reporting side. In our diabetic retinopathy screening service we managed the backlog of cases that had accumulated following the cessation of services in 2020 in the initial covid-19 discovery period, by increasing our capacity to ensure screening could be delivered 6 days a week in the first half of 2021 which was effective in eliminating any wait times over 3 months.

Alongside our remote out-of-hours reporting service in Ireland which has grown during the pandemic, the team in Ireland were also proud to have been able to provide onsite NightHawk radiologist support to one of our long-term HSE hospital sites without which critical patients would have had to be transferred to alternative hospitals. This is a good example of the flexible approach that we have in Ireland which is focused on solving client issues together as they arise.

Our diabetic surveillance programme also expanded, helping to alleviate some of the pressures on the hospital waiting lists. This year more than any, we have worked in close partnership with the National Screening Service to clinically align where we can provide support and there are further plans to expand that surveillance programme from a clinical perspective, allowing further Medica to acquire additional patient waiting lists from the hospital systems.

2022 will see the continuation of the outsourcing of diagnostics and screening by the HSE as patient backlogs continue to be managed by Medica and others, and the team are looking forward to further exploring opportunities for our bespoke solutions.

NightHawk Service Development

At the time of the acquisition of Global Diagnostics Ireland (now Medica Ireland), the out-of-hours acute "NightHawk" service market in Ireland was less developed in comparison to the UK. The impetus of the pandemic and cyber security impact saw Medica expand our ad hoc services to 365 days/year provision and win several new HSE NightHawk clients. Our unique model has been recognised by the HSE for its simplicity yet effectiveness and the Irish team is working closely with the UK team to enable further expansion of NightHawk services across the HSE as the market expands and radiologists become less available to manage the out-of-hours shifts in hospitals.

Expansion of our Vhi Contract

One of the biggest projects embarked upon in 2021 by the Medica team in Ireland was the collaboration on the development of Vhi Health & Wellbeing's 360 Health Centre in Carrickmines, its new flagship multi-disciplinary clinical facility. Vhi 360 Carrickmines, is a state of the art health centre in a 5,000sq metres facility which will provide Vhi customers with access to top of the range health and wellbeing services delivered by a highly trained multi-disciplinary healthcare team – all under the one roof.

Medica had been involved to assist Vhi in the design of this facility and the services it will provide. With the new modality installations and preparatory work all complete, the new Vhi clinic was opened on 23 February 2022 and is now Ireland's largest urgent care facility.

Having worked with the Vhi Health & Wellbeing teams in our urgent care diagnostics provision for their national Swiftcare clinics since 2008, we were proud to continue as their exclusive services provider and to expand our partnership with the Carrickmines 360 footprint.

'The Medica team were highly engaged and collaborative partners in the development of our new diagnostic centre in our 360 Health Centre in Carrickmines and our urgent care radiology services, both in Carrickmines and across Ireland. We have found them to be a strong clinical and commercial service provider and we look forward to our ongoing work together.'

Vhi Health & Wellbeing Chief Clinical Officer and Managing Director Dr. Nicholas Young

Integration with Medica

At the time of acquisition of Global Diagnostics Ireland, there were five areas of focus in terms of integration and synergies.

1. Business Development

The rebranding and values transformation project was completed on 31 March 2021. This project involved engagement with both internal and external stakeholders and enabled Medica to align the definition of our services such as NightHawk and Elective reporting across the UK and Ireland while developing bespoke materials for managed services in Ireland. Alongside this, Medica presented and sponsored a healthcare conferences and are looking forward to our first official joint conference approach at the European Congress of Radiology in Vienna in July 2022.

2. Radiologist Access

One of the synergies of the acquisition of Global Diagnostics Ireland by Medica was being able to deliver its first successful contract award for dual UK & Ireland radiologist reporting, allowing resourcing for elective and sub-speciality reporting volume. This opportunity would not have been realised prior to acquisition. In addition, our recruitment and reporter liaison teams in the UK have been working hard to coordinate current UK reporters and new onboarding reports to obtain Irish Medical Council (IMC) Specialist register status. This expansion in reporter access will afford Medica, and in turn the HSE, greater support to deliver out-of-hours "NightHawk" services.

3. Systems and Readiness

One of the most significant post acquisition projects was the migration across to Medica infrastructure and a new data centre. This will provide the Irish business with access to Medica's bespoke acute services tracking portal, shared e-learning, audit, rostering and business analytics. The creation of an integrated, shared business services team – including IT – across the UK and Ireland will help to support growth in both companies.

4. Governance and Quality

Another example of transformation of Medica Ireland post acquisition was the integration of the clinical governance, quality and risk structures, and adoption of the new group governance frameworks. The cross-country participation in respective governance meetings and the reporting structure to the Board has worked well and ensures close monitoring of the clinical performance of both businesses. The Irish management team is now integrated into the wider Medica Group and is represented on the Executive Committee by the Ireland Managing Director.

5. Focus and Expertise

The development of matrix structures and cross-country shared service teams for Recruitment, HR, IT, Marketing, Information Security & Risk and Clinical Governance will ensure that the Irish business is positioned well for future growth. One example is the recruitment of a Head of Operations for our diagnostics services in Ireland.

In summary, during 2021 the Ireland business has now been integrated within the wider Medica Group and best practices and know-how from both entities continues to be shared to the benefit of both teams.

Ireland Financial metrics

Revenue:
£9.7m

Gross profit margin:
50.8%

Underlying operating profit:
£1.5m

Ireland Operational metrics:

Increase in total exams reported vs. 2020:
36%

Increase in number of registered diabetic opthalmology patients:
32%

Delivery: RadMD

The acquisition of RadMD, was completed in March 2021. Since then, investments have been made in recruitment of new leadership positions in operations, business development and technology to drive growth and scale the company to support pharmaceutical and biotech companies with imaging services for clinical trials. Results during the final nine months of 2021 are very encouraging as a contributor to Medica.

The goal of delivering new treatments to patients around the world brings deep meaning to the work of RadMD's team. Drs. Rick Patt and Kohkan Shamsi, founders of RadMD, have built a reputation for strong clinical leadership, medical expertise, and a world-class reader network. The team assembled proved pivotal in major RadMD accomplishments in 2021. As an example, RadMD contributed to the early FDA approval of a novel KRAS Inhibitor for lung cancer. Specifically, RadMD assessed images of lung tumours, crucial in determining drug efficacy. It is exciting to contemplate that, given the in excess of 200 ongoing trials within RadMD the next breakthrough medicine could occur in 2022. RadMD exists to drive change and continually raise standards within the medical imaging industry, to support those conducting clinical trials on lifesaving drugs and devices. To do this, quality and regulatory compliance are at the forefront.

The FDA visited RadMD in March of 2021 for an audit. The results yielded the highest results from the Agency. The veteran FDA auditor was compelled to share that this achievement had only occurred twice in her 20-year career of audits and this was clearly helpful to cement the relationship with RadMD's client.

Primary RadMD customers are those with trials in early phase oncology. RadMD's therapeutic focus has broadened to include AI (Augmented intelligence) Imaging Software and next generation oncology diagnostic validation trials. This new business capitalizes on RadMD's industry-leading group of expert radiologists, and oncology expertise. For example, AI software trials require a large pool of radiologists (>30) and highly qualified experts which places RadMD in the best position among its competition.

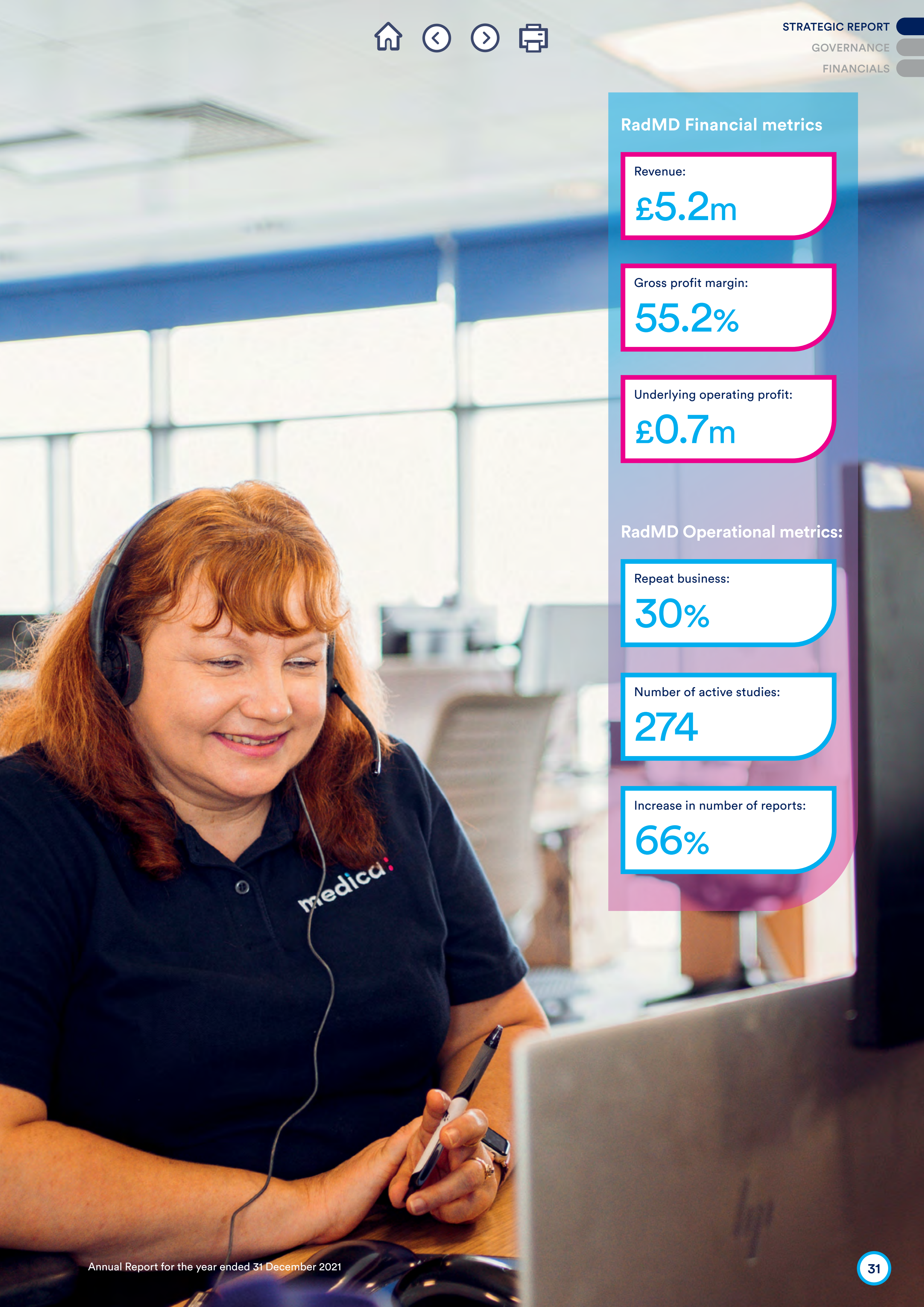
RadMD's deep oncology expertise resulted in the largest awarded trial in the history of the company which calls for validation of next generation oncology diagnostics to improve patient treatment options. This is a new area of expertise for RadMD that stems from the company's extensive knowledge of oncology trials.

Marketing of the company to a broader industry audience is required. Lack of awareness of RadMD's value proposition is its main hurdle to overcome, as well as perception of RadMD as a small player. RadMD's rebranding and marketing strategy began in 2021 and will continue during 2022 by expanding the sales force, attending conferences, increasing speaking engagements, and sharpening RadMD's message. The marketing plan calls for, among other things, leveraging the acquisition by Medica, as its listing on the London Stock Exchange and its core business in radiology is impactful to RadMD's clientele.

Overall, a significant amount of progress has been made during 2021 and the first phase of integration of RadMD into the wider Medica Group has been achieved. As the two organisations have spent more time together, it is clear that there are opportunities to leverage common expertise in radiology systems, Augmented Intelligence and the sharing of expert radiologists to interpret clinical trial images. In 2022, continued investment is planned to expand the RadMD team as we similarly expand the range of clients that we support.

Kohkan Shamsi

Richard Patt



RadMD Financial metrics

Revenue:
£5.2m

Gross profit margin:
55.2%

Underlying operating profit:
£0.7m

RadMD Operational metrics:

Repeat business:
30%

Number of active studies:
274

Increase in number of reports:
66%

Financial Review

"2021 saw a strong recovery in our financial performance that included an excellent result from Medica Ireland, which generated returns above our target for acquisitions in its first full year, and the first contribution from our US business, RadMD acquired in March 2021."

Richard Jones
Chief Financial Officer

Progress against our strategic financial goals

Strategic financial target[1]	Medium term Target	Actual 2021
Revenue growth rate		
UK	12%-14%	**33%**
Ireland[2]	>15%	**27%**
US[2]	>15%	**(2%)**
Target Margins		
Gross Profit Margin	>45%	**50.7%**
Underlying Net Operating Profit margin	20%	**19.5%**
Return on Capital Employed		
Group	>20%	**20%**
Ireland	>15%	**>15%**
US	>15%	**N/A**
Group Operating Cash conversion	>80%	**81%**

[1] Non-GAAP unaudited operational performance measures as set out in the CMD presentation in September 2021

[2] YoY comparison including periods pre-acquisition

Revised segmental analysis

Following the acquisition of RadMD in March 2021, we have made further changes to the way we manage and report on Group operations compared to 2020. For 2021 we have reported our results in three geographic segments; the UK, the Republic of Ireland and the US reflecting the way we report and manage the Group. Central PLC costs are allocated across the three segments.

Revenue

Overall revenue increased 68% to £61.9 million in 2021 from £36.8 million in 2020. Excluding the impact of acquisitions on 2021 and 2020, on a like-for-like basis, revenues increased 33%.

UK

In the UK, NightHawk, our urgent out-of-hours reporting service, which started the year fully recovered from the impact of COVID-19 in 2020 saw revenues increase 30% to £29.8 million in 2021 from £23.0 million in 2020. Elective reporting services, which had been more severely impacted than NightHawk and for longer, recovered steadily throughout the year and ended the year at its highest ever run rate driven by a backlog of scanning demand in the NHS. Revenues increased 38% to £17.3 million in 2021 from £12.5 million in 2020.

Ireland

Medica Ireland reported its first full year since acquisition in November 2020 and reported £9.7 million in revenues in the year compared to £1.3 million for the two-month period from November 2020. This represented strong growth on the run rate immediately prior to acquisition of €9 million (or £7.6 million) per year driven overall by a recovery in the ability to scan and report patients during the pandemic, as well as the expansion of existing clients and new client contracts. It was very pleasing to note that the Return On Capital Employed (ROCE) for Ireland exceeded our target return in its first full year of operation.

US

RadMD, based in the US and focused on imaging services for clinical trials, was acquired in March 2021. For the 9-month period in 2021 revenues were £5.2 million, on a constant currency basis broadly in line with run-rate revenues at the time of acquisition. Pipeline and signed contract backlog also increased 34% since acquisition driven by further growth in oncology projects, as well as penetration of new clinical trial areas.

Gross Profit and Gross Profit Margin (GPM)

Gross Profit is stated after the cost of reporting radiologists, internal audit costs required to deliver contractual commitments and other cost of sales such as framework costs in the UK. In 2021, Gross Profit increased by 80% to £31.4 million in 2021 from £17.5 million in 2020 after taking account of the strong UK recovery and the positive impact of acquisitions. GPM increased significantly to 50.7% in 2021 from 47.4% in 2020 as a result of positive contract negotiations in the UK, careful cost management and the positive mix impact of higher margins in Ireland and the US.

Underlying Operating Profit

For 2021, consistent with prior years we have reported underlying operating profits that consider the impact of non-underlying items to provide a more representative depiction of underlying activity. Underlying operating profits increased to £12.1m in 2021 from £5.0m in 2020. This reflected both the improvement in the UK performance together with the positive impact from the US and Ireland.

Non-underlying costs

Non-underlying costs after tax increased by £1.4 million to £3.9 million in 2021 from £2.5 million in 2020. These costs included £0.4 million relating to the acquisition of RadMD, £2.2 million (2020 £1.0 million) relating to the amortisation of acquired intangible assets, £0.8 million (2020 £0.2 million) relating to share-based payments and other one off legal and professional costs of £0.6 million (2020 £0.1 million). The income tax credit on these non-underlying costs was £0.2 million (2020 £0.1 million).

In addition, non-underlying finance costs included £0.6 million (2020 £nil) relating to a fair value adjustment on contingent consideration.

Net finance expense

Finance costs net of finance income were £0.5 million for the year (2020: £0.3 million). In March 2021 we finalised a new fully flexible £30.0 million Revolving Credit Facility (RCF) and drew down £12.0 million of this during H1 2021 to repay the term debt which had been in place since IPO and also repaid the previous RCF of £5.6 million. Since the initial drawdown, £6 million of the RCF was repaid and £6 million of the RCF was drawn on 31 December 2021. The interest costs for the year of £0.5 million represent interest on drawn down balances together with non-utilisation fees on undrawn amounts.

Profit before Tax

Underlying profit before tax increased by £6.7 million to £11.5m in 2021 from £4.7 million in 2020 reflecting the increase in revenues and gross profit, ostensibly offset by the increase in operating costs. Total profit before tax, after taking account of non-underlying and exceptional items increased by £5.2m to £7.3m in 2021 from £2.1 million in 2020.

Taxation

The Group has incurred a tax charge of £1.9m in the year ended 31 December 2021 (2020 £0.7 million), with tax on underlying profits of £2.1 million (2020: £0.9m). The effective rate of tax for 2021 is 25.5% with the effective tax rate on underlying profits of 18.1%.

Earnings per share

Underlying basic earnings per share (EPS) increased by 125.6% to 7.83 pence per share in 2021 from 3.47 pence per share in 2020, reflecting the increase in profits together with the impact of the increased number of shares in issue following the placing in March 2021. Total basic EPS, after taking account of non-underlying and exceptional costs increased by 3.35 pence to 4.56 pence in 2021 from 1.21 pence in 2020.

Dividends

In 2021, an interim dividend of 0.89 pence per share was declared in September 2021 and paid in October 2021. In line with our progressive dividend policy outlined at the Capital Markets Day last year, the directors are proposing a final dividend for 2021 of 1.79 pence per share. The final dividend will be paid on 22 July 2022 to shareholders on the register on 24 June 2022 subject to approval by shareholders at the 2022 Annual General Meeting (AGM). The total dividends for 2021 of 2.68 pence per share represent an increase of 5% over 2020.

Capex

Total capex was £2.7 million in 2021 compared to £2.0 million in 2020. This included: intangible capex of £0.8 million (2020: £0.5 million) including expenditure on the Future Tech programme of £0.7 million (2020: £0.1 million); tangible capex on infrastructure and equipment for contracted radiologists of £1.4 million (2020 £1.5 million) and right of use asset additions of £0.5 million (2020 £nil).

Cash and debt at 31 December 2021

Operating cash generation in 2021 increased strongly to £9.7 million in 2021 from £8.6 million in 2020. Free cashflow, after taking account of capex was £7.5 million in 2021 compared to £6.6m in 2020. Operating cash conversion remained strong at 81%, and above our target of 80% reflecting in particular good working capital management in the UK as the business recovered from COVID-19 together with the positive contribution from acquisitions.

After taking account of the acquisition of RadMD and the associated equity placing together with strong cash generation throughout the year, gross cash at 31 December 2021 was ahead of expectations at £9.6 million (2020 £13.9 million) and net cash was £3.9 million (2020 net debt of £3.9 million).

On 6 May 2021 the Group entered into a new three year fully flexible £30 million RCF with a syndicate of three banks, including previous lenders Lloyds, together with NatWest and Silicon Valley Bank. The facility is extendable for up to two years. Variable interest is calculated on utilised facilities based on leverage with initial interest at Sterling Overnight Index Average (SONIA) + 2% and non-utilisation fees of 35%. Key banking covenants remain the same with maximum net debt to adjusted EBITDA of 2.5x and interest cover of 4x adjusted EBITDA.

Joint Venture

On 22 February 2021 the Group announced an equal Joint Venture (JV) partnership with Integral Diagnostics Pty, a leading provider of medical imaging services across Australia and New Zealand. The JV, MedX, aims to provide teleradiology reporting services and increased reporting capacity in Australia, New Zealand, the UK and Ireland. The initial equity investment by both parties into this JV was AUD 100,000 each (c.£50,000). The joint venture will be reported on an equity accounting basis going forward.

Return on Capital from acquisitions

2021 was the first full year performance from Medica Ireland which was acquired in November 2020. After considering underlying operating profits and assets employed in Ireland, Return on Capital Employed for Ireland in 2021 excluding apportioned head office costs was comfortably ahead of our target return of 15% which represents a very strong performance in the first full year in the Group.

Acquisition of RadMD

On 22 March 2021 the Group acquired RadMD LLC, a company incorporated in the United States of America. RadMD is a leading Imaging Contract Research Organisation ("iCRO") providing services to the fast-growing clinical trials market. The initial cash consideration paid was $16.3m (£11.7m). Deferred consideration of $4.9m shall be paid in Q2 2022 based on profits for the year ended 31 December 2021. A further deferred contingent consideration of $0.3m is expected to be paid in H1 2023 based on profits for the year ended 31 December 2022.

Equity placing and subscription

On 23 March 2021, a total of £16.1 million was successfully raised through a combined equity placing (£15.6 million gross proceeds) and subscription (£0.5 million gross proceeds). Total costs in connection with the fundraise were £0.5 million. A total of 11,111,110 Ordinary shares were issued including 10,727,666 Placing Shares and 383,444 subscription shares which represented, in aggregate, approximately 9.98 per cent of the issued ordinary share capital of the Company. At 31 December 2021 total shares in issue were 122,428,836 after also taking account of shares granted to satisfy share options that vested during the year.

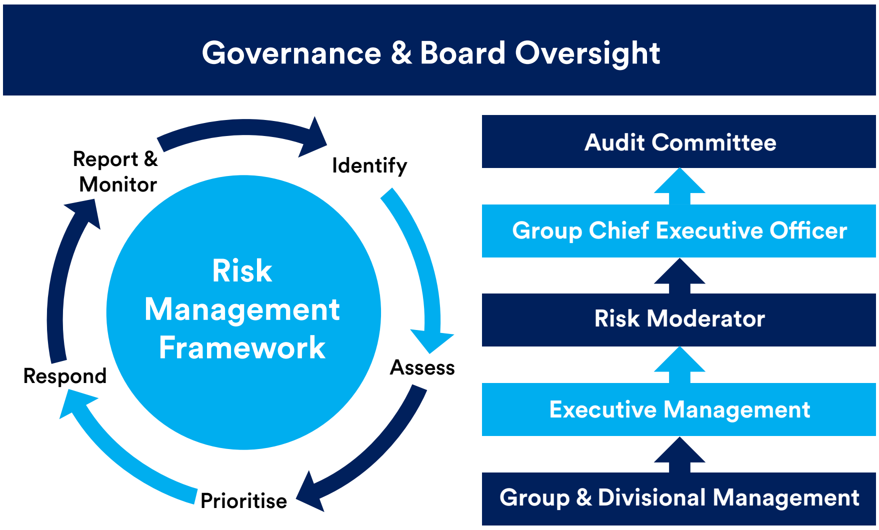
Richard Jones
Chief Financial Officer

11 April 2022

Risks and Uncertainties

Managing risk is integral to the continued success of our business and our ability to offer safe and compliant critical services to our customers. The Group has continued to develop its risk management framework this year, through post-acquisition integration with Ireland and progress in the US. The Group has ensured that the processes in place have supported strategic risk-based decision-making and is clearly defined and quantified across all business divisions. It is through the risk management process that significant risks faced by the Group continue to be identified, assessed and managed appropriately.

Although the Board of Directors is ultimately responsible for risk management within the Group, it has delegated responsibility for monitoring the effectiveness of the Group's risk management and internal systems to the Audit Committee. The Audit Committee receive a quarterly report and dashboard summary of updates from the executive management team on the principal risks and uncertainties and the steps being taken to manage them. This process is monitored and reviewed regularly to ensure it is fit for purpose and adequately reflects risks in an ever-changing business environment. An overview of the risk management framework is illustrated below:



Risk assessment process

The risk management process has been established and embedded within the UK and Irish divisions, with partial implementation in the US and is underpinned through the use of a suite of risk registers. Each Group register is maintained by an owner within the senior management team and is overseen by the risk moderator. The identification and evaluation of risks is carried out through collaboration between senior management and their teams.

All emerging risks are identified, reviewed and assessed as part of the risk management framework process. Risks may also be identified through the use of industry and horizon scanning, internal forums and workshops with management teams. Any potential new risk is considered by the senior management team and its impact and likelihood is assessed before inclusion in the Group risk register.

The impact and likelihood of each risk are identified and this generates a risk score that can be holistically judged on a relative scale to other risks and the changes to each individual risk over time. Existing controls are then identified and assessed resulting in a residual (or current) risk score being calculated.

The individual risk registers are reviewed by group and divisional management teams and then summarised in an overall corporate risk register that is regularly reviewed by the executive management and Audit Committee. The principle risks listed below are drawn from the risk registers and noted below is also how they are connected to the Group's strategic activities.

The business regularly assesses progress against project plans and updates the risk register accordingly when risks are assessed to have changed as a result of progress implementing various quality and performance improvement projects.

Medica's main strategic risks include the post-acquisition integration of RadMD and Medica Ireland into the Group and the implementation of new technology including our new PACS system into the group.

Climate-related risk

Medica has reviewed its exposure to climate-related risk through the existing risk management process and has assessed that the Group is not materially exposed to this emerging risk. The Group will continue to monitor and assess climate-related risks and opportunities in 2022 onwards. Further details on this topic can be found in the TCFD section of our ESG report on page 20.

Embedding the Group's recently acquired divisions into the risk management process

The Group's risk management process continues to evolve and develop in line with changes in Group complexity and as the level of risk maturity changes.

Following our acquisitions in Ireland and the US, the risk management framework was enhanced to adopt the Group's risk process into the acquired companies. In addition, the risk framework was also improved to recognise the risks that are specific to individual geographies and/or divisions and also new risks that are common to the enlarged Group.

Details of Medica's principle risks, how they have changed compared to the prior year and our mitigation strategy for each are set out below:

Strategic Risk

Description	Change	Commentary for 2021
Acquisitions and integrations In addition to the acquisition of Medica Ireland in November 2020, the Group acquired RadMD in March 2021 and created an expanded group operation covering new geographies, customers and service lines. There is a risk that the acquired companies are more complicated to manage or integrate fully into the group or introduce new risks to the group.	Decreased Risk	The Irish and US divisions have positively contributed to the Group since acquisition and integration activities are largely complete. • The trading results (initial part year for RadMD) for both entities have been in line with our expectations. • The Group has completed key steps for the integration of both acquisitions. • The Group's Cyber insurance policy has been extended to cover both acquisitions and a review of cyber risk, disaster recovery and key IT infrastructure has been completed. • In Ireland, customer contract terms have been aligned with the UK in respect of data protection and other key regulatory terms. • In the US Medica has completed a full assessment of the control environment and has enhanced management oversight with a number of new key hires during 2021. • A project is underway to replace the diverse individual financial systems currently in place with a new globally integrated financial system.
Advances in future technology There is a risk that technology advances reduce our ability to offer a market-leading and best in class service to our clients. This could be in areas such as PACS, AI ("Augmented Intelligence" or "Artificial Intelligence"), client connectivity and other areas.	Decreased Risk	The Group's FutureTech programme continued to progress well during the year focused on the upgrade of technology and systems to create a more efficient and advanced platform for future growth, including: • Preparation for the new PACs platform was completed during the year and the system was successfully launched as planned in Q1 2022. • Medica deployed a new electronic online rostering system, enabling more effective management of reporter capacity.

Financial Risk

Description	Change	Commentary for 2021
Contract risks In the UK a number of competitors qualify to undertake Elective and Out of Hours work for the NHS and the market remains highly competitive. Medica typically undertake out of hours work under our NightHawk service with contracts tendered for typically three years directly with NHS trusts, or through framework contracts. There is a risk that competitor activity leads either to a loss of key contracts or reductions in pricing on renewal of key existing contracts.	Static Risk	During 2021 Medica successfully re-tendered a number of key contracts and despite the loss of a small number of contracts had a net overall positive win rate in the year. In addition, a continued focus on cost improvements meant that Medica's UK's GPM improved in 2021 compared to prior years. Medica remains the market leader in both the UK and Ireland and continues to innovate and invest in service offerings to clients. In the US, RadMD continued to develop its imaging contract research organisation ("iCRO") services direct to pharma sector clients offering a full range of services to deliver effective imaging in clinical trials.
Medical litigation In the UK and Ireland, Medica is involved in services critical to patient care. The Group therefore is occasionally party to litigation and this could lead to defence costs relating to such patient facing activities.	Static Risk	In the UK and Ireland, primary insurance responsibilities remain with sub-contracted radiologists, subject to certain exceptions where the Group maintains primary cover. The Group also maintains comprehensive secondary medical malpractice cover and at least annually reviews its insurance requirements. Whilst limited professional costs were incurred during the year these were immaterial and within policy excess limits and the Group successfully recovered certain costs from the radiologists holding primary insurance cover. The group has a comprehensive clinical quality and governance framework and regularly reviews all issues and incidents brought to its attention for swift resolution. Board oversight is maintained via the Clinical Governance and Quality Committee (see 'Clinical quality' below).

Risks and Uncertainties

continued

Compliance Risk

Description	Change	Commentary for 2021
Compliance and regulation The Group and its clients operate in a highly regulated landscape. This includes operating and complying to the standards and regulations set in each jurisdiction operated in. These include the CQC, NHS, HSE, the ICO and DPC (with particular note to the UK & EU GDPR). Failure to comply could lead to reputational and financial loss.	Static Risk	The Group maintains internal processes, management systems, certifications and accreditations to ensure it operates within compliance of regulation. This includes: • QSI accredited status in the UK • Registered manager for CQC purposes • CHKS accredited status in Ireland • Certified ISO 9001 quality management system in the UK & Ireland • Internal data protection policy and process, with ICO registration in relation to the ongoing requirements of UK and EU GDPR. The Group successfully re-certified its UK quality management system to ISO 9001 whilst the UK and Irish divisions successfully completed an external survey to maintain CHKS accredited status in Ireland. The Group continues to monitor the regulation landscape on an ongoing basis.

Operational Risk

Description	Change	Commentary for 2021
Clinical quality The Group's radiology reporting in the UK and Ireland forms an integral and essential part of clinical management for patients. Inaccurate reporting could lead to patient harm and reputational damage to the Group. This risk will always remain very high, due to the inherent nature of the industry.	Static Risk	Medica continues to maintain and strengthen its comprehensive clinical governance, quality assurance and continuous improvement processes including: • Medical Advisory Board with oversight by the group medical director and Clinical Governance and Quality Committee • Ongoing management of clinical quality with regular auditing of radiologists work • Developing and implementing individual quality improvement plans where necessary.
Technology and infrastructure The Group's service offerings are founded on technology-driven workflow solutions. A major failure or disruption would result in reduced service levels and loss of revenue. Enhancements in reporting systems and workflows offer opportunity to further develop the Group's services and reduce risk of failure and disruption.	Decreased Risk	The Group continued the major investment in its technology systems known as 'FutureTech' and is expected to deliver significant efficiency and capability benefits in the short to medium term. The new PACS system was successfully launched in February 2022 on schedule. Initial feedback from reporting radiologists was overwhelmingly positive. • Invest in in-house technology, software development and project delivery capabilities • The FutureTech investment programme is expected to further reduce technology risk whilst enabling the Company to achieve its future ambitions and to remain at the leading edge with its clients • Maintain robust continuity plans and invest in its core data storage and transmission architecture. The continuity plan was effective in the initial response to the COVID-19 pandemic disruption and the switch to home working • The Group have launched a new master data project to develop an updated framework to support the business to identify and meet its information needs as it continues to scale.

Operational Risk

Description	Change	Commentary for 2021
Cyber threats The Group's business could be significantly disrupted, and security compromised if a cyber incident (such as a successful ransomware attack) results in the loss of the confidentiality, integrity or availability of the information it processes. A successful cyber-attack could expose the Group to significant loss of operations, potential litigation, commercial, financial, and reputational damage.	Increased Risk	Cyber-attacks have continued to impact organisations globally and are trending in an industry agnostic manner. The acquisitions in Ireland and the US has increased the Group's attack surface and presents increased risk to its people, systems and services. • The Group has developed a cyber roadmap to support the business in its plans to further invest in cyber security defence • The Group has maintained its headcount in its information security team and the ISO 27001 certified security management system • Recertification against the UK Government approved Cyber Essentials was achieved in the year along with continued investment in internet security technologies • The information security team continues to deliver a security awareness programme to all staff.
Reporter availability and capacity The longer-term performance of the Group depends on its ability to grow its reporting capacity in each division in line with growing client demand. Failure to do so may result in reduced ability to provide timely reports, in particular for critical services such as NightHawk. Failure to deliver a timely service could result in loss of clients. In addition, if reporters are not positively engaged and supported, the Group could see a decrease in retention.	Static Risk	Towards the end of the year, in the UK Medica refocused on expanding reporter capacity having prioritised retention and re-engagement with its existing reporters, as demand in Elective recovered strongly during the year whilst NightHawk demand remained strong. Throughout the year, Ireland continued to focus on recruiting radiographers and sonographers for its managed services and reporting radiologists and started to make use of the Group's capacity in the UK for suitable dual qualified radiologists. In the US the focus remained on working with a selected group of highly specialised reporting radiologists for clinical trials based both domestically and internationally. In addition, the Group continued to invest in increasing overseas reporting capacity, albeit this remains a modest base, to add additional flexibility and capacity. This has been enhanced by the Australian JV that was launched in February 2021.
People The Group's personnel are critical to its continued performance. Loss of key people, lack of people investment or ineffective management may lead to failure of the Group's strategic objectives.	Static Risk	The Group remains committed to the ongoing support and development of its staff and leadership team including the new team acquired in March 2021 with RadMD. Led by the Group's Chief Executive Officer, the business: • Ensured its strategic objectives are cascaded down and clearly communicated to the wider leadership and their teams • Provided staff with appropriate incentives and employment packages • Continued initiatives to embed the Group's brand and values with all staff and clearly communicate progress against its strategic goals through regular companywide town hall meetings, online workshops, annual performance appraisals and workforce engagement • During the year, Jo Easton as non-executive responsible for workforce engagement ran further workshops in the UK and Ireland and communicated feedback to the Board.

Our Directors

Roy Davis

Independent Chairman

Roy is the Company's Chairman (having joined at the IPO in 2017). He is also Chairman of LungLifeAi plc, a lung diagnostic company, Edinburgh Molecular Imaging Ltd, a cancer theragnostic imaging company, Foster & Freeman Ltd, a leading forensic imaging manufacturer and RAIR Health Ltd, an imageomics company. Prior to these roles Roy served as the chief executive officer of Optos plc, a leading ophthalmology medical device business, from 2008 until June 2016 when he stepped down following the company's acquisition by Nikon Corporation. Before joining Optos, he served from 2007 as chief executive officer of Gyrus Group plc, a leading medical device company, prior to its acquisition by the Olympus Corporation of Japan in 2008, having previously served as chief operating officer of Gyrus from 2003 and a non-executive director since flotation in 1997. Prior to this, Roy was CEO of NTERA, a nanotechnology company, and before that spent almost ten years with Arthur D Little, the global management consulting company, where he was vice president and global head of its operations management business. His early career included experience in the connector, oil and automotive sectors. Roy holds a mechanical engineering degree from the University of Southampton and an MBA from the London Business School.

Dr. Stuart Quin

Chief Executive Officer

Dr. Stuart Quin joined Medica Group in September 2019 from Synlab, the international laboratory diagnostic services provider, where he was regional chief executive of Central and Eastern Europe, Middle East and Africa. Previously he was Synlab's Group chief commercial officer and chief executive of its operations in UK and Ireland. Stuart brings a track record of delivering significant growth both in the UK and internationally and has extensive experience of working in partnership with the NHS. During Stuart's tenure in the UK he expanded the business by winning new diagnostic service contracts and through the acquisition of four companies that significantly diversified Synlab's service offering into drug and alcohol, specialist food and veterinary testing.

Prior to joining Synlab, Stuart worked in private equity as a Director at August Equity and at 3i plc in Munich and London where he focused on investing in fast-growing healthcare businesses across Europe and the US. Stuart also spent four years at Accenture in the US, UK and Japan as a Manager in the health and life sciences strategy consulting practice. Stuart holds a BSc (Hons) in Immunology from the University of Edinburgh, a PhD in Immunology from Imperial College, London and an MBA from INSEAD.

Stuart is a member of the Investment Committee of Alta Semper Capital, a frontier markets private equity firm focused on investing in consumer and healthcare companies in Africa. He is a Fellow of the Royal Society of Medicine and the Royal Geographical Society.

Jo Easton

Independent Non-Executive Director

Jo served as group director of HR for De La Rue plc for six years until she stepped down in March 2020. De La Rue provides products and services in the supply of Cash and Product Authentication & Traceability and works with governments and commercial organisations across the world. During this time, Jo was a member of the executive leadership team focused on driving growth and reshaping the business involving a significant level of change and including a number of disposals and an acquisition. She was also the executive arm of the Remuneration Committee.

Prior to joining De La Rue, Jo spent six years at Associated British Foods plc working in the Twinings business in an international HR role with responsibilities across the UK, Asia, and Europe.

Her previous experience includes HR roles involving major change and business transformation with Aviva plc and Zurich Insurance and in telecommunications at BT plc where Jo started her career.

Richard Jones

Chief Financial Officer

Richard Jones joined Medica on 3 August 2020. Richard has extensive experience in the healthcare sector, both from his more recent career as a CFO in two UK quoted companies and from his prior experience in healthcare Investment Banking initially as a healthcare sector analyst and then in corporate finance latterly as head of healthcare at Investec.

Richard joined Medica from AIM listed Mereo BioPharma Group PLC, a clinical-stage biopharmaceutical company focused on oncology and rare diseases that dual listed in 2019 where he was CFO from January 2017.

Prior to Mereo, Richard was CFO and company secretary of AIM listed Shield Therapeutics plc from early 2011. At Shield he had a leading role establishing the finance and other operations and guiding Shield through its 2016 IPO.

Richard is also a non-executive director and head of the Audit Committee at AIM listed Alliance Pharma PLC, having joined the Board in January 2019. Richard qualified as a chartered accountant with PwC in 1991.

Dr. Junaid Bajwa

Independent Non-Executive Director

Junaid is a practising physician in the NHS and currently occupies the roles of chief medical scientist at Microsoft Research, and as a non-executive director at University College London Hospitals NHS Foundation Trust.

He was previously the global lead for strategic alliances and solutions for the Global Digital Centre of Excellence at Merck Sharp & Dohme (Merck & Co), where he helped shape their global digital strategy.

Junaid also has experience in the academic world where he is a clinical associate professor at University College London (UCL) and a visiting scientist at the Harvard School of Public Health. Over the past 15 years, Junaid has worked across primary care, secondary care, and public health settings in addition to acting as a payer, and policy maker within the UK, where he specialised in informatics, digital transformation, and leadership.

He has also acted as a consultant for health care systems across the US, Australia, New Zealand, Singapore, the Middle East, and Europe.

Barbara Moorhouse

Senior Independent Non-Executive Director

Barbara has extensive business and management experience in the private, public and regulated sectors.

In the private sector Barbara has held a series of strategic, commercial and finance roles, including being chief finance officer for two international listed IT companies – Kewill Systems plc and Scala Business Solutions NV, group finance director at Morgan Sindall plc, and regulatory director at South West Water. In the public sector, she has been director general at the Ministry of Justice and the Department for Transport and chief operating officer at Westminster City Council.

Barbara has been a trustee and chair of the Audit Committee for Guy's and St Thomas' Charity and a non-executive director of the NHS West Hampshire Clinical Commissioning Group.

Barbara is Chair of Agility Trains, non-executive Director and Chair of Remuneration Committee at Aptitude Software Group PLC and non-executive Director at Balfour Beatty PLC. She is currently Chair of the Rail Safety and Standards Board, from which she is stepping down in May 2022.

Corporate Governance Report

Key achievements in 2021

- Review and recommendation to the Board of approval of the Annual Report for 2020
- Review and approval of the 2021 audit plan and fees proposed by the auditors
- Review and recommendation to the Board of approval of the 2021 interim financial statements
- Appointment of two new non-executive directors to the Board
- Review of independence and effectiveness of auditors and recommendation of their re-appointment for 2022
- Regular review of risk management, the risk register and internal controls

Dear Shareholder

I am delighted to introduce this section on governance, which describes the activities of the Board and its Committees during 2021 and how we have ensured governance continues to be a pivotal part in the strategic development and day-to-day running of this business.

Compliance with the Corporate Governance Code (the "Code")

As a main market quoted company, our governance framework is underpinned by the Corporate Governance Code (the 'Code') further details of which can be found on our website at www.medicagroupplc.com/investors/corporate-governance. During the year the Company complied fully with the code with the exception of a small number of areas. Areas of non-compliance are explained in more detail on page 85 and relate to remuneration matters that have been addressed in the three-yearly review of Remuneration policy which was approved at the 2021 AGM as set out on page 51 of the Remuneration Report with one additional proposed change being put to shareholders for approval at the forthcoming 2022 Annual General Meeting ("AGM").

Changes to the Board during the year and since the year-end

During the year we have strengthened the Board with the addition of Dr. Junaid Bajwa as non-executive director and Barbara Moorhouse as senior independent director and chair of the Audit Committee. I am confident the Board will continue to provide the leadership and oversight required to help the Company in the next stage of its growth.

Our 2022 AGM

Our 2022 AGM will be held at 11.00am on 27th June 2022. Shareholders are able to attend but we advise all shareholders to cast your votes online or by post ahead of the meeting and it should be noted that all voting will be conducted on a poll. Further details of the 2022 AGM and the proposed resolutions will be published in the AGM notice. Only those votes received by proxy or cast in person will count and, as such, if you are not planning on attending in person then you should cast your votes by post or online for them to be validly counted.

Thank you for your continued support and the Board would like to thank all shareholders in advance for your co-operation around the arrangements for this year's AGM.

Roy Davis
Chairman

11 April 2022

Our Corporate Governance Framework

Shareholders

Our shareholders delegate to the Board collectively, the responsibility for the long-term success of the Company within a framework of good governance. The Board seeks to understand the investor base through regular dialogue and engagement.

The role of the Board

The Board is collectively responsible to shareholders for the overall direction of the Group. The Board's primary aim is to promote the long-term success of the Group whilst ensuring the highest standards of corporate governance.

The Board's key responsibilities include:

- Overall leadership of the Group;
- Setting and reviewing strategic aims and objectives of the Group;
- Oversight of the Group's operations including management, planning and operating systems;
- Monitoring and management of key business risks and internal controls;
- Approving annual budgets and reviewing performance against aims and objectives;
- Approval of significant financial expenditure, including mergers and acquisitions;
- Approval of structural changes to the Group;
- Approval of Board membership and other senior management appointments or management structural changes;
- Proposing and making dividend payments to shareholders.

To assist the Board in their responsibilities, there are five standing Committees of the Board: the Audit Committee, the Remuneration Committee, the Nominations Committee, the Clinical Governance & Quality Committee and the Environmental Social & Governance Committee. The terms of reference for the Committees are available on the Medica Group website at https://medicagroupplc.com/investors/corporate-governance/.

The Role of the Chairman

The Chairman. Roy Davis, has primary responsibility for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively and in the best interests of shareholders. He maintains a regular dialogue with the CEO to ensure the business receives the support from the Board necessary to progress the strategy.

Role of the CEO

The CEO, Stuart Quin, is responsible for day-to-day running of the business and implementing the group's strategy.

The Audit Committee

The Audit Committee is responsible for monitoring and reviewing the integrity of the financial reporting process, risk management and internal control, ensuring compliance with UK reporting standards.

The Audit Committee's report for 2021 is set out on pages 44 to 45.

Remuneration Committee

The Remuneration Committee is responsible for the development and implementation of the Group's remuneration framework and policies for directors and to ensure that these support the strategic aims of the business while also complying with the requirements of regulation.

The Remuneration Committee report for 2021 is set out on pages 50 to 70.

Nomination Committee

The Nomination Committee is responsible for the structure of the Board, providing advice on Board and senior management appointments and succession planning and monitoring the composition of the Board and its Committees.

The Nomination Committee's report for 2021 is set out on pages 46 to 47.

Clinical Governance & Quality Committee

The Clinical Governance & Quality Committee (CG&QC) was formed on 1 March 2021 and is Chaired by Dr. Junaid Bajwa. The Committee provides oversight for clinical quality and governance at Medica, ensuring that the Clinical service is appropriately governed and is meeting expected regulatory standards in relation to the Responsible Officer regulation (2010 rev. 2013) and CQC. Furthermore, the committee provides oversight for the wider governance of clinical services, providing reassurance to the Board that the service is well-governed with effective policies.

Environmental, Social and Governance Committee

In December 2020, the Board formally established an ESG Committee to provide a greater focus of the Company's initiatives and approach to ESG matters. The Committee currently consists of all Board members and is chaired by Dr. Junaid Bajwa. Details of our approach to ESG and activity during the year is set out on pages 14 to 22 of the Strategic Report.

Board composition and independence

During the year, The Company regarded Roy Davis, Steve Whittern (until his resignation), Jo Easton, Dr. Junaid Bajwa and Barbara Moorhouse as all having had no prior association with the Group, as "independent non-executive directors" within the meaning of the UK Corporate Governance Code, and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The senior independent director has an important role on the Board in leading on corporate governance issues and being available to shareholders if they have concerns which contact through the normal channels of the chairman, chief executive officer or other executive directors has failed to resolve, or for which such contact is inappropriate. Steve Whittern was the Company's senior independent director (SID) until he stepped down at the 2021 AGM. Barbara Moorhouse assumed the role of SID when she joined in July 2021.

Directors are subject to election or re-election at each AGM. Barbara Moorhouse will be standing for election and all remaining directors will be standing for re-election.

The Board also identifies and where necessary manages conflicts of interest, including those resulting from significant shareholdings and ensures that the influence of third parties does not compromise or override independent judgement. Details of our significant shareholders are set out in the Directors Report on Page 73.

Corporate Governance Report

continued

Board and Committee attendance

There were 15 Board meetings in 2021, including one meeting dedicated to the consideration of the Group's strategy. In addition to scheduled Board meetings, there is a regular informal dialogue between all directors.

The attendance of Board members at Board and Committee meetings are shown below. The attendance of executive directors at committee meetings was by invitation. The company secretary is also secretary to each of the committees.

	Board	Audit	Rem	Nom	Clinical	ESG
Total meetings	**15**	**4**	**4**	**3**	**2**	**1**
Junaid Bajwa	10	4	2	2	2	1
Barbara Moorhouse	5	3	2	1		1
Roy Davis	15	4	4	3	2	1
Steve Whittern	8	1	2	2		
Jo Easton	15	4	4	3	1	1
Stuart Quin	15					
Stephen Davies	6					
Richard Jones	15					

(1) Steve Whittern attended all relevant Board and Committee meetings until his resignation at the AGM in June 2021

(2) Dr. Junaid Bajwa attended all relevant Board and Committee meetings following his appointment on 1 April 2021

(3) Barbara Moorhouse attended all relevant Board and Committee meetings following her appointment as Senior non-executive director on 1 July 2021

Strategy and direction

During 2021 the Board reviewed and monitored the Group's performance against the core strategy outlined in detail in the Group's Annual Reports and as communicated to shareholders at the inaugural Capital Markets Day held in September 2021.

In November 2021 the Board, together with members of the senior management team, held an off-site strategy meeting to review and assess the business strategy and the wider opportunities and risks for the business. In December 2021, the Board reviewed and approved the budget for 2022 and in February 2022 approved the longer-term business plan.

Stakeholder engagement

The Group recognises the importance of clear communication with shareholders. Regular contact with institutional investors, fund managers and analysts is maintained by the chief executive and the chief financial officer to discuss information made public by the Group. The Board receives reports of these meetings and any significant issues raised are discussed by the Board. Where appropriate, or if requested, such meetings could include either or both of the chairman or senior independent director.

The chairman and Chairs of each Committee are also available to discuss governance and strategy matters with shareholders and the Chairman and Chair of the remuneration Committee have met with a number of major shareholders during the course of the year.

The Board continued the process of engagement with other stakeholders through the work of Jo Easton, the non-executive responsible for workforce engagement.

Board evaluation

Each year, our Board evaluation process discusses with Board members their thoughts on succession and diversity when reviewing Board culture and the Boards effectiveness. Our process also considers Board members other interests to ensure each has sufficient time to perform their duties. Following Corporate Governance best practice, the 2022 evaluation process was due to be externally conducted. However, with two new non-executive members joining the Board in the year we decided to postpone this review until later in 2022 when the Board has had more time to work together. In the meantime, we have been working hard to ensure the stability and effectiveness of the new Board and have conducted an annual internal survey regarding Board effectiveness to identify opportunities for improvement.

Risk management and internal controls

The Board is responsible for maintaining a sound system of internal controls, including financial, operational and compliance controls and risk management, and reviews the effectiveness of the system at least annually in order to safeguard shareholders' investment and the Company's assets. The system is designed to manage rather than eliminate risk and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and that this process is regularly reviewed by the Board. The Board has reviewed the effectiveness of the system of internal control and the process for identifying and evaluating the significant risks affecting the business, and the policies and procedures by which these risks are managed. Management are responsible for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. The principal risks and uncertainties are included on pages 34 to 37.

The Audit Committee reviews the scope of audits, the half yearly and annual financial statements (including compliance with legal and regulatory requirements) and reports to the Board on financial issues raised by the audit reports. Financial control is exercised through an organisational structure which has clear management responsibilities with segregation of duties, authorisation procedures and appropriate information systems. The system of annual budgeting with monthly reporting and comparisons to budget is a key control over the business and in the preparation of consolidated accounts.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Report of Audit Committee

Dear Shareholder,

I am pleased to present my first report as Chair of the Audit Committee. In addition to the focus on governance matters outlined in this report, the Audit Committee pays particular attention to:

1. Maintenance of appropriate financials controls to manage both organic and inorganic growth;
2. Development of the finance organisation and financial processes to support growth and align with corporate change;
3. Monitoring the allocation of capital and return on investment.

Key achievements in 2021

- Appointment of a new Committee Chair
- Review and recommendation to the Board of approval of the Annual Report for 2020
- Review and approval of the 2021 audit plan and fees proposed by the auditors
- Review and recommendation to the Board of approval of the 2021 Interim Financial Statements
- Review of the accounting treatment of the acquisition of RadMD LLC
- Reorganisation of the group corporate structure to liquidate two inactive legacy subsidiaries
- Review of independence and effectiveness of auditors and recommendation of their re-appointment for 2022
- Regular review of risk management, the risk register and internal controls.
- Approval of a new financial system to be implemented across the group in 2022

Background and scope of the Committee's activities

The Audit Committee assists the Board in discharging its responsibilities in relation to financial reporting, risk management and external and internal controls. The ultimate responsibility for reviewing and approving the Annual Report and Accounts and the half-yearly reports remains with the Board. The Audit Committee gives due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Committee works with the full Board to fulfil its oversight responsibilities. Its primary functions are to:

- Monitor the integrity of the financial statements and other information provided to shareholders to ensure they represent a clear and accurate assessment of the Group's position, performance, strategy and prospects;
- Consider the financial statements and recommend to the Board on whether the Annual Report and Accounts, taken as a whole, is fair, balanced, understandable and provides information necessary for shareholders to assess the performance, business model and strategy of the Group;
- Review significant financial reporting issues and judgements contained in the financial statements;
- Review the systems of accounting, internal control and risk management;
- Monitor and review the significant risks identified by the Group as well as the management and mitigation of those risks;
- Make recommendations in relation to the appointment of the external auditors, including their remuneration and the provision by them of any non-audit services;
- Oversee and maintain an appropriate relationship with the Group's external auditors and review the effectiveness, independence and objectivity of the external audit process;
- Monitor the arrangements by which employees can, in confidence, raise concerns about any possible improprieties in financial and other matters and consider internal processes to comply with UK legislation including the UK Bribery Act and The Criminal Finances Act 2017.

Membership and meetings

Since 1 July 2021, The Audit Committee has been chaired by Barbara Moorhouse, following the departure of the previous Chair, Steve Whittern from the Board in June 2021. The Committee's other members are Roy Davis, Jo Easton and Dr. Junaid Bajwa, who joined the Committee on his appointment as an non-executive director in April 2021. All of the Committee members are considered independent. The directors consider that Barbara Moorhouse has recent and relevant financial experience. The Audit Committee typically meets three times per year in the ordinary course based around the Company's reporting cycle and otherwise as circumstances require.

The Committee met four times in 2021. The CEO attended three and the CFO attended all the Committee meetings in 2021 by invitation.

Principal activities for the year

During 2021 the key activities of the Committee were as follows:

1. **Activities relating to the Group's regular reporting cycle**
   - Review and recommendation to the Board of approval of the 2020 Annual Report including the Financial Statements. As part of this review the Committee received reports from the external auditors on their audit for 2020. It also reviewed the Preliminary Announcement made to the London Stock Exchange and reviewed and recommended for approval by the Board the going concern statement together with the supporting forecasts and assumptions.
   - Review of the effectiveness and independence of the external auditors, Grant Thornton following the 2020 audit and the recommendation to the Board to propose their re-appointment at the 2021 Annual General Meeting.
   - Approval of the 2021 audit plan prepared by the external auditors.
   - Approval of the audit fees for 2021. The Committee carefully considered the proposals from the auditors including a detailed review of the proposed scope of the audit of the expanded group which now including both RadMD and Medica Ireland. The Committee approved the audit fees as set out in Note 6 which, whilst representing a significant uplift on 2020 reflect the increased scope both in respect of the acquisitions but also in respect of other matters including a more detailed review of management estimates and judgements.
   - Review and recommendation to the Board for the approval of the 2021 Interim Financial Statements including the going concern statement together with the supporting forecasts and assumptions.
2. **Activities relating to the acquisition of RadMD LLC in March 2021**
   Review and approval of the accounting treatment for the acquisition including detailed consideration of the estimates and judgements used in determining the accounting treatment for the transaction, its valuation of the initial and deferred consideration and appropriate disclosures in accordance with IFRS.
3. **Non-audit services provided by the external auditor**
   Non-audit services provided by the Company's auditor are kept under review by the Committee. Non-audit work is only awarded to the auditors after due consideration of matters of objectivity, independence, costs, quality of service and efficiency. In 2021 the auditor undertook limited non-audit services, as set out in Note 6 of the Financial Statements.
4. **Effectiveness and independence of external auditor**
   The Committee is also responsible for advising the Board on the appointment of the auditor and assessing their independence.

   Independence:
   There are no contractual obligations that restrict the Audit Committee's choice of external auditor. Grant Thornton UK LLP has been external auditor to Medica Group PLC since 2013. The Committee has considered the latest guidance from the Financial Reporting Council on auditor rotation. The Committee has also considered the tenure of the reporting audit partner, Chris Smith who has been audit partner since 1 January 2018.

   In addition, the report from Grant Thornton UK LLP confirming their independence and objectivity was reviewed by the Committee on 25 October 2021.

   The Committee is responsible for regularly reviewing the effectiveness and performance of the external auditors and considering and agreeing appropriate fees for the audit. At the end of the 2020 audit, the Committee reviewed and were satisfied with the performance of the external auditor and recommended their re-appointment for 2021 to the Board.

   Following the review of the auditor's activities as outlined above, the Committee has recommended to the Board that Grant Thornton LLP are reappointed as external auditors by shareholders for 2022 at the 2022 Annual General Meeting.
5. **Committee feedback from the auditors without management present**
   The chair of the Committee meets with the external auditors without management present at least twice a year. There were no matters of concern raised during these meetings in 2021.
6. **Internal audit function**
   The Committee noted that the Group had a well-developed clinical audit function but concluded that there was no immediate requirement for the Group to have an internal financial audit function, due to its current size and complexity. The Committee will consider the need for an internal audit function on an annual basis.
7. **New Financial system**
   During the year the Committee considered proposals from the Executive financial team to implement a new group-wide financial reporting system to replace the disparate systems currently in place in the three divisions and to upgrade the functionality of core financial reporting systems. The Committee approved a new system and implementation plan for 2022.

Barbara Moorhouse
Chair of the Audit Committee

11 April 2022

Report of Nomination Committee

Dear Shareholder,

On behalf of the Nomination Committee (the 'Committee'), I am pleased to introduce the Nomination Committee report in which we set out the Committee's responsibilities and report on the activities of the Committee during the year.

Key achievements in 2021

- Recruitment of Barbara Moorhouse as a replacement senior non-executive director following Steve Whittern's resignation from the Board

As a growing business with an increasing international footprint, it is critical that we ensure we have the right people to help us continue to deliver our objectives in line with Group's strategy. This means the Committee must remain focused on understanding its framework for diversity alongside talent and succession planning across the business. Gender and ethnic diversity forms part of the Committee's discussions when reviewing succession plans for the Board and the Executive team.

Each year, our Board evaluation process discusses with Board members their thoughts on succession and diversity when reviewing Board culture and the Board's effectiveness. This process was due to be an externally conducted process in 2021 but with two new non-executive members joining the Board in the year we decided to postpone this review until later in 2022 when the Board has had more time to work together. In the meantime, we have been working hard to ensure the stability and effectiveness of the new Board.

As part of our regular review, we consider the skills on our Board to ensure we identify any gaps. We talk about a range of areas such as relevant experience, gender, ethnicity, skills, and any specific skills identified to strengthen and develop the knowledge base on the Board. When necessary, we also engage and work with specialist recruitment consultants to help identify talent and search for potential candidates that meet our objective criteria.

We were delighted to announce in June 2021 the appointment of Barbara Moorhouse as Senior Independent Non-Executive Director and Chair of the Audit Committee replacing Steve Whittern who stepped down at the 2021 AGM. On behalf of myself and the Board I would like to thank Steve for his contribution to the business since our IPO. Barbara formally joined the Board on 1 July 2021.

The Committee also continued its broader work on succession planning, diversity and the mix of skills and experience on the Board, which will remain a key aspect of our focus in the year ahead.

Roy Davis
Chairman of Nominations Committee

11 April 2022

Introduction

The Nomination Committee's role is to regularly review the structure, size and composition of the Board to ensure the skills, knowledge and experience match the requirements of the business.

The primary functions of the Committee are:

- To review and make recommendations on any changes on the size, structure and composition of the Board;
- To provide a formal, rigorous and transparent procedure for identifying and nominating new directors to the Board;
- To review the succession planning for the Group as a whole and for key Board positions in particular; and
- To review and evaluate the performance of the Board.

The Committee has recognised the requirement of the new UK Corporate Governance Code 2018 (the 'Code') in its decision-making.

Membership and meetings

In line with the provisions of the UK Corporate Governance Code 2018 the Nomination Committee is made up of the non-executive directors of the Company. Roy Davis is the chair of the Committee and the other members during the year were, Jo Easton, Dr. Junaid Bajwa, Barbara Moorhouse and Steve Whittern until his retirement from the Board at the 2021 AGM.

Only the members of the Nomination Committee have the right to attend meetings. Executive directors, other Board members and advisers may be invited to contribute on specific agenda items as appropriate. The company secretary acts as secretary to the Nomination Committee. The Nomination Committee updates the Board following its meetings and invites contributions and views from the Board.

The Nomination Committee meets once a year in the ordinary course of business and more frequently as circumstances require. During 2021 the Committee met formally three times and all members attended. In addition to the formal Nomination Committee meetings, ad hoc meetings and calls were held during the year between members of the Nomination Committee, and at times with contributions from other members of the Board.

Role and responsibilities

The Nomination Committee's main priorities are to ensure that the Group has the best possible leadership and to plan for both executive and non-executive director succession. Its key focus is therefore on the composition of the Board, for which appointments will be made on merit against objective criteria. The Nomination Committee advises the Board on these appointments, oversees the recruitment processes, and also considers retirements and resignations from the Board and its other committees. The Nomination Committee regularly examines succession planning based on the Board's balance of experience, overall diversity and the leadership skills required to deliver the Company's strategy.

Process for Board appointments

When considering a Board appointment, the Nomination Committee draw up a specification for the relevant position, taking into consideration the specific role as well as the balance of skills, knowledge and experience of its existing Board members, the diversity of the Board and the independence of continuing Board members, together with the ongoing requirements and strategic development of the Group. Care is taken to ensure that proposed appointees have sufficient time to devote to the role and that there are no conflicts of interest.

The Nomination Committee utilises the services of an executive search firm to identify appropriate candidates, ensuring that the search firm appointed does not have any other conflicts with the Group. In addition, the Nomination Committee will only use those firms that have adopted the Voluntary Code of Conduct addressing gender diversity and best practice in search assignments. A long list of potential appointees is reviewed, followed by the shortlisting of candidates for interview based upon the objective criteria identified in the specification. Committee members interview the shortlisted candidates together with other directors as appropriate and identify a preferred candidate. Following these meetings, and subject to satisfactory references, the Nomination Committee make a formal recommendation to the Board on the appointment.

Board induction and training

All Board members undertook relevant training on their responsibilities and duties as directors as part of their induction and onboarding to the company. Updates on changes in corporate governance as well as additional training is provided as required.

Diversity policy

The Company makes all Board appointments on individual merit, while recognising the benefits of Board diversity. Our diversity policy aims to ensure that we consider diversity in its broadest sense. A diverse Board has members with different skills, backgrounds, regional and industry experiences, races, genders and other qualities.

Activities in 2021

The Committee reviewed the composition of the Board and the processes surrounding succession planning. The Committee concluded that the current Board size and structure was suitable for the business as it continues to develop.

The Committee's main task was to recruit a new non-executive director and Chair of the Audit Committee to replace Steve Whittern who stepped down at the 2021 AGM.

The search process for a replacement was conducted by Ridgeway Partners, who have no other connection to the Group or to individual directors. We were delighted to appoint Barbara Moorhouse who joined the Board on 1 July 2021 and will stand for election at the upcoming AGM in May 2022. Barbara was the outstanding candidate for the role bringing extensive financial, fast-growing industry and non-executive experience to the Board. As part of her role, Barbara will also become the Senior Independent non-executive director of the Board.

Performance evaluation

Given the changes to the makeup of the Board during the year we decided to undertake an internal Board evaluation and postpone the external evaluation until later in 2022 when the new members of the Board will have been in post for a reasonable period.

The Committee completed the performance evaluation which was designed to bring about debate on relevant issues and assist in identifying potential areas of improvement in the Board's processes as well as ensuring the Board operates efficiently and effectively.

The themes covered by the internal evaluation included:

- The role of directors and the board
- Performance of the Non-executive directors
- Performance of the Executive directors
- Board meeting effectiveness
- Performance and effectiveness of Committees
- Effectiveness of monitoring performance
- Leadership and culture
- Corporate governance
- Induction training and process

Several improvement opportunities were identified for implementation and the internal evaluation concluded that the Board, its committees and each of its directors continue to be effective.

Re-election of Directors

The Committee met in early 2022 to review the continuation in office and potential reappointment of all members of the Board. Following this review, the Committee recommended to the Board that all current and new directors be appointed or reappointed, and these directors will seek election or re-election at the annual general meeting.

Roy Davis
Chairman of Nomination Committee

11 April 2022

Report of Clinical Quality and Governance Committee

Dear Shareholder

I am pleased to introduce to you the inaugural report of the Clinical Quality and Governance Committee (CQ&GC). The committee was established to provide oversight of all the clinical aspects of governance and quality within Medica, further emphasising the importance we place on putting patient outcomes at the heart of our work. It was felt that it was critical to establish this committee, especially at a time of growth and global expansion, to ensure we have a focal point to undertake a comprehensive review of all Medica's clinical and quality activities to assure the Board that our services are well governed with effective policies.

Key achievements in 2021

- Inaugural meeting convened
- Terms of reference and membership agreed
- Agreed agenda and areas of interest
- NHS England appraisal and revalidation return successfully submitted

CQ&GC Membership

The committee is chaired by Non-Executive Board Member Dr. Junaid Bajwa, with Roy Davis attending as a member. The Committee is supported by the Group's senior management team.

Meeting frequency

The group typically meets on on a biannual basis in April and September and additionally as required. In 2021 the Committee met once for its inaugural meeting and all committee members attended.

Committee terms of reference

The purpose of the committee is to provide oversight and reassurance of the clinical governance processes and governance management within Medica to the board. As part of that assurance review, the committee ensures that the governance, quality, and risk teams are working to maintain standards outlined across:

- The Medica Clinical Governance Framework
- The Medical Practitioners Assurance Framework
- Medica Practicing Privileges policy
- Quality Standard for Imaging (QSI) standards
- CQC Inspection Framework – Independent hospitals: teleradiology
- ISO 9001
- ISO 27001
- Cyber Essentials
- CHKS
- HIQA
- EPA

The role of the chair is to challenge and critique the processes in a continued journey of evolution in excellence. The team will bring ideas for development and harmonisation through the business.

The committee standing agenda for discussion includes:

- PLC Board feedback on committee reports and activity
- Medical Advisory Board report – themes and actions
- Clinical Governance Committee report – themes and actions
- Equality and Diversity – GMC and medico-political landscape, employment landscape
- GMC appraisals and NHSE appraisal annual report
- Risk register review
- Clinical Incident Report Tracker – trend analysis and action
- CQC Regulation 18 Notification Tracker - review
- Legal tracker and update of notable cases
- Standards

Planned Committee activity in 2022 and beyond

The committee plans to receive a report and representation from RadMD, our US usiness to provide Board assurance of the governance oversight applicable to the activities of clinical trials and research reporting. The diversity of experience in the Group opens huge opportunities for learning and sharing of global best practice in governance and quality.

The committee are keen to see positive engagement with Medica's reporting community in the coming year. Engaging, retaining and investing in high quality radiologists and reporting radiographers are seen as essential areas for Medica's success. This will involve a multi-faceted approach which the committee wish to assist with.

Equality, diversity, and inclusion (EDI) are key topics in current employment and clinical arenas that this group are delighted to engage with. We look forward to assisting the Environmental, Social and Corporate Governance (ESG) Committee in developing key EDI metrics, developing our diverse and inclusive workforce and delivering against these aspirations in the year ahead.

Through 2022 and beyond the committee plans to ensure that new evolutions of quality standards such as QSI are incorporated into our routine processes. The committee members are tasked with ensuring communication of any changes in standards to the group allowing wider consideration of requirements and impact. This will facilitate efficient incorporation of the changes into the business.

Summary

The CQ&GC brings together key stakeholders from across the Group to provide a forum for open discussion of standards, governance, and quality. The aim is to provide assurance of the expected high quality in clinical and governance for the Board.

Dr. Junaid Bajwa
Chair

11 April 2022

Report of ESG Committee

Dear Shareholder,

“Our focus as we look forward, is to ensure that our ESG strategy closely aligns to our Group mission and values”

This year we have continued to make good progress to enhance our understanding, and our approach to ESG impacts. The management team continue to recognise the importance of the Group’s ESG activities and how they underpin the continued success of the business. I am pleased to report that following a detailed review and assessment during the year, the team have further enhanced the Group’s ESG framework.

We held committee meetings throughout the year and after each one, I reported to the Board on the key issues that were discussed. Informal discussions were also regularly held between Committee members and key business stakeholders during the year as and when required. We also reviewed global best practice in this area and considered how to implement this for Medica.

Our focus as we look forward, is to ensure that our ESG strategy closely aligns to our Group mission and values. Further details on our progress can be found in the ESG at Medica section of the Strategic Report on pages 14 to 22. In order to achieve this we must strive to ensure that clear objectives and metrics are in place to measure and manage our ESG performance. I look forward to reporting on these developments in 2022.

Dr. Junaid Bajwa
Chair of the ESG Committee

11 April 2022

Key achievements in 2021

- Developing an updated ESG strategy and framework based on our four key pillars of People and Community, Responsible Operations, Environmental Impact and Customer Centricity
- Setting out ten commitments related to our ESG impact as set out in the ESG report on page 15
- Reporting on gender diversity within our Management Team and Board of Directors.

Areas of focus for 2022

- Collecting data on diversity and inclusion within the wider business, increasing representation and strengthening inclusion across our organisation
- Increasing our reporter engagement programme across the Group
- Reviewing the business against the United Nations Sustainable Development Goals.

Report of the Remuneration Committee

Key achievements in 2021

- Approval of remuneration of the executive directors
- Approval of the leaving arrangements for Dr. Stephen Davies on retirement
- Completion and implementation of the revised Directors' Remuneration Policy following the triennial review and the shareholder vote in favour at the 2021 AGM

Dear Shareholder,

As Chair of the Remuneration Committee, I am pleased to present the Director's Remuneration Report, approved by the Board for the year ended 31 December 2021.

The report covers the annual report on remuneration which sets out the remuneration paid to directors in 2021 including bonus payments and long-term incentives and how our Remuneration Policy will be applied in 2022.

We will be inviting shareholders to vote on two resolutions at the AGM on 27 June 2022, an advisory vote on the Annual Report on Remuneration as set out on pages 50 to 70 detailing Director's remuneration for the year ending 31 December 2021 and a vote to increase the Performance Share Plan (PSP) limits in line with the new policy approved by shareholders at the 2021 AGM.

Corporate performance and stakeholder experience in 2021

Medica has once again demonstrated the resilience of its business model in 2021. Despite starting the year with further lockdowns in the UK and Ireland, no staff were furloughed and there were no redundancies as a result of COVID-19 enabling the team to work closely with clients to help support the return to pre-pandemic levels of diagnostic reporting, as well as helping hospitals and clinics to start to get on top of priority cases that had been postponed due to the ongoing COVID-19 pandemic.

This, combined with the positive impact of the acquisitions of Global Diagnostics Ireland (now rebranded as Medica Ireland) in November 2020 and RadMD in March 2021, resulted in a strong recovery year for Medica Group with annual revenue increasing by 68% to £61.9m, an improvement in gross profit margin to 50.7% and operating profit of £12.1m up 141% from 2020.

As the trend of remote working continued, Medica took the opportunity to introduce a formal home working policy and wellness strategy providing employees with greater flexibility to manage their work remotely and access to support on mental health and wellness-related issues.

The Board were also pleased that although the two acquisitions were completed largely off-market during a period of uncertainty in terms of current trading due to the impact of COVID-19, they both delivered strong operating performances in 2021 and they were quickly integrated into the group.

The Committee has taken overall performance into consideration when determining remuneration matters for 2021.

Remuneration Outcomes and awards made in 2021

For 2021, the annual bonus was based on revenue, profit, free cash and operational measures with a bonus opportunity for Dr. Stuart Quin and Richard Jones of up to 125% of basic salary following the implementation of the revised Remuneration Policy in 2021. Dr. Stephen Davies bonus opportunity for the period up to his retirement remained at 100% of basic salary.

All four components of the annual bonus were weighted equally at 25%. For Dr. Stuart Quin and Richard Jones, the financial objectives were adjusted upwards to maintain an equivalent level of stretch following completion of the acquisition of the US based RadMD business in March 2021. The target thresholds for all measures were met with certain measures reaching their maximum target as set out below. The Committee used the formulaic outcome, did not apply any discretion and approved a total bonus for 2021 (including the Deferred Bonus element) of 81.7% of their maximum opportunity which equates to 102.1% of basic salary for Dr. Stuart Quin and Richard Jones. For Dr. Stephen Davies who retired at the end of May 2021, the Committee approved a bonus based on targets which excluded the RadMD acquisition, pro-rated for the five-month period up to retirement.

In accordance with the revised Remuneration Policy, 40% of the total bonus awarded to Dr. Stuart Quin and Richard Jones will be deferred in Medica Shares under the Deferred Bonus Plan to be issued in 2022. This is an increase in deferral under the revised Remuneration Policy compared with a 25% deferral in prior years. As Dr. Stephen Davies retired in May 2021 the Committee determined that his bonus would not be subject to deferral and would be paid wholly in cash.

Awards under the 2018 PSP were subject to a three-year performance period and were based on EPS growth and growth in absolute TSR weighted equally at 50%. Threshold performance was not met for either measure and therefore no part of this award will vest.

In 2021 the Committee granted PSP awards to Dr. Stuart Quin of 319,606 and to Richard Jones of 225,604 shares respectively representing 150% of salary and a total of 1,243,969 2021 PSP awards were made to employees across the Group including executive directors.

Both awards were made under the terms of the revised policy and were based on EPS and absolute TSR, the targets for the award made in 2021 are set out in the 2020 Annual report.

Response to voting at the 2021 AGM

In 2021 the Committee completed its triennial review of the Remuneration Policy having consulted with shareholders in late 2020 and early 2021.

I am delighted that shareholders almost universally approved the new policy with a vote of 96% in favour at the 2021 AGM. The Committee believes the revised policy sets out a fair and balanced framework for rewarding executives and aligning them to the interests of shareholders and other stakeholders.

There was a substantial minority vote representing 33% of shareholders who voted against approval of the 2021 Remuneration Report. The Committee engaged with shareholders after the AGM to explore the key reasons for the significant vote against this resolution which was primarily due to the leaving arrangements for the outgoing CFO. Shareholders understood the additional context provided and, as it was a legacy matter, the Committee determined that no follow up action was necessary on this point, however the Committee will continue to engage regularly with shareholders on executive remuneration.

UK Corporate Governance Code

The Committee has reviewed the provisions of the Code and, in its Remuneration Policy review, agreed to make changes to ensure that executive pensions are aligned with the wider workforce by 2023. In addition, under the approved policy, and in line with current best practice, minimum shareholding guidelines and post-employment shareholding periods are now in place. Therefore, our revised Remuneration Policy will be fully compliant with the Code during the next three-year period.

Looking ahead to 2022

For 2022, base salaries will be increased by 3.5% for Executive Directors to align with the average increase for the wider UK workforce. Company pension contributions will remain unchanged from 2021 levels and will remain so during 2022 after which, contributions will be aligned to those of the wider UK workforce from 2023. For both Executive Directors the maximum 2022 annual bonus opportunity will be 125% of base salary and the maximum 2022 Long-Term Incentive Plan (LTIP) opportunity (under the PSP plan) will be 125% of base salary.

Details of the proposed targets for 2022 PSP awards are set out on page 68 of the remuneration report. The Committee has taken care, to set challenging and stretching targets that carefully align the interests of the shareholders and executive directors towards delivering the strategic plan for the Group and thereby creating strong value creation for shareholders over the next three years and beyond.

Medica is a high growth business with strong ambitions to expand in the future therefore the Committee will keep under review the Executive Directors remuneration in the context of the growth in the size and scale of the organisation. To the extent the size and scope of the Executive roles significantly alter, the Committee may consider amending remuneration which could include a base salary increase in excess of that of the wider workforce.

We hope that our shareholders will support the Remuneration Report at the 2022 AGM.

Ongoing dialogue with shareholders and other stakeholders is valued, and as always, we welcome your feedback on this Directors' Remuneration Report.

Jo Easton
Chair of the Remuneration Committee

11 April 2022

Key committee activities in 2021

Triennial Remuneration Policy review	• Completed the consultation with shareholders and implemented the revised Remuneration Policy following approval by shareholders at the 2021 AGM • Updated the 2021 Directors Remuneration Report for the disclosures in respect of the new policy
Director's remuneration	• Reviewed the 2021 Remuneration Report prior to its approval at the 2022 AGM • Agreed director's remuneration for 2022 • Agreed the retirement arrangements for Dr. Stephen Davies for salary, bonus and share options held at the date of retirement
Executive remuneration	• Approved the 2021 LTIP awards under the Company's PSP for executives and 2021 PSP and the Company Share Option Plan (CSOP) awards for other staff • Approved the DBP awards for executives representing a 25% element of total bonus held back • Approved the group annual bonus targets for 2022
Governance	• Reviewed COVID-19 related market trends in relation to executive remuneration • Reviewed the Remuneration Committee Terms of Reference • Reviewed market trends and latest developments in governance • Consulted with shareholders in respect of the minority vote against the 2020 Remuneration Report at the 2021 AGM and published the results of the consultation in December 2021

Report of the Remuneration Committee
continued

2022 approved Remuneration Policy for executive directors

This section of the report sets out the main elements of the Policy approved by shareholders at the 2021 AGM. The Policy will remain in effect for three years from the 2021 AGM subject to any proposed amendments by the Committee. The table below also sets out how the main elements of the policy link to the strategy and how each element will operate in practice.

During 2021 and early 2022 the Committee considered the effectiveness of LTIP and CSOP awards for the retention of key employees below the level of executive management. After careful consideration the Committee approved the introduction of a new award which is fully compliant with the rules of the existing PSP scheme and allows for the grant of nil-cost options to employees other than executive directors and members of the wider executive management team with the only performance condition being continued employment to the normal vesting date. Further details of the Restricted Stock Units (RSU) scheme are set out below. It is intended the first grant of options under this new scheme will be made in late April or early May 2022.

The Committee do not intend to grant any further awards under the CSOP.

Element	Purpose and link to strategy	Operation
Base salary	Set at levels to attract and retain talented executive directors with the skills and experience to deliver Medica's strategy. Base salaries and the implied total package informed but not led by market practice and competitive by reference to companies of a similar size and complexity.	Base salaries will be reviewed by the Committee annually and benchmarked periodically against relevant competitor companies. The executive directors' salary is positioned to reflect each individual's professional experience and level of responsibility in their role. In deciding base salary levels, the Committee considers personal performance including the individual's contribution to the achievement of Medica's strategic objectives. The Committee will also consider employment conditions and salary levels across Medica, and prevailing market conditions. Base salary increases for the executive directors will normally be aligned with those of the wider workforce but may be made above this level in exceptional circumstances such as a material change in responsibilities, size or complexity of the role, or if a director was intentionally appointed on a below-market salary. The Committee will consider increasing salaries over time subject to strong personal and company performance and considering levels of salaries in the market.
Pension	To provide an appropriate level of post-retirement benefit for executive directors.	Executive directors may receive a contribution to a personal pension plan, a cash allowance in lieu, or a combination thereof equivalent to that received by the wider UK workforce. Salary is the only element of remuneration that is pensionable.
Other benefits	To provide market competitive non-cash benefits to attract and retain talented executive directors.	Medica provides death in service and private medical insurance benefits to its executive directors. Medica may provide benefits in kind where the Remuneration Committee considers appropriate. Executive directors may also be provided certain other benefits to take account of individual circumstances such as, but not limited to, payment of tax, financial, and/or legal adviser fees, relocation expenses and housing allowance (including associated interest, penalties or fees plus, in certain circumstances or where the Committee consider it appropriate, any tax incurred on such benefits). Executive directors may also be offered any other future benefits made available to all senior employees. This may include participation in any Share Incentive Plan that is offered to all employees (or all employees who meet certain qualifying criteria) on the same terms.

Opportunity	Performance measures
There is no maximum salary payable to executive directors. Salaries will be set on a case-by-case basis to reflect the role and the experience and qualifications of the individual. Base salaries for the year under review and the following year, as well as the rationale for any increases, will be disclosed in the relevant year's Directors' Report on Remuneration in the Annual Report.	Not applicable.
Newly appointed executive directors will receive a contribution to a personal pension plan, a cash allowance, or a combination thereof equivalent to that of the wider UK workforce at the date of appointment. Details of the pension contributions made to executive directors during the year are disclosed in the Directors' Report on Remuneration in the Annual Report.	Not applicable.
There is no maximum value of annual benefits which will be market competitive and will take into account individual circumstances. It is not anticipated that the costs of benefits provided will increase significantly in the financial years over which this Policy will apply, although the Committee retains discretion to approve non-material increases in cost. In addition, the Committee retains discretion to approve a higher cost in exceptional circumstances (e.g. to facilitate recruitment, relocation, expatriation, etc.) or in circumstances where factors outside Medica's control have changed (e.g. market increases in insurance costs). Benefits in respect of the year under review are disclosed in the Directors' Report on Remuneration in the Annual Report.	Not applicable.

Report of the Remuneration Committee

continued

Element	Purpose and link to strategy	Operation
Annual Bonus	To incentivise executive directors to deliver strong financial and non-financial performance on an annual basis and reward the delivery of Medica's strategic aims that will underpin the longer-term health and growth of the business. Deferral into shares enhances alignment with shareholders and aids retention of executive directors.	Performance measures, targets and weightings are set by the Committee at the start of the year. After the end of the financial year, the Committee determines the level of bonus to be paid, taking into account the extent to which these targets have been achieved. To the extent that the performance criteria have been met, at least 40% of the annual bonus awards will be deferred into awards in shares in Medica under the Deferred Bonus Plan ("DBP"). The remainder of the bonus will be paid in cash. Awards under the DBP are not subject to further performance conditions and vest after 2 years, broadly subject to continued employment. Dividend equivalents may be awarded in respect of DBP awards (as set out in the Notes to the Policy Table). Malus and clawback provisions apply to the annual bonus and DBP awards in certain circumstances (as set out in the Notes to the Policy Table). The Committee may exercise discretion and make either upward or downward adjustments to the formulaic outcome to either short term or long-term bonus pay-outs in the event that there is misalignment with shareholder interests or strategy (as set out in the Notes to the Policy Table).
Performance Share Plan ("PSP")	To align the interests of executive directors and shareholders in growing the value of Medica over the long-term.	Executive directors are eligible to receive annual awards of an option to acquire shares in Medica for nil consideration. Prior to awards being granted each year, the performance conditions and targets are agreed and set to ensure they remain appropriately stretching and aligned to Medica's strategy. Awards granted under the PSP to executive directors will normally have a performance period of not less than three years and a minimum normal vesting period of three years. They will normally be subject to an additional holding period of two years after the normal vesting period. Dividend equivalents may be awarded in respect of PSP awards (as set out in the Notes to the Policy Table). PSP awards granted to executive directors will be subject to malus and clawback provisions, as set out in the Notes to the Policy Table. The Committee may also exercise discretion and make either upward or downward adjustments to the formulaic outcome to either short term or long-term bonus pay-outs in the event that there is misalignment with shareholder interests or strategy (as set out in the Notes to the Policy Table).
Restricted Stock Units ("RSU") under the PSP	To provide a key retention incentive for junior management and key employees.	Employees other than directors and executive management are eligible to receive annual awards of an option to acquire shares in Medica for nil consideration. RSU Awards granted under the PSP will normally have a performance period of not less than three years and a minimum normal vesting period of three years. Dividend equivalents may be awarded in respect of RSU awards.
Save-As-You-Earn (SAYE) plan	To align the interests of employees and shareholders by encouraging all employees to buy and own Medica shares.	Executive directors are entitled to participate in Medica's all-employee SAYE plan on identical terms as other eligible employees. All employees, including executive directors, may make monthly savings over a period of three or five years (or other period set out in the relevant legislation). Each employee who participates is also granted an option to acquire shares at a price that is not less than 80% of the market value of the shares on the date that invitations to participate are issued. The number of Shares subject to each option will be the number of shares which have an aggregate option exercise price as near to, but not exceeding, the projected proceeds of the SAYE savings contract (i.e. the accumulated savings plus any bonus/interest payable). The operation of the SAYE plan will be in line with the legislative requirements that apply to plans of this type. Executive directors will not receive any preferential terms compared to the wider employee group.

Opportunity	Performance measures
The normal maximum annual bonus opportunity is 125% of base salary. The pay-out for on-target performance is up to 50% of maximum; below threshold performance on any of the financial or strategic functional measures results in nil pay-out. The current maximum bonus opportunities for each of the executive directors are disclosed in the Directors' Report on Remuneration in the Annual Report.	Bonuses are based on achievement against Company financial performance targets and strategic functional targets over the financial year. Malus and clawback provisions apply to the annual bonus and DBP awards in certain circumstances. Further details, including the performance targets, will be disclosed retrospectively in the relevant Directors' Report on Remuneration in the Annual Report.
The normal maximum annual PSP opportunity is 150% of base salary. The Committee may determine not to make awards at this maximum level each year and anticipates that awards made will not normally exceed 125% of base salary after 2021. The Committee has discretion to award up to 200% of base salary in exceptional circumstances. Further details of the PSP awards granted to each of the executive directors will be disclosed in the relevant Directors' Remuneration Report in the Annual Report.	Vesting of the PSP is subject to continued employment during the normal vesting period and the achievement of performance conditions aligned with Medica's strategic plan and shareholder value creation. PSP awards granted in 2021 will be based on a combination of EPS growth and Total Shareholder Return. Regular reviews of the performance conditions and targets are undertaken to ensure alignment with the strategy and shareholder interest. The Committee retains discretion to make changes to the measures and their weightings to ensure continued alignment with strategic goals and shareholder interests. Further details, including the performance targets attached to PSP awards in respect of each year, will be disclosed in the relevant Directors'. Remuneration Report in the Annual Report.
Awards will be made based on seniority and at the discretion of the Committee and will typically be limited to a value at grant of up to 1/3 of the individual's annual basic salary. Total RSU's granted each year under the PSP will be disclosed in the Annual Report and Accounts. Total RSU awards under the PSP will typically be limited to less than 1% of the issued share capital of the Company in any one year.	Vesting of the PSP is subject to continued employment during the normal vesting period.
Employees are limited to saving a maximum in line with the maximum monthly savings limit imposed by the Committee (which will not exceed the limits imposed by legislation, currently £500 per month) at the time they are invited to participate.	Not applicable.

Report of the Remuneration Committee

continued

Notes to the Policy Table

Approach to target setting and performance measure selection.

The Committee carefully considers the selection of performance measures at the start of each performance cycle, taking into consideration Medica's strategic objectives and the macroeconomic environment.

Annual bonus measures are selected to align with Medica's short-term objectives and are based on "stretch" targets above the annually approved group budget. Measures may change from year to year (subject to the Policy), and the rationale for any changes to the bonus measures selected will therefore be disclosed in the relevant Directors' Remuneration Report in the Annual Report.

PSP performance measures are selected to ensure they reward delivery of Medica's strategy and growth and create value for shareholders over a multi-year period and are intended to align executive directors' interests with those of shareholders. The performance measures applicable to the PSP awards to be granted in 2022 will be based on EPS growth and Total Shareholder Return weighted equally at 50% over a three-year period. The Committee considers these measures align executive incentives to Medica's strategy and shareholder interests.

PSP awards are expected to be granted in April or early May 2022. The PSP award to be granted to Stuart Quin and Richard Jones will be equivalent to 125%% of base salary.

Targets are set to be stretching but achievable over the three-year performance period. EPS targets are set taking account of multiple relevant reference points, including internal forecasts, external expectations for future performance at both Medica and its closest sector peers, and typical performance ranges for those measures at other FTSE companies of comparable size and complexity.

The Committee may also make discretionary adjustments, up and down, to the formulaic outcome of short- and long-term incentive plans if there is a lack of alignment with the Group's strategic goals or shareholder interests. Any use of discretion will be carefully considered by the Committee and fully disclosed in the relevant Directors' Remuneration Report in the Annual Report.

Until an award in shares under the DBP or PSP has been exercised and the shares which are subject to the relevant award have been issued or transferred to the award holder, the award holder has no entitlement to dividends or other distributions payable by reference to a record date preceding the date of such issue or transfer. The Committee can, however, determine that dividend equivalents will be awarded. If dividend equivalents are awarded, whenever a dividend or other distribution is paid by Medica in respect of its shares and the vesting date of the DBP or PSP award (including any additional holding period that applies to the PSP award) has not passed, the number of shares which are subject to the DBP or PSP award will be increased to reflect the value of the dividend. The Committee can determine that dividend equivalents will be paid in either shares or in cash.

Malus and clawback provisions apply to DBP and PSP awards:

- If the Award Holder has engaged in misconduct which, in the sole opinion of the Committee, would or could justify the Award Holder's summary dismissal;
- there has been a material misstatement and/or significant downward revision in the financial results of the Company announced to the public and/or its audited accounts in respect of any Financial Year;
- an error was made in assessing or calculating the extent to which any condition imposed on the Award has been satisfied which has resulted either directly or indirectly in the number of Shares in respect of which the Award was or is capable of exercise, being greater than it would have been but for such error; and
- any other circumstances exist that in the sole opinion of the Committee have (or would have if made public) a sufficiently significant impact on the reputation of any member of the Group or the business in which the Award Holder is employed to justify Malus and Clawback applying. For the avoidance of doubt, such circumstances need not relate to any Financial Year during which the Award Holder held an Award under the Plan.

Share ownership guidelines

The Committee recognises the importance of aligning executive directors' and shareholders' interests through significant shareholdings in Medica. Medica's shareholding policy is 125% of base salary for executive directors. The executive directors will have five years in which to build up the required ordinary shareholding after commencing employment.

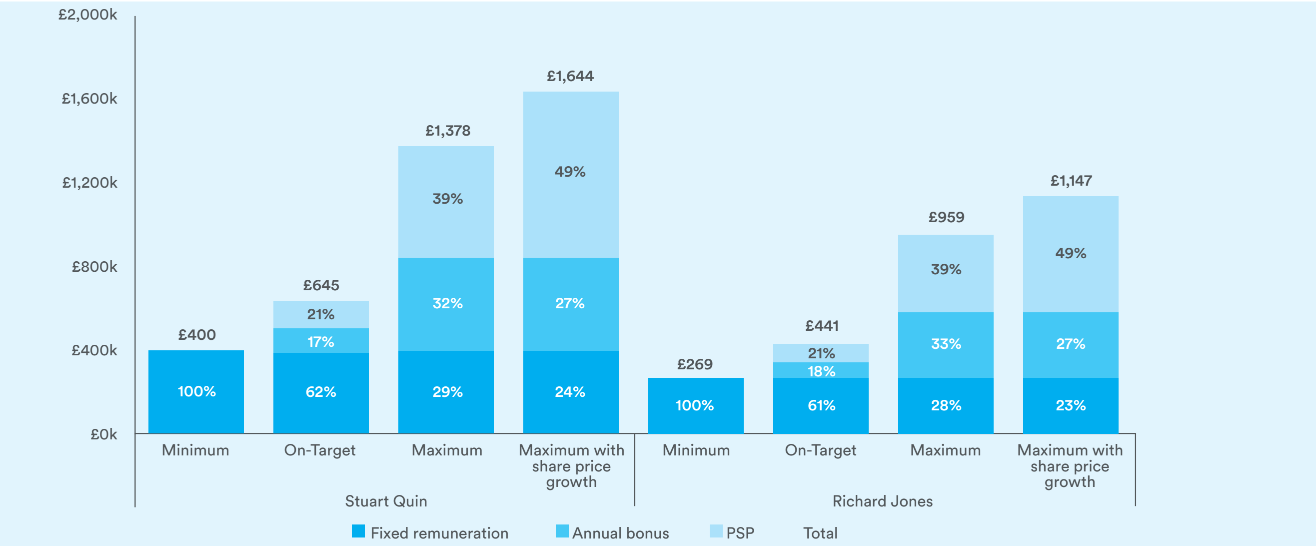
Post-employment shareholding guidelines will require executive directors to hold 100% of their in-employment shareholding guideline, or shareholding at cessation if lower, for a period of two years post-cessation.

Details of the executive directors' current personal shareholdings are provided on page 69.

Pay-for-performance: scenario analysis

The charts below provide an estimate of the potential future reward opportunities for the executive directors, and the potential split between the different elements of remuneration under three different performance scenarios: "Maximum", "On-target" and "Minimum".

Potential reward opportunities are based on the forward-looking policy applied to 2022 base salaries and incentive opportunities. Note that the PSP awards granted to executive directors will not normally vest until the third anniversary of the date of grant and will then be subject to an additional two-year holding period before the awards can be exercised.



In developing these scenarios the following assumptions have been made

Minimum

- Base pay that is applicable in 2022
- Benefits as included in the single figure table for 2021
- Pension based on % contribution of salary for 2022

Target

- Annual bonus is 62.5% of base salary (representing 50% of maximum award)
- PSP share award vesting at 37.5% of base salary (representing 25% of the face value of the PSP award)

Maximum

- Annual bonus is 125% of base salary (representing 100% of maximum award)
- PSP share award vesting at 150% for 2021 and 125% thereafter (representing 100% of the face value of the PSP award)

Share price appreciation

- The potential impact of share price appreciation on PSP award values is illustrated assuming a 50% increase on the share price at grant

Executive director service contracts

In accordance with general market practice, each of the executive directors has a rolling service contract. The executive directors' service contracts (copies of which are available to view at Medica's registered office) are each terminable on 12 months' notice from either party. This practice will also apply for any new Executive directors. The following table shows the date of the service contract for each executive director:

Executive director	Position	Date of appointment	Date of service agreement
Dr. Stuart Quin	CEO	1 September 2019	1 September 2019
Richard Jones	CFO	3 August 2020	1 August 2020

Exit payments policy

Medica's policy on termination payments is to consider the circumstances on a case-by-case basis, taking into account the relevant contractual terms in the executive's service contract and the circumstances of termination. executive directors' contracts provide for the payment of a pre-determined sum in the event of termination of employment in certain circumstances (but excluding circumstances where Medica is entitled to dismiss without compensation), comprising base salary, pension allowance and benefits in respect of the unexpired portion of the notice period. Termination payments may take the form of payments in lieu of notice.

If the employment is terminated by Medica, the Committee retains the discretion to settle any other amount the Committee considers reasonable to the executive director including in settlement of claims, in respect of reasonable legal fees incurred in connection with the termination and fees for outplacement services and relocation costs.

Report of the Remuneration Committee

continued

In additional to contractual provisions, the table below summarises how awards under each discretionary incentive plan are typically treated in specific circumstances, with (where relevant) the final treatment remaining subject to the Committee's discretion as provided under the rules of the plan. In the event of termination, any outstanding options granted under the SAYE scheme and any awards made under a share Incentive plan that may be established by Medica will be treated in accordance with the rules of the scheme, which do not include discretion.

Disclosure in relation to any departing executive director, including details of any remuneration payment made to him after he ceases will be made in the relevant Annual Report on Remuneration.

Treatment of awards on cessation of employment/change of control.

	Reason for cessation	Calculation of vesting/payment	Timing of vesting/ payment
Annual bonus	Death or other circumstance as the Committee determines	The bonus will remain payable on the normal payment date, subject to the performance targets having been met and pro-rated for the proportion of the performance year worked (unless the Committee waives pro-rating). The bonus is paid wholly in cash (i.e. not subject to deferral) unless the Committee determines otherwise.	At the usual payment date.
	All other reasons	No bonus will be paid for the financial year. Bonus lapses if employment ceases at any time prior to the payment date.	Not applicable.
	Change of control	The Committee may determine the extent to which applicable performance targets have been met as at the date of the change of control, and calculate the bonus accordingly, pro-rated for the proportion of the performance year which has elapsed before the change of control event. The Committee has discretion to waive performance conditions and pro-rating. The bonus is paid wholly in cash (i.e. not subject to deferral).	On change of control.
Deferred Bonus Plan	Death	The Committee may in its absolute discretion, permit exercise of awards within the twelve-month period immediately following death. Awards will be pro-rated for the proportion of the vesting period worked (unless the Committee waives pro-rating).	On death.
	Ill health, injury, disability, redundancy, or sale of the employing company or business	Awards may be retained and exercised during the six months following the vesting date (or if later six months after the date of cessation). The Committee may, however, in its absolute discretion permit awards to be exercised within such period following cessation of employment as the Committee determines. Awards will be pro-rated for the proportion of the vesting period worked (unless the Committee waives pro-rating).	At the normal vesting date unless discretion is exercised (and then on cessation of employment).
	All other reasons (including resignation or dismissal for cause)	Awards normally lapse on cessation of employment or if earlier when the employee gives or is given notice to cease employment, unless the Committee determines within three months of cessation of employment to permit the holder to keep his awards and exercise them on such terms and within such period following the vesting date as the Committee determines. The Committee can determine the extent to which the award will vest.	Not applicable, unless discretion is exercised (and then not earlier than the normal vesting date).
	Change of control	DBP Awards may be exercised for a six-month period following such event or immediately prior to such event. Awards will not be subject to pro-rating.	On change of control.
Performance Share Plan	Death	The Committee may in its absolute discretion, permit exercise of awards within the twelve-month period immediately following death. Awards will be pro-rated for the proportion of the normal vesting period (not including any additional holding period) worked, unless the Committee waives pro-rating.	On death.
	Ill health, injury, disability, redundancy, or sale of the employing company or business	Awards may be retained and exercised during the six months following the normal vesting date (not including any additional holding period), or if later six months after the date of cessation. The Committee may, however, in its absolute discretion permit awards to be exercised within such period following cessation of employment as the Committee determines. Awards will be pro-rated for the proportion of the normal vesting period (not including any additional holding period) worked, unless the Committee waives pro-rating.	At the normal vesting date unless discretion is exercised (and then on cessation of employment).

	Reason for cessation	Calculation of vesting/payment	Timing of vesting/payment
	All other reasons (including resignation or dismissal for cause)	Awards normally lapse on cessation of employment or if earlier when the employee gives or is given notice to cease employment, unless the Committee determines within three months of cessation of employment to permit the holder to keep his awards and exercise them on such terms and within such period following the later of the normal vesting date (not including any additional holding period) or cessation of employment, as the Committee determines. The Committee can determine the extent to which the award will vest.	Not applicable, unless discretion is exercised (and then not earlier than the normal vesting date).
	Change of control	Awards may be exercised for a six-month period following such event or immediately prior to such event to the extent that performance conditions have been met and pro-rated for the proportion of the normal vesting period (not including any additional holding period) that has elapsed as at the change of control event. The Committee has discretion to waive performance conditions and pro-rating.	On change of control.
Company Share Option Plan	Death	Options can be exercised within the twelve-month period immediately following death (to the extent that any performance conditions have been satisfied and pro-rated for the proportion of the vesting period worked). The Committee has discretion to waive performance conditions and pro-rating.	On death.
	Injury, disability, redundancy, retirement, or sale of the employing company or business	Options can be exercised within the six months following the date of cessation (to the extent that any performance conditions have been satisfied) and pro-rated for the proportion of the vesting period worked. The Committee has discretion to waive performance conditions and pro-rating.	On cessation of employment.
	All other reasons (including resignation or dismissal for cause)	Options normally lapse on cessation of employment or if earlier when the employee gives or is given notice to cease employment, unless the Committee determines within three months of cessation of employment to permit the holder to keep his options and exercise them on such terms and within such period as the Committee determines. The Committee can determine the extent to which the award will vest.	Not applicable, unless discretion is exercised (and then not earlier than cessation of employment).
	Change of control	Awards may be exercised for a six-month period following such event to the extent that performance conditions have been met and pro-rated for the proportion of the vesting period that has elapsed as at the change of control event. The Committee has discretion to waive performance conditions and pro-rating. If the change of control event would stop the option qualifying for CSOP tax relief, options can only be exercised within 20 days after the takeover event.	On change of control.

Approach to remuneration on recruitment

External appointments

In cases of hiring or appointing a new executive director from outside Medica, the Committee may make use of all existing components of remuneration set out in the policy table, up to the disclosed maximum opportunities (where applicable). When determining the remuneration package for a new executive director, the Committee will take into account all relevant factors based on the circumstances at that time to ensure that arrangements are in the best interests of Medica and its shareholders. This may include factors such as the experience and skills of the individual, internal comparisons and relevant market data. The Committee may also make an award in respect of a new appointment to 'buy out' incentive arrangements forfeited on leaving a previous employer, i.e. over and above the maximum limits on incentive opportunities set out in the policy table. In doing so, the Committee will consider relevant factors, including any performance conditions attached to these awards, the likelihood of those conditions being met, and the time over which they would have vested. The intention is that the expected value of any buy-out award would be no higher than the expected value of the forfeited arrangements, and that the structure will replicate (as far as reasonably possible) that of the awards being forfeited. The Committee may consider it appropriate to structure 'buy-out' awards differently from the structure described in the policy table, exercising the discretion available under UKLA listing Rule 9.4.2R where necessary to make a one-off award to an executive director in this context. The Committee may also permit Medica to indemnify a new appointment as executive director for any claims that may be made against him by a previous employer in connection with a breach of restrictive covenants or similar restrictions that the new appointment may have breached by taking up employment with Medica.

Report of the Remuneration Committee
continued

Internal promotion
Where a new executive director is appointed by way of internal promotion, the policy will be consistent with that for external appointees, as detailed above (other than in relation to 'buy-out' awards). Any commitments made prior to an individual's promotion will continue to be honoured even if they would not otherwise be consistent with the policy prevailing when the commitment is fulfilled, although Medica may, where appropriate, seek to revise an individual's existing service contract on promotion to ensure it aligns with other executive directors and good practice.

Disclosure on the remuneration structure of any new executive director, including details of any 'buy-out' awards, will be disclosed in the RNS notification made at the time of appointment and in the Annual Report on Remuneration for the year in which recruitment occurred.

External appointments held by executive directors
Executive directors may accept up to one external appointment subject to approval by the Board, there being no conflicts of interest and the appointment not leading to deterioration in the individual's performance.

Executive directors may retain the fees paid for such roles. details of external appointments and the associated fees received will be included in the Annual Report on Remuneration.

Consideration of conditions elsewhere in Medica
The Committee seeks to promote and maintain good relations with employees as part of its broader employee engagement strategy, considers pay practices across Medica and is mindful of the salary increases applying across the rest of the business in relevant markets when considering any increases to salaries for executive directors. However, the committee does not currently consult with employees on its executive remuneration policy.

Consideration of shareholder views
The Committee will take into consideration all shareholder views received during the year and at the Annual General Meeting each year, as well as guidance from shareholder representative bodies more broadly, in shaping Medica's implementation of its policy, as well as any future changes to policy. It is the committee's intention to consult with major shareholders in advance of making any material changes to remuneration arrangements.

Remuneration policy for the non-executive directors
Details of the Policy on fees paid to our non-executive directors are set out in the table below:

	Purpose and link to strategy	Operation	Opportunity	Performance measures
Non-executive director fees	To attract and retain non-executive directors of the highest calibre with broad commercial and other experience relevant to Medica.	The fees of the Chairman are determined by the Committee. The fees paid to non-executive directors are determined by the Chairman and executive directors. Fee levels are reviewed annually taking into account external advice on best practice and competitive levels, in particular at other FTSE companies of comparable size and complexity. Time commitment, committee participation and chairing are also taken into account when reviewing fees. Chairman and non-executive director fees are paid in cash. The Committee reimburses the chairman and non-executive directors for reasonable expenses in performing their duties and may settle any tax incurred in relation to these expenses. For any non-executive director that is based overseas, Medica will meet travel and accommodation expenditure as required to fulfil their non-executive duties. The fees paid to the chairman and non-executive directors are disclosed in the Annual Report on Remuneration.	Current fees are set out on Page 69: Fee increases will be applied taking into account the outcome of the annual review. Level of any fees to be reviewed by the Board.	n/a

Non-executive directors are not eligible to join Medica's pension, incentives or share schemes or to participate in any of Medica's other benefit arrangements.

In recruiting the new non-executive directors in 2021, the Committee used the Policy set out above.

Non-executive director letters of appointment

None of the non-executive directors has a service contract with Medica. They do have letters of appointment for an initial period of three years, subject to retirement and re-election at the initial and each subsequent AGM and continuing thereafter subject to termination upon at least three months' notice (six months' notice in respect of Gordon Roy Davis). The dates relating to the appointments of the chairman and non-executive directors are as follows:

Director	Role	Date of appointment	Date of letter of appointment
Gordon Roy Davis	Independent Chairman	1 March 2017	15 March 2017
Joanne Mary Easton	Non-Executive Director	22 April 2019	2 April 2019
Dr. Junaid Bajwa	Non-Executive Director	1 April 2021	2 March 2021
Barbara Moorhouse	Non-Executive Director	1 August 2021	1 June 2021

Annual Report on Remuneration

This section of the report provides details of how our policy was implemented during the period ending 31 December 2021.

Single total figure of remuneration for executive directors (Audited)

The table below sets out a single figure for total remuneration received by each executive director for the year ended 31 December 2021 and the prior year.

£'000	Base salary[1]	Taxable Benefits[2]	Annual bonus	PSP	Pension benefit	Other	Total	Total fixed	Total variable
Dr. Stuart Quin									
2021	£343	£9	£210	£0	£31	£nil	£594	£383	£210
2020 restated[4]	£340	£8	£82	£0	£34	£nil	£464	£382	£82
Richard Jones									
2021	£242	£3	£148	£0	£15	£8[3]	£415	£259	£156
2020 restated[4]	£100	£1	£24	£0	£6	£nil	£131	£107	£24

Former Directors	Base salary[1]	Taxable Benefits[2]	Annual bonus	PSP	Pension benefit	Other	Total	Total fixed	Total variable
Anthony Lee									
2021	£0	£0	£0	£2	£0	£0	£2	£0	£2
2020 restated[4]	£63	£0	£0	£53	£4	£0	£120	£67	£53
Dr. Stephen Davies									
2021	£83	£0	£61	£118	£5	£nil	£268	£88	£179
2020 restated[4]	£200	£0	£48	£0	£12	£nil	£260	£212	£48

1. Anthony Lee resigned as a director on 31 May 2020. Dr. Stephen Davies resigned as a director on 31 May 2021. Richard Jones salary for 2020 shown from commencement date of 3 August 2020.
2. Medica provides death in service benefit and group income protection and private medical insurance benefits to its executive directors.
3. The Committee approved the payment to Richard Jones of a tax-free relocation allowance of £7,500 in 2021 in order to facilitate a relocation closer to Medica's operating base.
4. The amounts disclosed are after the restatement for correction of the errors disclosed in note 2.5.

Report of the Remuneration Committee

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Incentive outcomes for the year ended 31 December 2021 (Audited)

Bonus awards for 2021

	2021					
	Maximum Opportunity	Bonus outcome (% of max)	Salary earned for the financial year to 31 December 2021	Bonus Payable in Cash	Bonus deferred into shares	Total Bonus
Stuart Quin	125% of salary	82%	£343	£210	£140	£350
Richard Jones	125% of salary	82%	£242	£148	£99	£247
Stephen Davies	100% of salary	74%	£83	£61	£0	£61
Anthony Lee	nil	nil	nil	nil	nil	nil

	2020 restated[1]					
	Maximum Opportunity	Bonus outcome (% of max)	Salary earned for the financial year to 31 December 2020	Bonus Payable in Cash	Bonus deferred into shares	Total Bonus
Stuart Quin	100% of salary	32%	£340	£82	£27	£110
Richard Jones	100% of salary	32%	£100	£24	£8	£32
Stephen Davies	100% of salary	32%	£200	£48	£16	£65
Anthony Lee	100% of salary	0%	£63	nil	nil	nil

1. The amounts disclosed are after the restatement for correction of the errors disclosed in note 2.5.

Disclosure of 2021 Annual Bonus targets

The executive directors' bonuses for the year ended 31 December 2021 were based on a potential payment of up to 125% of base salary for maximum achievement of financial and operational targets. Executive directors were awarded bonuses of 81.7% of maximum opportunity. The table below shows the outcome.

For the financial targets, 75% of the available 100% of annual bonus was based on three financial targets each worth 25% at maximum as per the table below. The remaining 25% of the available 100% of annual bonus was based on the achievement of operational measures.

Bonus outturn	Weighting	Threshold	Target	Maximum	Actual performance	Bonus received (% of max opportunity)
Revenue	25%	£55.9m	£62.2m	£71.5m	£61.9m	11.5%
Adjusted net operating profit	25%	£9.9m	£11.0m	£12.6m	£12.1m	20.6%
Free cash	25%	£3.5m	£3.9m	£4.5m	£9.9m	25.0%
Sub-total for financial measures	***75%***					***57.2%***
Sub-total operational measures	25%		See table below			24.5%
Total	100%					81.7%

Following a review of achievements against the financial targets, the Committee concluded that Dr. Stuart Quin, and Richard Jones should receive a payment of 57.2% of the maximum bonus opportunity of 75% of the total bonus opportunity.

The remaining 25% of the available bonus opportunity was based on the achievement of jointly owned operational measures as follows:

Operational Measures	Commentary	Outcomes
NH Contract wins	Medica continued to actively tender for new business and to negotiate extensions and re-tenders of certain existing NightHawk contracts with a net increase in NH contract wins and renewals during the year in line with expectations	Met
ESG measures relating to service quality	Changes to process and systems contributed to the improvements in SLA achievement across both NightHawk and Elective service lines. SLA performance was slightly below target for NightHawk and Elective as Medica worked with its clients to bring capacity back onstream during 2021 as demand returned to pre-pandemic levels.	Partially met
Integration of Irish acquisition	All key integration milestones were achieved on time and to plan including the re-branding of the Irish acquisition to Medica Ireland	Met

Following a review of achievements against the operational targets, the Committee concluded that Dr. Stuart Quin and Richard Jones should receive a payment of 24.5% of the maximum bonus opportunity of 25% for operational measures.

In accordance with the directors' remuneration policy approved in 2021, 40% of the total bonus awarded to Dr. Stuart Quin and Richard Jones will be deferred in Medica shares under the Deferred Bonus Plan (DBP) to be granted during 2022. Awards under the DBP are not subject to further performance conditions and vest after two years, subject to continued employment. Dividend equivalents will be awarded in respect of the DBP awards on vesting.

Deferred Bonus Plan ("DBP")

	Date of grant	Vehicle	Number awarded	Share Price at award date[2]	Total Value of Award	Vesting date	Expiry date
Dr. Stuart Quin	15-Apr-20	DBP – nil cost share options	2,564	110.5	£2,833	14-Apr-22	15-Apr-30
	26-May-21	DBP – nil cost share options	17,035	161.2	£27,455	26-May-23	26-May-31
Richard Jones	26-May-21	DBP – nil cost share options	5,010	161.2	£8,075	26-May-23	26-May-31
Dr. Stephen Davies[3]	26-May-21	DBP – nil cost share options	10,202	158.3	£16,150	26-May-23	26-Nov-23
	15-Apr-20	DBP – nil cost share options	4,525	110.5	£5,000	14-Apr-22	14-Oct-22

1. The awards are structured as nil cost options, for which no exercise price is payable.
2. The award value of the awards has been calculated using the share price at the date of award.
3. Dr. Stephen Davies resigned on 31 May 2021, the expiry date is 6 months after options vest.

PSP vesting in 2021

A summary of the performance conditions for the 2018 awards is included below:

Measure	Weighting	Targets	Performance measurement period
Absolute TSR (share price plus rolled up dividends)	50%	0% vesting below 8% growth per annum 12.5% vesting for 8% growth per annum 50% vesting for 16% growth per annum Straight-line vesting between these points	Three-month average at the end of the three year performance period
Growth in Adjusted Earnings per Share	50%	0% vesting below 10% growth per annum 12.5% vesting for 10% growth per annum 50% vesting for 30% growth per annum Straight-line vesting between these points	Cumulative three years

Threshold performance was not met for either measure and therefore no part of this award vested in 2021.

PSP awards granted in 2021

On 28 May 2021 executive directors were granted awards under the PSP, comprising a grant of options to acquire shares at nil cost. Following the 2021 AGM additional awards were made under the PSP on 22 June 2021.

Awards granted to Dr. Stuart Quin and Richard Jones under the PSP were granted in respect of shares with a market value equal to 150% of base salary, determined using the average closing price of Medica's shares for the three dealing days immediately preceding 28 May 2021 (161.2 pence).

Report of the Remuneration Committee

continued

A summary of the performance conditions for the 2021 awards is included below and was previously disclosed in the 2021 Annual Report and Accounts:

Measure	Weighting	Targets	Performance measurement period
Absolute TSR CAGR over three years to 31 December 2023	50%	0% vesting below 17% cumulative growth per annum 25% vesting for 17% CAGR growth 50% vesting for 19% CAGR 75% vesting for 22% CAGR 100% vesting for 26% CAGR Straight-line vesting between these points	Three-month average at the end of the three year performance period
Cumulative Growth in Adjusted Earnings per Share over the three-year period to 31 December 2023	50%	0% vesting below 27 pence per share 25% vesting at 27 pence per share 50% vesting at 28 pence per share 75% vesting at 30 pence per share 100% vesting at 32 pence per share Straight-line vesting between these points Vesting of awards is subject to overall Committee discretion to reduce or eliminate the awards if deemed necessary	Cumulative three years

LTIP awards 2021 (with 2020 comparative) for executive directors

2021 Director	Date of grant	Vehicle	Number awarded	Exercise Price[1]	Face value[2]	Vesting date[3]	Expiry date
Dr. Stuart Quin	28-May-21	PSP – nil cost share options	213,071	Nil	£343	28-May-24	28-May-31
	22-Jun-21	PSP – nil cost share options	106,535	Nil	£172	22-Jun-24	22-Jun-31
Richard Jones	28-May-21	PSP – nil cost share options	150,403	Nil	£242	26-May-24	28-May-31
	22-Jun-21	PSP – nil cost share options	75,201	Nil	£121	22-Jun-24	22-Jun-31

2021 Director	Date of grant	Vehicle	Number awarded	Exercise Price[1]	Face value[2]	Vesting date[3]	Expiry date
Dr. Stuart Quin	15-Apr-20	PSP – nil cost share options	615,385		£680	15-Apr-23	15-Apr-30
Dr. Stuart Quin	16-Sep-19	PSP – nil cost share options	533,682		£733	16-Sep-22	16-Sep-29
Dr. Stephen Davies	15-Apr-20	PSP – nil cost share options	180,995		£200	15-Apr-23	15-Apr-30
Dr. Stephen Davies	25-Apr-19	PSP – nil cost share options	193,236		£300	25-Apr-22	25-Apr-29
Richard Jones	10-Nov-20	PSP – nil cost share options	443,077		£480	10-Nov-23	10-Nov-30
Anthony Lee	25-Apr-19	PSP – nil cost share options	135,265		£210	25-Apr-22	25-Apr-29

1. The awards are performance share awards, for which no exercise price is payable.
2. The face value of the awards has been calculated using the share price at the date of grant, being the average closing share price for a Share as derived from the Official List for the three consecutive Dealing Days immediately preceding 26 May 2021 (161.2p). This assumes that the performance targets are met in full. Actual value at vesting will depend on the extent to which the awards vest, the share price at the date of vesting, and any dividend equivalents payable on vested shares.
3. There will be a two-year holding period following the vesting data after which PSP options are available for exercise.

Single total figure of remuneration for non-executive directors (Audited)

The table below sets out a single figure for total remuneration received by each non-executive director for the year ended 31 December 2021 and the prior year:

Director	2021	2020
Gordon Roy Davis	£100	£100
Stephen Lee Whittern[1]	£37	£60
Dr. Mike Bewick	£0	£32
Joanne Mary Easton	£50	£50
Barbara Moorhouse[2]	£30	–
Dr. Junaid Bajwa[3]	£37	–

1. Stephen Wittern Resigned on 16 June 2021
2. Barbara Moorehouse was appointed on 1 July 2021
3. Dr. Junai Bajwa was appointed on 1 April 2021

Percentage change in Remuneration

The table below shows the percentage change in remuneration for the role of chief executive between 2021 and 2020 (and the table encompasses part year figures for the departing and new chief executive), and other directors compared to the average for all employees of Medica Group PLC:

	2021			2020[4]		
	Salary/fees	Benefits	Annual Bonus	Salary/fees	Benefits	Annual Bonus
Executive Directors						
Chief Executive Officer	1%	-3%	155%	34%	225%	627%
Chief Financial Officer	48%	62%	513%	17%	n/a	73%
Non-Executive Directors						
Gordon Roy Davis	0%	–	–	0%	–	–
Stephen Lee Whittern[1]	-39%	–	–	0%	–	–
Dr Mike Bewick	-100%	–	–	-36%	–	–
Joanne Mary Easton	0%	–	–	44%	–	–
Barbara Moorhouse[2]	N/A	–	–	N/A	–	–
Dr Junaid Bajwa[3]	N/A	–	–	N/A	–	–
Average of other Medica employees	41%	0%	5%			

1. Resigned in June 2021
2. Appointed July 2021
3. Appointed April 2021
4. The amounts disclosed are after the restatement for correction of the error disclosed in Note 2.5

CEO Pay Ratio

The table below sets out the ratio between the pay of the chief executive and that of the Company's employees[1].

Year	Method	25th percentile ratio	Median ratio	75th percentile ratio
2021	Option A	24.1:1	17.4:1	11.8:1
2020	Option A	18.4:1	15.7:1	8.7:1
2019	Option A	16.4:1	12.4:1	7.6:1

1 The CEO Pay Ratio is based on like for like comparison of total pay (salary, bonus and benefits). Values are grossed up for part time employees and to a full year for new joiners in the year.

2 Option A was used (ranking employees by their year-end annual pay, benefits and annual bonus) because it is the most transparent method available.

Report of the Remuneration Committee

continued

The salary and total pay for employee measured (highest to lowest) at the 25th, median and 75th percentile used to calculate the above ratios were:

	2021		2020		2019	
	Salary	Total pay	Salary	Total pay	Salary	Total pay
25th percentile[1]	£43	£48	£42	£45	£37	£41
Median	£29	£32	£23	£25	£23	£25
75th percentile	£21	£23	£20	£21	£17	£19

1. Measured highest to lowest
2. Total Pay = Salary + Bonus + Benefits

- The increase in the pay ratio from 2019 to 2020 reflects the hiring of the new CEO in September 2019.
- The increase in the pay ratio from 2020 to 2021 reflects the impact of bonus awards in 2020 which were at a higher percentage of salary of the CEO relative to the wider workforce.
- There was no change to the Company's general policy on pay and in 2021 no staff were placed on furlough and the Company did not take advantage of any other COVID-19 related government schemes.
- The median pay reflects the workforce of a smaller number of senior management and a larger junior management and junior operational staff to support the operational nature of the business. It is worth noting that a vast majority of Medica's clinical staff are self-employed and therefore not included in the values above.

Relative importance of spend on pay

There were no share buybacks implemented or other significant distributions, payments or other uses of profit or cashflow in the 2021 financial year which the directors consider relevant in assisting an understanding of the relative importance of spend on pay. Total staff costs – disclosed in the notes to the financial statements – were £11,283 in 2021 (2020: £7,336).

	2021	2020	Change YOY
Distributions to shareholders (£'000)	3,167	945	2,222
Total employee pay (£'000)	14,591	7336	7,256
Total employee pay as a % of distribution to shareholders	4.6x	7.8x	

Leaving arrangements for Dr. Stephen Davies (Audited)

On 18 January 2021 the company announced that Dr. Stephen Davies decided to retire and to step down from his position as Group medical director and as an executive director on the Board effective 31 May 2021. The Committee approved the following arrangements:

- Base salary to be paid until retirement date on 31 May 2021.
- Under the plan rules and in accordance with the treatment of good leavers, awards will vest at their normal time subject to performance achieved and pro-rated for time served during the performance period.
- Exercise period for vested shares to be within 6 months of leaving and for unvested shares within 6 months of vesting.
- In respect of DBP options, under the plan rules and in accordance with the treatment of good leavers, awards will vest at their normal time.
- Bonus in respect of the period from 1st January to 31 May 2021 to be paid in cash with no deferred component.
- A new consulting contract was agreed to take effect from 1 June 2021 on an "as required" basis.

All payments made to Dr. Stephen Davies were in line with the Company's shareholder approved remuneration policy in place at the time and the terms of his service agreement.

Payments for loss of office (Audited)

There were no payments made for loss of office during the year.

External appointments

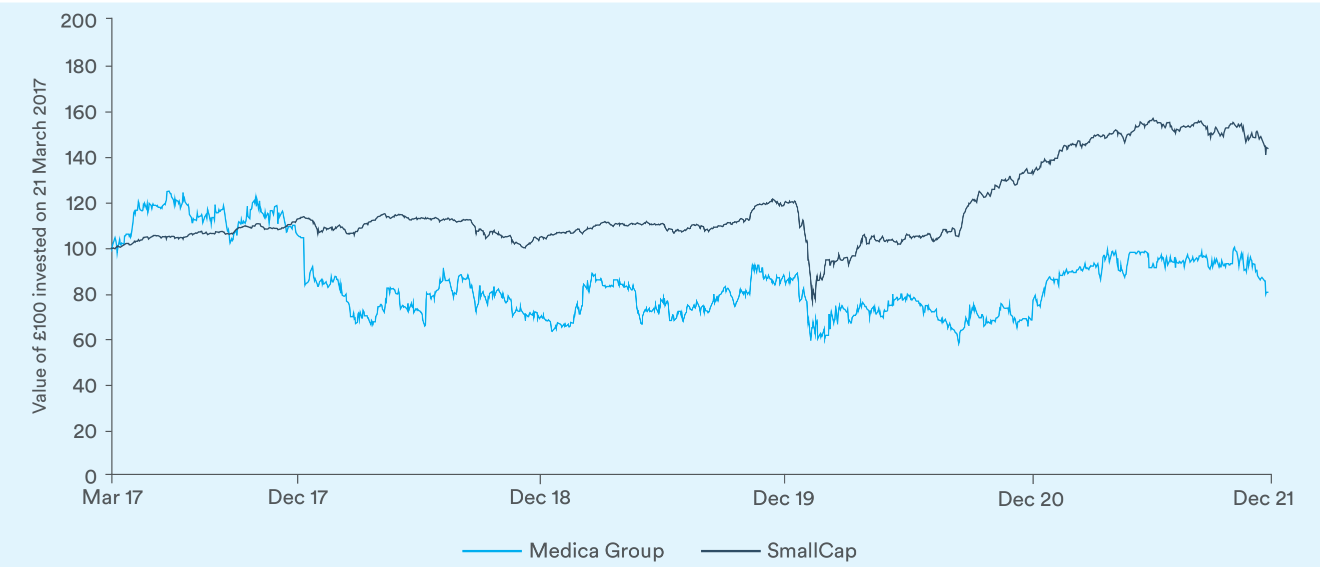
Richard Jones, CFO holds an external appointment as non-executive director and audit chair of Alliance Pharma PLC.

Review of past performance

This graph shows Medica's Total Shareholder Return (TSR) compared to the FTSE Small Cap index. The comparison is made between the date of Listing (21 March 2017) and 31 December 2021. The FTSE Small Cap index was chosen as the comparator because Medica is part of this group and it is the most comparable group of peer companies.

Historical TSR performance

Growth in the value of a hypothetical holding since listing on 21 march 2017 to 31 December 2021.



Single total figure for remuneration

The table below details the CEO's single total figure of remuneration and incentive outcomes over the same period. The Total remuneration includes base salary, annual performance bonus and other benefits. The annual bonus percentage is relating to that year's performance and is also shown below.

	2017	2018	2019	2020	2021
Dr. Stuart Quin (From 1 September 2019)					
Total remuneration (£'000)	n/a	n/a	£139	£464	£594
Annual Bonus (% of maximum)	n/a	n/a	10%	32%	82%
LTIP vesting (% of maximum)	n/a	n/a	n/a	n/a	n/a
John Graham (Retired 30 August 2019)					
Total remuneration (£'000)	£205	£224	£143	n/a	n/a
Annual Bonus (% of maximum)	0%	5%	n/a	n/a	n/a
LTIP vesting (% of maximum)	n/a	n/a	n/a	n/a	n/a

Implementation of remuneration policy for 2022

This section of the report provides details of how our Policy will be implemented in 2022.

Base salary

Executive directors have been awarded an annual increase in basic pay of 3.5% from April 2022 in line with the wider workforce as shown below:

£'000	1 April 2022 base salary	1 April 2021 base salary	Change vs April 2021
Dr. Stuart Quin	£355	£343	3.5%
Richard Jones	£251	£242	3.5%

Report of the Remuneration Committee
continued

Pension

Dr. Stuart Quin receives pension contributions of 10% of his salary. Richard Jones receives pension contributions of 6% of his salary. The pension contributions of the current executive directors will remain unchanged in 2021 and reduce from 1 January 2023 to align with those of the wider UK workforce which is currently 4%.

Annual Bonus

For 2022, the executive directors will have a maximum bonus opportunity of 125% of salary.

No more than 60% of any annual bonus will be payable in cash and the balance will be made in the form of a DBP award over Shares, which will then vest after a period of not less than two years, broadly subject to continued employment. Cash bonuses will be subject to clawback provisions as will DBP awards, as set out in the rules of the annual bonus plan and DBP. The level of deferral and period for deferral may change in relation to future financial years.

The annual bonus for 2022 will be based 75% on achievement of Company financial targets and 25% on achievement of functional targets. The financial targets are attributed in equal part to revenue, adjusted operating profit and free cash.

The pay-out for on-target performance is up to 50% of maximum; below threshold performance on any of the financial or strategic functional measures results in nil pay-out.

The functional targets are directly aligned to the Company's Corporate and ESG strategy and KPIs and include measures of ESG performance relating to service quality and represent 25% of the maximum annual bonus.

There will be Committee discretion to adjust the formula driven outturn to ensure that the bonus payments also reflect performance more broadly and the experience of other stakeholders in the business.

The financial target range is deemed to be commercially sensitive and has not been disclosed prospectively. However, full retrospective disclosure of the targets and performance against them will be provided in next year's remuneration report. Targets have been disclosed for the 2017, 2018, 2019, 2020 and 2021 awards.

Performance Share Plan

In 2022, the executive directors will receive nil cost options under the Medica Group PSP, with face values of 125% of salary following publication of the 2021 preliminary results. The 2022 PSP awards will vest after three years, subject to the following performance measures and will be subject to a further two year holding period following the end of the normal vesting period:

Measure	Weighting	Targets	Performance measurement period
Absolute TSR CAGR over three years to 31 December 2024	50%	0% vesting below 17% cumulative growth per annum 25% vesting for 17% CAGR growth 50% vesting for 19% CAGR 75% vesting for 22% CAGR 100% vesting for 26% CAGR Straight-line vesting between these points	Three-month average at the end of the three-year performance period
Cumulative Growth in Adjusted Earnings per Share over the three-year period to 31 December 2024	50%	0% vesting below 35 pence per share 25% vesting at 35 pence per share 50% vesting at 36 pence per share 100% vesting at 40 pence per share Straight-line vesting between these points	Cumulative three years
		Vesting of awards is subject to overall Committee discretion to reduce or eliminate the awards if deemed necessary	

The performance target ranges have been set at stretching levels taking into account both internal and external forecasts. The maximum vesting level represents very stretching performance.

In line with our Policy, PSP awards will also be subject to Medica's malus and clawback provisions.

Implementation of Non-Executive remuneration policy for 2022

The current fees payable to the non-executive directors are set out below and no changes to non-Executive remuneration for 2022 have been proposed:

Role	Fee	Number Appointed
Chairman	£100,000	1
Senior independent non-executive director	£60,000	1
Independent non-executive director	£50,000	2

Director's Interests (Audited)

Director's Interests in shares as at 31/12/21

The table below sets out details of the current shareholdings of each director (and any relevant connected persons) as at 31 December 2021 and, for executive directors, compares this to their shareholding guideline as set out below. The executive directors are subject to shareholding guidelines of 125% of salary.

	Shares		Options					
	Beneficial ownership 2021 – Owned outright or vested	Beneficial ownership 2020 – Owned outright or vested	Unvested deferred bonus awards not subject to performance	Vested PSP awards but not exercised	Unvested PSP awards subject to performance	Beneficial ownership 2021 – Owned outright or vested	Shareholding as at 31 Dec 2021 (% salary)	Shareholding guideline (% salary)
Dr. Stuart Quin	117,580	67,042	19,599	nil	1,149,067	137,179	65%	125%
Richard Jones	25,126	18,260	5,010	nil	443,077	30,136	20%	125%
Gordon Roy Davis	132,726	112,037	nil	–	–	132,726	–	–
Jo Easton	37,812	19,047	nil	–	–	37,812	–	–
Barbara Moorhouse	nil	nil	nil			nil		
Dr. Junaid Bajwa	17241	nil	nil			17,241		

1. Current holding measured by reference to the shareholding at 31 December 2021, multiplied by the share price of 162.4p on that date expressed as a percentage of base salary on that date.
2. Shareholding guidelines are for the five year period following commencement of employment.

Governance

Summary of shareholder voting at the 2021 AGM

	Votes for	%	Votes against	%	Total votes	Withheld
Remuneration Report	64,930,339	67%	31,973,143	33%	96,903,482	1,001
Remuneration Policy	93,185,664	96%	3,716,319	4%	96,901,983	

The results of the AGM were published on the Company's website after the meeting.

The Remuneration Committee

The Committee is responsible for assisting the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on Medica's policy on executive remuneration (including setting the over-arching principles, parameters and governance framework of Medica's remuneration policy) and determining the individual remuneration and benefits packages of each of the executive directors, the company secretary and the senior management team. In carrying out its duties the Committee ensures compliance with the UK Corporate Governance Code in relation to remuneration wherever possible.

Details of the Remuneration Committee's terms of reference can be found on our website at https://medicagroupplc.com/investors/corporate-governance/.

Report of the Remuneration Committee

continued

Remuneration Committee membership

Jo Easton	Committee Chair (since May 2020)
Roy Davis	Non-Executive Chairman (independent)
Dr. Junaid Bajwa	Non-Executive Director (Since 1 April 2021)
Barbara Moorhouse	Non-Executive Director (Since 1 August 2021)

Meetings in 2021

The Committee met 4 times during the year. The attendance at the meetings by Committee members was as follows:

Total meetings	**4**
Junaid Bajwa[1]	2
Barbara Moorhouse[1]	2
Roy Davis	4
Steve Whittern[2]	2
Jo Easton	4

1. Appointed during the year
2. Resigned during the year

The CEO and CFO also attended a number of the Committee meetings during the year by invitation. The Committee's independent advisor also attended meetings during the year by invitation.

Advisers

Willis Towers Watson supported Medica on remuneration matters throughout 2021 as its independent adviser. This included advice on the proposed changes to the Remuneration Policy, measures and target setting for incentive plans, executive remuneration levels, developments in corporate governance and the preparation of the Director's Remuneration Report.

Willis Towers Watson are members of the Remuneration Consultants' Group and, as such, voluntarily operate under the Code of Conduct in relation to executive remuneration consulting in the UK (www.remunerationconsultantsgroup.com). Willis Towers Watson do not have any other connection with Medica and are considered to be independent by the Committee. Total fees paid to Willis Towers Watson totalled £52k, (excluding expenses and VAT) for the year to 31 December 2021 in their capacity as advisers to the Committee.

Jo Easton
Chair of the Remuneration Committee

11 April 2022


STAFF

Directors' report

The directors are pleased to present their report to shareholders and the audited financial statements for Medica Group PLC and its subsidiaries for the year ended 31 December 2021. The company registration number of Medica Group PLC is 08497963. The company is listed on the main market of the London Stock Exchange under the ticker symbol MGP.

The Group's principal activity is the provision of teleradiology reporting and is the leading independent provider in both the UK and Ireland. In Ireland, Medica also offers managed services and diabetic retinopathy screening. Through its US subsidiary, Medica provides high quality, complex imaging services for international clinical The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the chairman's and chief executive's reports on pages 4 to 5, and 6 to 11.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Parent Company financial statements for each financial year.

The directors have prepared the consolidated financial statements of the Group in accordance with UK-adopted international accounting standards and are additionally required under the Listing Rules of the Financial Conduct Authority to prepare the Group financial statements in accordance with UK-adopted international financial reporting standards.

The directors prepared the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements.
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.
- prepare a Strategic Report, Director's Report, Director's Remuneration Report and Corporate Governance Statement under applicable law and regulation.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements and the remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors holding office at 11 April 2022 confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced, and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of their knowledge the director's confirm:

- the Group financial statements, prepared in accordance with UK-adopted international accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Parent Company financial statements, prepared in accordance with applicable accounting standards including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Annual Report, including the Strategic Report, the Director's Report, the Director's Remuneration Report and the Corporate Governance Statement includes a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Engagement with suppliers and customers

The directors have considered the need to continue to foster business relationships with suppliers and customers throughout the year. There have been no significant decisions that have changed the relationships with suppliers or customers, and the strategic plan has had input from our reporters as we engage with them to improve workflow, and from clients as we engage with them to continue to focus on turnaround times and quality. Medica's operational teams are in contact with clients and reporters every day. In addition, we have a dedicated account management team that discuss performance with clients and hold regular review meetings. Our service delivery team include a dedicated reporter team that adopt a similar approach with our reporters. Our other key suppliers are technology, and this is managed through regular dialogue with our technical team. Information relevant to our strategy on engagement with suppliers and customers are detailed in the CEO report in the strategic report on pages 6 to 11.

Principal and emerging risks and uncertainties

The principal and emerging corporate risks and uncertainties are set out on pages 34 to 37 of the strategic report. The principal financial risks faced by the Group are liquidity, credit, and interest rate risks details of which are set out in note 28 to the financial statements on page 119.

Results and dividends

The results for 2021 are set out in the financial statements on pages 91 to 124.

An interim dividend of 0.89 pence (2020: 0.85 pence) per Ordinary share was paid to shareholders on 7 October 2020. The Board are recommending a final dividend for 2021 of 1.9 pence (2020: 1.7 pence) per Ordinary share taking the total dividends for the year to 2.68 pence (2020: 2.55 pence).

Review of the period

A comprehensive analysis of the Group's progress and development is set out in the strategic report on pages 2 to 37 including detailed commentary on the position of the group as at 31 December 2021. This analysis includes comments on the position of the Group at the end of the financial period.

Significant events after the balance sheet date

As set out in Note 32 on page 123 there were no significant events after the balance sheet date.

Capital structure

As set out in Note 25 on page 117, the Company's share capital is divided into 122,428,836 ordinary shares of £0.002 each with voting rights.

Subsidiaries and branches

Details of the group structure including its subsidiaries are set out in Note 36 on page 128. Medica Group PLC is the ultimate holding company.

Significant shareholdings

As at 31 December 2021 and 30 March 2022, this being the latest practical date prior to publication of the Annual Report, the directors were aware of the following interests in 3% or more of the voting rights of the issued Ordinary Share capital. These shareholdings are as notified to the Company through a TR-1.

	As at 31 December 2021		As at 31 March 2022	
	Number of Ordinary Shares in issue held	Percentage of Ordinary Shares in issue	Number of Ordinary Shares in issue held	Percentage of Ordinary Shares in issue
Aberforth Partners	18,456,981	15.1	14,636,452	12.0
Gresham House	14,506,275	11.9	15,246,224	12.5
Liontrust Asset Mgt	13,411,121	11.0	13,441,121	11.0
Artemis Investment Mgt	6,394,858	5.2	9,368,423	7.7
Premier Milton Investors	6,138,376	5.0	6,272,876	5.1
BGF Investments	5,074,894	4.1	5,074,894	4.2
GVQ Investment Mgt	4,697,013	3.8	5,502,013	4.5
Revera Asset Mgt	3,960,000	3.2	2,760,000	2.3
Aberdeen Standard Life	3,756,006	3.1	3,943,013	3.2
Royal London Asset management	3,630,209	3.0	4,619,789	3.8
Tellworth Investments	–	–	4,556,219	3.7

Directors' report

continued

Related party transactions

On 23 March 2021 a total of 10,727,666 Placing Shares were placed by Investec Bank plc and Liberum Capital Limited at a price of 145 pence per Placing Share amounting to £15,555k of gross proceeds. In conjunction with the Placing, all the directors of the Company, Dr. Junaid Bajwa (a non-executive director from 1 April 2021) and certain members of the senior management team agreed to subscribe for 383,444 new Ordinary Shares at the Placing Price which amounts to gross subscription proceeds for the Company of £556k in aggregate.

CO_2 Emissions

The Group's CO_2 emissions are disclosed on pages 19 to 21 of the ESG report.

Directors' insurance

The Group maintains appropriate insurance cover in respect of any legal action against its directors including in respect of the prospectus issued for the initial public offering. In addition, as contemplated in the Company's Articles of Association by resolution of the Board on 16 December 2020, the Company agreed to enter into deeds of indemnity with the Directors in relation to certain specific liabilities incurred by them in the performance of their duties as directors of the Company. The Deeds were entered into in January 2021.

Corporate governance

The Directors' Statement on corporate governance is set out on page 40 and forms part of this report.

Viability statement

The directors have assessed the viability of the group considering the strategic plan and preparing the financial forecasts over a five-year period to December 2026, so that 57 months remain at the time of approval of this year's annual report.

Given the recent recovery, and relaxation of all pandemic related restrictions in the UK, it is expected that there will be minimal impact because of a future wave of COVID-19. Hospitals, transport, and other infrastructure have learned from the previous waves and impact and the vaccination programmes across the UK and Europe give reason for us to believe that a full lockdown as seen in 2020 is highly unlikely to be repeated.

The forecasts prepared over the five-year period reflect the continuing delivery of the group's strategy including the consideration of:

- Ongoing COVID-19 recovery, which is largely now considered back to pre-pandemic levels, with the key UK Elective business driver returning to radiologist capacity management and recruitment.
- Underlying growth in demand for both elective and out of hours radiology reporting services as diagnostic procedures continue to be more prevalent, as modality and complexity continues to increase, and health services continue to implement initiatives to tackle the material backlog in diagnostic procedures. This is considered in the ongoing growth expectations in the base volumes for NightHawk and Elective services, as well as the forecasted impact of contract renewals, pricing impacts and potential contract losses.
- The availability of GMC registered radiologists to the health services in the UK and Ireland which is forecast to continue to decline thus increasing the need for further outsourcing to specialist tele-reporting providers.
- The continued growth in clinical trials and the image reporting requirements associated with such trials, particularly in Oncology where image analysis forms an integral part of the study endpoint analysis.
- Inflationary impact on operating costs (as well as foreign exchange conversion on reporting of RadMD & Ireland subsidiaries).
- Future potential ROCE from the FutureTech programme in the form of revenue and cost synergies and the impact of depreciation on operating profit from the capital investment.

Over and above the baseline forecasts there are additional opportunities for enhanced growth:

- the NHS initiatives on addressing the patient elective care backlog because of COVID-19 is something which the group are planning to take advantage of, particularly in terms of the Community Diagnostic Centres initiative which is expected to generate increased throughput and therefore demand on our services. The group will address this through capacity management which is the primary driver of UK elective volumes outside of pandemic impacts.
- Telepathology also remains a strategic objective for the group, expecting to deliver healthy revenues and operating profit over the five-year period as a new workstream.

The impact from additional potential volume from Community Diagnostic Centres and Pathology as a new workstream are not included in this baseline forecast and are therefore likely to be a credible upside over the five-year period.

Based on the assessment of prospects and viability above, the directors confirm that they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the five-year period ending 31 December 2026.

Going concern assessment

The directors have prepared cashflow forecasts for a period of 21 months from the date of approval of these financial statements (the forecast period). These indicate that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period.

The financials across the forecast period have been prepared from a bottom-up baseline approach and considered realistic downside scenarios including:

- Impacts to volumes and therefore to revenues and profits from a further "wave" of COVID-19 particularly in the UK and Ireland
- Loss of certain material contracts
- Further material Inflationary pressure on operating costs more than current expectations

Under these downside scenarios, individually and cumulatively and, excluding any potential mitigating actions that could be taken, management conclude that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 21 months from the date of approval of the financial statements and the Board have therefore determined it is appropriate to adopt the going concern basis in preparing the financial statements.

Future outlook

The outlook for the Group for 2022 and beyond is set out in the CEO review on pages 6 to 11.

Annual General Meeting

Medica's Annual General Meeting is scheduled to take place on 27 June 2022.

Directors

The directors who served during the year were as follows:

Roy Davis

Steve Whittern
(Resigned 16 June 2021)

Jo Easton

Dr. Stuart Quin

Dr. Stephen Davies
(Resigned 31 May 2021)

Richard Jones

Dr. Junaid Bajwa
(Appointed 1 April 2021)

Barbara Moorhouse
(Appointed 1 July 2021)

Six of the above directors are male, two are female.

Strategic Report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's Strategic Report and/or in the financial statements information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of:

- an indication of financial risk management objectives and policies required by paragraph 6(1)(a);
- an indication of exposure to price risk, credit risk, liquidity risk and cash flow risk required by paragraph 6(1)(b);
- details of any events affecting the Company and Group since the reporting date as required by paragraph 7(1)(a);
- an indication of likely future developments in the business of the Group required by paragraph 7(1)(b);
- an indication of activities of the Group in the field of research and development required by paragraph 7(1)(c);
- an indication of the existence of branches outside of the United Kingdom required by paragraph 7(1)(d);
- a statement describing the Group's policy regarding the hiring, continuing employment and training, career development and promotion of disabled persons required by paragraph 10(3);
- the statements relating to employee engagement required by paragraph 11(1);
- a statement summarising how the directors have had regard for the need to foster the Group's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year required by paragraph 11B(1);
- the various disclosures relating to the structure, restrictions over, holdings of, and agreements relating to the Company's share capital required by paragraphs 13(2) and 14;
- the disclosures relating to carbon dioxide emissions required by paragraphs 15, to 18.

Employee Benefit Trust

The Company operates an Employee Benefit Trust (EBT) to facilitate its share-based payment schemes detailed in note 29 of the financial statements. When an employee chooses to exercise their options, the EBT purchases shares of the Company to issue to the employee. During the year, the EBT purchased no Ordinary shares of 0.2p each (2020: 168,536 Ordinary shares of 0.2p each), of which 41,936 (2020: 113,568) were still held at the reporting date.

Auditors

The auditors Grant Thornton UK LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 11 April 2022 and signed on its behalf by

Richard Jones
Chief Financial Officer

11 April 2022

Section 172 statement

The directors of Medica Group PLC (the "Company") are aware of their duty under section 172 of the Companies Act 2006 to act in the way they consider, in good faith, would be most likely to promote the success of the Company and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company to maintain a reputation for high standards of business conduct; and
- the need to act fairly between shareholders of the Company.

The Company is listed on the London Stock Exchange (under the Ticker symbol MGP) and is the parent of various subsidiary undertakings (together, "Medica").

We work tirelessly to make a positive impact. Whilst we are a business run for the benefit of our shareholders, we are committed to acting ethically, with integrity, and with consideration to the communities and environment where we operate as set out more fully in our ESG report on pages 14 to 22. The directors fully believe the Company's success depends on this.

Long term decisions and actions

The directors are committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risks and internal controls.

The directors monitor the performance of the Company and its subsidiaries to ensure they are meeting the requirements of the wider business. This requires a long-term view so that the directors can structure the business in a manner that enables it to most efficiently respond to changes in the market-place and return value to Medica's shareholders.

The directors consider the possible long-term consequences of any material proposed course of action, including safety and financial impacts and reputation with all stakeholders.

For more details of how the business develops and evaluates its strategy, please see pages 6-12.

The interests of our employees

For details of how the directors have considered the impact of their decisions on our employees, please refer to the 'people and community' section of the ESG report on pages 16 to 18.

We understand that a work life balance is important to our employees, and that they each have personal and family demands on their time. That is why we have flexible working arrangements and working from home options for the vast majority of our staff. More information on this can be found in the ESG report on pages 14 to 22.

The Board continued the process of engagement with our employees through the work of Jo Easton, Non-Executive Director responsible for workforce engagement. During 2021, we conducted employee engagement workshops and considered feedback and actions resulting from the consultation. Following these workshops, we have developed and implemented a revised homeworking policy post-lockdown and have increased the frequency of all-company town hall meetings.

Relationships with suppliers and customers

At Medica, we truly believe that the services we provide to our clients will benefit their patients. In the case of our emergency reporting service called NightHawk our response times can make the difference between a hospital being able to provide appropriate lifesaving treatment or not. The managing director of our recently acquired Irish subsidiary, Global Diagnostics Ireland, Caroline Byrne, highlights the significant difference we can make to our clients in her interview on page 28, *"average time between examination and report for all A&E cases fell from 20 days to 45 minutes with urgent cases reported within 15 minutes. The hospital also noted the cost of running the radiology department fell by 29% whilst the hours of consultant radiologist support more than doubled (45 to 96 hours per week)."*

Medica have been accepted onto the bidding framework in the UK for the Community Diagnostic Centre initiative to create additional diagnostic capacity to tackle the backlog of patients requiring diagnosis following delays due to the COVID-19 pandemic and we continue to work with cuistomers to increase their capacity to diagnose patients needing Elective Treatment by providing vital Elective reporting services.

Impact on the community and the environment

Medica is mindful of its impact on the environment and seeks to minimise this whenever possible. More information on this is available in the 'climate change' section of the ESG report on pages 19 to 21.

We are proud of our work and how it can ultimately help to save lives. We are keen to add something back to the community and have partnered up with a charity, RefuAid, to support refugee doctors.

More detail on these areas can be found in category 5 'Social impact & responsibility' of the ESG report on page 18.

Business Conduct

Our Group's core business model relies on us to continually "do well by doing good". Medica's aim is to offer the highest quality service to our doctors, customers and in turn, their patients. By doing this we will positively impact people and the Group will continue to grow.

The directors are committed to maximising long-term shareholder value while supporting management in the operations of the business, observing ethical standards and adhering to all applicable laws.

The conduct of the Board of directors is monitored in accordance with the UK Corporate Governance Code. This is discussed in detail in the Corporate Governance Report on pages 40 to 42.

We provide various channels (local and global) for employees to obtain answers to questions or to report potential or actual violations of law, regulation, or policy freely and without fear of retaliation.

Acting fairly between members

All shareholders of Medica are welcome to hear details of our investor presentations and other market updates via recordings on our website and can also anonymously contact members of the Board directly, which gives all our shareholders equal ability to have their voices heard.

Our AGM is a key opportunity for our shareholders to have their voices heard and we encourage shareholders to participate in proceedings formally or share their views with Board members informally after the meeting. The details of our AGM are outlined on Page 40.

Independent Auditor's Report

TO THE MEMBERS OF MEDICA GROUP PLC

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of Medica Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated income statement and consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of cash flows, the Consolidated statement of changes in equity, the Company statement of financial position, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- agreeing cash balances as at 31 December 2021 to supporting evidence and agreeing of cash position subsequent to the year-end to supporting evidence, and comparing to forecasts;
- assessing the accuracy of forecasting by comparing management's forecast for the current period and two previous periods to current year performance;
- assessing compliance with loan covenants at year end with supporting evidence and during the forecast period;
- checking the inputs into management's forecasts and projections with reference to the board approved forecasts, and related sensitivity analysis for the 21 month period from date of approval of financial statements;
- challenging the reasonableness of key assumptions used in preparing the cashflow forecasts and projections;
- considered the appropriateness of management's scenario analysis, and applied our own additional sensitivities to consider the impact on the model;
- consideration of post balance sheet events and checking if any of these events have an impact on cashflow forecasts and projections; and
- considered the appropriateness and completeness of disclosures in the financial statements.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

Independent Auditor's Report continued

TO THE MEMBERS OF MEDICA GROUP PLC

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

In relation to the group's and the parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Our approach to the audit

Overview of our audit approach

Overall materiality:

Group: £0.38 million which represents circa 5% of the group's PBT.

Parent company: £0.30 million, which represents circa 0.5% of the parent company's total assets.

Key audit matters were identified as:

- Improper revenue recognition (same as previous year)
- Business combination accounting (same as previous year)

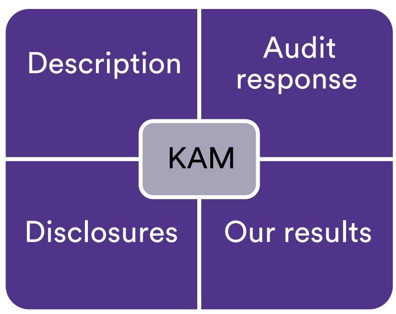
These are both consistent with the prior year.

Our auditor's report for the year ended 31 December 2020 included Going Concern as a key audit matter that has not been reported as a key audit matter in our current year's audit report. The exclusion of going concern from our current year's report reflects our risk assessment, wherein the group's performance over previous year and during Covid-19, combined with decreased uncertainty surrounding the impact of Covid-19 has informed a lower risk assessment relating to these matters.

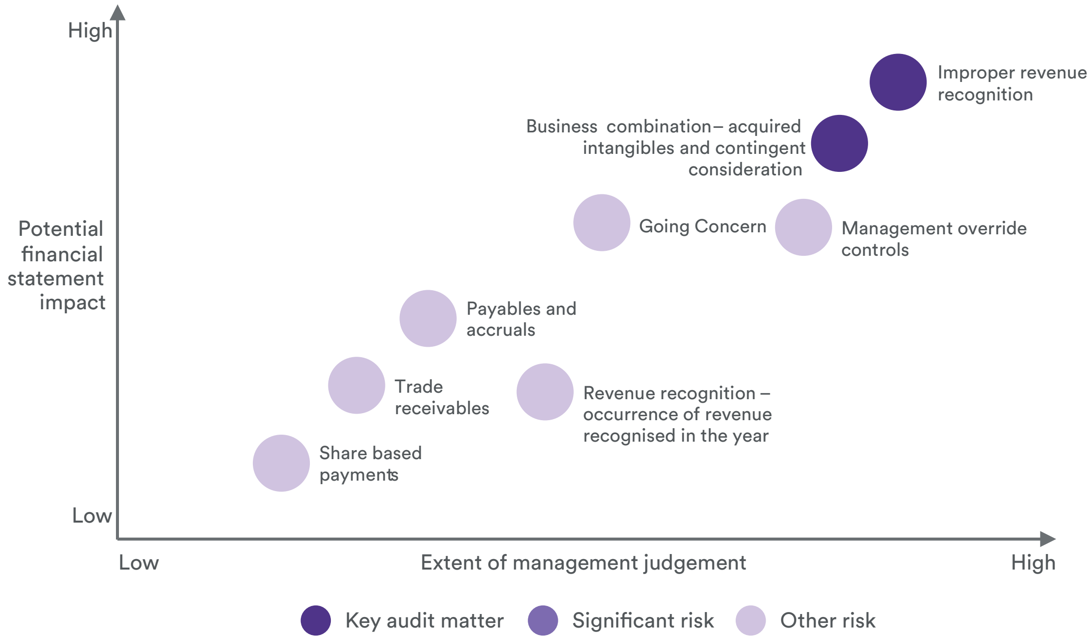
We performed an audit of the financial information of the parent company and Medica Reporting Limited using component materiality (full-scope). We performed specific audit procedures of the financial information of Rad MD LLC, Medica IT Services Limited and Medica US Inc using group materiality. Component auditors performed specific audit procedures using component materiality for Global Diagnostics (Ireland) Limited (Medica Ireland), and Global Retinopathy Screening Limited. We performed analytical procedures on the financial information on the remaining four components in the Group during the year.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



In the graph below, we have presented the key audit matters, significant risks and other risk relevant to the audit.



Key Audit Matter – Group	How our scope addressed the matter – Group
Improper Revenue Recognition We identified manual adjustments to revenue as one of the most significant assessed risks of material misstatement due to fraud. We focused our work on the manual adjustments made to invoicing following clinical internal audit review, manual adjustments to pricing and manual journals posted directly to revenue, as these provide the greatest potential for material misstatement through override of controls. Our assessment is that the remainder of the Group's revenue transactions are non-complex, with no judgement applied over the amount recorded.	In responding to the key audit matter, we performed the following audit procedures: • Assessed the design and implementation of relevant controls, using walkthroughs to obtain an understanding of the key business processes and internal controls, including around the maintenance and extraction of exam data and the associated billing processes across the group; • Considered the appropriateness of the group's revenue recognition policy in accordance with International Financial reporting Standard 15: 'Revenue from Contracts with Customers'; • Manual adjustments to revenue in all components subject to either a full scope audit or specified audit procedures approach were considered for appropriate business rationale, and traced to supporting documentation; • Performed data analytics to identify unusual account combinations, with further substantive testing performed on any unusual transactions, tracing to supporting documentation; • With the support of our internal IT audit team, we interrogated Medica Reporting Limited's IT system, identifying manual adjustments and obtaining supporting evidence for any changes made; • Considered changes made to pricing arrangements made during the period in Medica Reporting Limited, and agreed correct application of pricing agreements to revenue recognised; and • Identified credit notes within revenue for significant reversals during the year and subsequent to the reporting date and obtained supporting evidence for any significant reversals.

Independent Auditor's Report continued

TO THE MEMBERS OF MEDICA GROUP PLC

Key Audit Matter – Group	How our scope addressed the matter – Group
Relevant disclosures in the Annual Report and Accounts 2021 • The Group's accounting policy on revenue recognition is shown in note 3.2 to the financial statements on pages 93 to 95 and related disclosures are included in note 5 to the financial statements on page 102.	**Our results** Our audit testing did not identify any material deficiencies or misstatements in relation to manual adjustments to revenue.
Business Combination (Acquired Intangibles and Contingent Consideration We identified business combinations as one of the most significant assessed risks of material misstatement due to error. During the period on 27 March 2021, the Group acquired 100% of RadMD LLC. This business combination has had a material impact on the financial statements, resulting in the recognition of goodwill and intangible assets upon consolidation of these entities. Goodwill of £6.82m and other identifiable intangible assets of £7.31m were recognised on the date of the acquisition to reflect the provisional fair value of the acquired assets and liabilities. The other identifiable intangible assets were valued using discounted cash flow forecasts, which require judgement by the Directors around key assumptions such as revenue growth, discount rates, and long-term growth rates. On initial recognition, the assets and liabilities acquired in a business combination are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies. Determining the fair value of certain assets and liabilities requires judgement to be exercised by the Directors. The financial impact of the acquisition was significant and there was judgement and estimation uncertainty required to measure the fair value of intangible assets acquired.	In responding to the key audit matter, we performed the following audit procedures: • Documented an understanding of management's process for evaluating the valuation of goodwill and intangibles and assessed the design effectiveness of relevant controls around the acquisition process; • Assessed whether the accounting policies adopted by the directors were in accordance with the requirements of IFRS 3 'Business Combinations'; • Considered the appropriateness of management's acquisition accounting calculations, verifying key inputs to the acquisition agreement and completion accounts; • Considered the appropriateness and completeness of management's adjustments to the acquisition balance sheet; • Used an auditor's expert to consider the work of management's valuation expert and to evaluate and challenge the assumptions used in the valuation of intangible assets acquired; • Obtained an understanding of the basis for contingent consideration and assessed management's material assumptions and calculations used in estimating its fair value, including the profitability of RadMD LLC in accordance with its pre-acquisition accounting policies; and • Assessed whether the treatment of contingent consideration as consideration rather than remuneration was appropriate given that the previous owners continued to be employed by RadMD LLC.
Relevant disclosures in the Annual Report and Accounts 2021 • The Group's accounting policy on business combinations is shown in note 3.5 within to the financial statements on page 95 related disclosures are included in note 19 to the financial statements on pages 112 to 113.	**Key observations** Based on our audit work, we found that the assumptions and judgements used in management's measurement of acquired intangibles and contingent consideration were reasonable and that the associated amounts recognised were materially accurate. We found no material errors in the underlying calculations. Management's treatment of contingent consideration as consideration rather than remuneration is an area of judgement and has been disclosed as such in note 19. As part of our audit work, we noted that should the previous owners leave they are entitled to receive contingent consideration in full; this along with the nature of the other contractual terms, supports management's treatment of contingent consideration as consideration rather than remuneration.

No key audit matters were identified in respect of the parent company.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

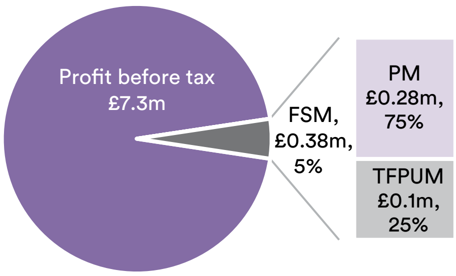
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£0.38 million which is circa 5% of the group's PBT.	£0.30 million which represents circa 0.5% of the parent company's total assets.
Significant judgements made by auditor in determining materiality	As a trading company a performance-related benchmark – and in this case profit before tax – is considered the most appropriate benchmark given this is a key measure used by the Directors to report to investors on the financial performance of the Group. In the prior year a three-year average of profit before tax was used due to the impact of Covid-19. As the impact of Covid-19 has lessened, using the current year's profit before tax was considered more appropriate. The chosen percentage applied to the benchmark is consistent with the previous year and in line with industry practice. We did not believe a reduction to the percentage was necessary based on consideration of other risk factors. Materiality for the current year is higher than the level that we determined for the year ended 2020 to reflect increased performance after the initial impact of Covid 19.	We determined our materiality based on total assets, which is more applicable than a performance-related measure as the company is a holding Company for the Group. The chosen percentage applied to the benchmark is consistent with the previous year and in line with industry practice. We did not believe a reduction to the percentage was necessary based on consideration of other risk factors. Materiality for the current year is higher than the level that we determined for the year ended 31 December 2020 given an increase in the parent's total assets following a group reorganization in the year.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£0.28 million which is 75% of financial statement materiality	£0.23 million which is 75% of financial statement materiality
Significant judgements made by auditor in determining performance materiality	The determination of performance materiality involves the exercise of professional judgement. In determining performance materiality, we made the following significant judgments: • Our risk assessment – based on the results of our risk assessment procedures; • Our experience with auditing the financial statement of the group in previous years – based on the identification of few misstatements and management's attitude to correcting misstatements identified; and • The number of components within the group and the extent of audit procedures planned and performed at these components.	In determining performance materiality, along with those significant judgements made at group level, we considered the requirement that the parent company performance materiality should be incrementally below the group's performance materiality.
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Related party transactions, including Directors remuneration and related disclosures	We determined a lower level of specific materiality for the following areas: • Related party transactions, including Directors remuneration and related disclosures
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£18,900 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£15,120 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Independent Auditor's Report continued

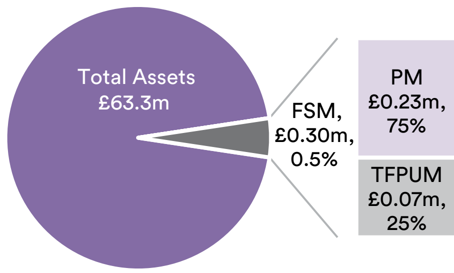
TO THE MEMBERS OF MEDICA GROUP PLC

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group



Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

The consolidated Group, including the Parent Company and Medica Reporting Ltd, were subject to statutory audit under a comprehensive audit approach in the UK.

Having assessed the significance of the Group's components by reference to the percentage of Group revenue, profit before tax, total assets and other relevant benchmarks represented by the individual components, no other components were assessed as being individually significant to the Group. Both Global Diagnostics (Ireland) Limited and Global Retinopathy Screening Limited were assessed as being not significant but material and under our instruction, specified audit procedures on these components were performed by the component auditor Grant Thornton Ireland. Medica US Inc, RadMD LLC and Medica IT Services Limited were also deemed not significant but material, with audit work performed by the Group audit team in the UK. None of the Group's other components – Medica Reporting Services Ltd, Medica Reporting Finance Ltd, Medica Australia Pty Ltd, MED-IDX Pty Ltd, were assessed as being individually significant or material to the Group as a whole. Our audit approach was a risk-based approach founded on a thorough understanding of the Group's business, its environment and risk profile, and in particular included:

- performing an evaluation of the design effectiveness of controls over key financial statement risks identified as part of our risk assessment process;
- gaining an understanding of the financial reporting and accounts production process;
- undertaking substantive testing on significant classes of transactions, account balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks;
- key audit matters were identified within the group as part of our risk assessment procedures. Disclosures as to how the key audit matters identified have been addressed can be found within the key audit matter section of our audit report;
- performing substantive procedures over 100% of Group's revenue, 97% of Group's profit before tax and 100% of Group's total assets;
- performing specific audit procedures over not significant but material components: Global Diagnostics (Ireland) Limited, Global Retinopathy Screening Limited, Medica US Inc, RadMD LLC and Medica IT Services Limited; and
- performing analytical reviews over neither significant nor material components of the Group: Medica Reporting Services Limited, Medica Reporting Finance Limited and Medica Australia Pty Ltd, and MED-IDX Pty Ltd.

The scope of the current year audit has remained consistent with that of the prior year, with the exception that Rad MD LLC was acquired on 27th March 2021 and was therefore not present in the previous year audit, and Global Diagnostics (Ireland) Limited and Global Retinopathy Screening Limited (acquired during 2020) which due to the timing of those acquisitions were subject to analytical review in the prior year and are now subject to specific audit procedures.

This, together with additional procedures performed at the Group level, gave us the evidence we needed for our opinion on the Group financial statements as a whole.

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT
Full-scope audit	2	63	76	80
Specified audit procedures	5	37	24	17
Analytical procedures	4	0	0	3

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report continued

TO THE MEMBERS OF MEDICA GROUP PLC

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the group financial statements or our knowledge obtained during the audit:

- the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the group financial statements and the directors' identification of any material uncertainties to the group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation in the annual report and accounts as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions;
- the directors' statement that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy;
- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal and emerging risks facing the group and the disclosures in the annual report that describe the principal risks, procedures to identify emerging risks and an explanation of how they are being managed or mitigated;
- the section of the annual report that describes the review of the effectiveness of group's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls; and
- the section of the annual report describing the work of the audit committee, including significant issues that the audit committee considered relating to the group financial statements and how these issues were addressed.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We enquired of management, the finance team and the Board of Directors about the Group's and Company's policies and procedures relating to the identification, evaluation and compliance with laws and regulations and the detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations;
- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and the Group and sector in which they operate. We determined that the following laws and regulations were most significant: UK-adopted international accounting standards, FRS 101 'Reduced Disclosure Framework' (UK GAAP) (for the Company), Companies Act 2006, UK Corporate governance code, Listing Rules, and relevant UK taxation laws;
- We enquired of management and the Board of Directors whether they were aware of any instances of non-compliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud;
- We understood how the Group is complying with those legal and regulatory frameworks by making inquiries to the management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of Board minutes and papers provided to the Audit Committee;
- We assessed the susceptibility of the Company's and Group's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the Group engagement team included:
  - Team communications in respect of potential non-compliance with laws and regulations and fraud which included the evaluation of the risk of management override of controls, principally in relation to the management adjustments to revenue;
  - Enquiring of management, the finance team and the Board about the risks of fraud at the Group and Company and the controls implemented to address those risks. Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of non-standard entries used to record non-recurring, unusual transactions or other non-routine adjustments;
  - Making specific inquiries of each member of the finance team to ascertain whether they had been subject to undue pressure or had been asked to make any unusual postings or modifications to reports used in financial reporting;
  - Identifying and testing journal entries selected based on risk profiling;
  - Running specific keyword searches (including to related parties and of those previously connected to related entities) over the journal entry population to identify descriptions that could indicate fraudulent activity or management override of controls. In addition, journal entries by user were evaluated to identify types of entries posted that were not in line with expectations of their role. Unusual entries noted from these searches were agreed to supporting documentation to verify the validity of the posting;
  - Planning specific procedures responding to the risk of fraudulent recognition of revenue;
  - We also assessed the disclosures within the annual report including principal risks;
  - Challenging assumptions and judgements made by management in its significant accounting estimates;
  - Identifying and testing related party transactions;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item; and
- In assessing the potential risks of material misstatement, we obtained an understanding of the Group's and Company's operations, including the nature of income sources and of its objectives and strategies in order to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner assessed the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity;
- For components at which audit procedures were performed, we requested component auditors to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements;
- No such matters were identified by the component auditors.

Independent Auditor's Report continued

TO THE MEMBERS OF MEDICA GROUP PLC

Other matters which we are required to address

We were appointed by the board of directors on 6 August 2013 to audit the financial statements for the year ending 31 December 2013 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the periods ending 31 December 2013 to 31 December 2021.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Smith BA (Hons) ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

11 April 2022

Consolidated income statement and consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2021

		31 December 2021 £000			31 December 2020 £000		
	Note	Underlying £'000	Non-Underlying (Note 7) £'000	Total £'000	Underlying £'000	Non-Underlying (Note 7) £'000	Total £'000
Revenue		**61,913**	**–**	**61,913**	36,814	–	36,814
Cost of sales		**(30,519)**	**–**	**(30,519)**	(19,362)	–	(19,362)
Gross profit		**31,394**	**–**	**31,394**	17,452	–	17,452
Administration expenses		**(19,316)**	**(3,540)**	**(22,856)**	(12,449)	(2,309)	(14,758)
Operating profit before exceptional items	6	**12,078**	**(3,540)**	**8,538**	5,003	(2,309)	2,694
Exceptional items	7	**–**	**–**	**–**	–	(324)	(324)
Operating profit		**12,078**	**(3,540)**	**8,538**	5,003	(2,633)	2,370
Finance income	8	**–**	**–**	**–**	73	–	73
Finance costs	9	**(550)**	**(593)**	**(1,143)**	(339)	(30)	(369)
Share of results of joint ventures	18	**(56)**	**–**	**(56)**	–	–	–
Profit before tax		**11,472**	**(4,133)**	**7,339**	4,737	(2,663)	2,074
Income tax expense	10	**(2,079)**	**207**	**(1,872)**	(876)	147	(729)
Profit for the year attributable to equity shareholders		**9,393**	**(3,926)**	**5,467**	3,861	(2,516)	1,345
Basic profit per ordinary share (pence)	11			**4.56**			1.21
Diluted profit per ordinary share (pence)	11			**4.50**			1.21
Statement of Comprehensive Income							
Profit for the year				**5,467**			1,345
Other comprehensive income							
Items that will be reclassified subsequently to profit or loss							
Foreign exchange translation differences				**(124)**			–
Total comprehensive income for the year				**5,343**			1,345

The notes and accounting policies on pages 91 to 100 form an integral part of these financial statements.

Consolidated statement of financial position

COMPANY REGISTRATION 08497963

	Note	31 December 2021 £000	31 December 2020 £000
ASSETS			
Non-current assets			
Goodwill	14	**30,357**	23,473
Other intangible assets	15	**22,399**	17,150
Property, plant and equipment	16	**4,521**	4,146
Deferred tax	24	**186**	163
Investments	18	**–**	–
		57,463	44,932
Current assets			
Trade and other receivables	20	**14,271**	8,333
Cash and cash equivalents	21	**9,616**	13,934
		23,887	22,267
Total assets		**81,350**	67,199
LIABILITIES			
Current liabilities			
Trade and other payables	22	**(9,576)**	(5,803)
Borrowings	23	**(5,739)**	(5,881)
Lease liabilities	17	**(280)**	(299)
Contingent consideration	23	**(5,335)**	(1,753)
Current tax		**(880)**	(387)
		(21,810)	(14,123)
Net current assets		**2,077**	8,144
Total assets less current liabilities		**59,540**	53,076
Non-current liabilities			
Borrowings	23	**–**	(11,960)
Lease liabilities	17	**(814)**	(475)
Contingent consideration	23	**(1,553)**	(1,778)
Deferred tax	24	**(2,270)**	(2,410)
		(4,637)	(16,623)
Net assets		**54,903**	36,453
EQUITY			
Issued capital	25	**245**	223
Share premium	25	**30,324**	14,721
Foreign exchange reserve		**(122)**	2
Retained earnings	25	**24,456**	21,507
Total equity		**54,903**	36,453

The notes and accounting policies on pages 91 to 100 form an integral part of these financial statements.

The financial statements on pages 87 to 100 were authorised for issue by the Board of Directors on 11 April 2022 and were signed on its behalf by:

Stuart Quin
Director

Richard Jones
Director

Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2021

	31 December 2021 £000	31 December 2020 £000
Operating activities		
Profit for the year	5,467	1,345
Add back taxation	1,872	729
Profit before tax	7,339	2,074
Adjustments for:		
Depreciation	1,672	1,449
Amortisation	2,816	1,429
Loss on disposal of tangible and intangible assets	55	219
Share based payments	682	210
Social security costs of share-based payment charge	78	–
Foreign exchange	(590)	–
Finance income	–	(73)
Finance costs	1,143	375
Share of results of joint ventures	56	–
Changes in:		
(Increase)/decrease in trade and other receivables	(4,725)	4,201
Decrease in trade and other payables	2,811	56
Tax paid	(1,614)	(1,299)
Cash inflow from operating activities	9,723	8,641
Investing activities		
Purchase of subsidiary net of cash acquired	(11,429)	(13,813)
Purchase of property, plant and equipment	(1,310)	(1,475)
Purchase of software intangibles	(763)	(533)
Interest received	–	73
Cash outflow from investing activities	(13,502)	(15,748)
Cash flows from financing activities		
Repayment of lease liability	(407)	(152)
Proceeds from borrowings	11,592	5,963
Repayment of borrowings	(23,522)	(54)
Issue of ordinary share capital	16,162	1
Costs to issue ordinary share capital	(537)	–
Dividends paid to ordinary shareholders	(3,167)	(945)
Interest paid	(424)	(345)
Net cash (outflow)/inflow from financing activities	(303)	4,468
Net change in cash and cash equivalents	(4,082)	(2,639)
Movement in net cash		
Cash and cash equivalents, beginning of period	13,934	16,576
Decrease in cash and cash equivalents	(4,082)	(2,639)
Foreign exchange on cash and cash equivalents	(236)	(3)
Cash and cash equivalents, end of period	9,616	13,934

The notes and accounting policies on pages 91 to 100 form an integral part of these financial statements.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Issued capital £'000	Share premium £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020		222	14,721	–	20,897	35,842
Issue of share capital		1	–	–	–	1
Dividends paid	12	–	–	–	(945)	(945)
Share based payments		–	–	–	210	210
Transactions with owners		**1**	**–**	**–**	**(735)**	**(734)**
Profit for the year		–	–	–	1,345	1,345
Other comprehensive income						
Foreign exchange translation differences		–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**–**	**1,345**	**1,345**
At 31 December 2020		**223**	**14,721**	**2**	**21,507**	**36,453**
Issue of share capital		22	15,603	–	–	15,625
Dividends paid	12	–	–	–	(3,167)	(3,167)
Share based payments		–	–	–	682	682
Deferred tax on share based payments		–	–	–	(33)	(33)
Transactions with owners		**22**	**15,603**	**–**	**(2,518)**	**13,107**
Profit for the year		–	–	–	5,467	5,467
Other comprehensive income						
Foreign exchange translation differences		–	–	(124)	–	(124)
Total comprehensive income for the year		**–**	**–**	**(124)**	**5,467**	**5,343**
At 31 December 2021		**245**	**30,324**	**(122)**	**24,456**	**54,903**

The notes and accounting policies on pages 91 to 100 form an integral part of these financial statements.

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Medica Group PLC

Medica Group PLC ("the Company") was incorporated in England and Wales on 22 April 2013 under the Companies Act 2006 (registration number 08497963) and is domiciled in the United Kingdom. Its registered office and principal place of business is One Priory Square, Priory Street, Hastings, East Sussex, TN34 1EA.

The consolidated financial statements of the Group for the year ended 31 December 2021 (including comparatives) comprise the Company and its subsidiaries (together referred to as "the Group"). The Group's principal activity is the provision of teleradiology reporting and is the leading independent provider in both the UK and Ireland. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the chairman's and chief executive's reports on pages 4 to 5, and 6 to 11. In addition, Note 28 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit risk and liquidity risk.

2 Basis of preparation

2.1. Basis of preparation

The Consolidated financial statements of Medica Group PLC and its subsidiary undertakings (together "the Group") for the 12 months ended 31 December 2021 have been prepared by the directors of Medica Group PLC.

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards

The preparation of consolidated financial statements in accordance with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the financial statements.

The consolidated financial statements are presented in £ (Sterling), the presentational and functional currency of the Company, rounded to the nearest £'000.

2.2. Going concern

The Directors have prepared cashflow forecasts for a period of 21 months from the date of approval of these financial statements (the forecast period). These indicate that the Group will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period.

The forecasts have been prepared by reference to the 2022 approved budget and detailed bottom-up forecasts for the following financial year which have considered realistic downside scenarios including:

- Impacts to volumes and therefore to revenues and profits from a further "wave" of Covid-19 particularly in the UK and Ireland
- Loss of certain material contracts
- Further material inflationary pressure on operating costs above current expectations

Under these downside scenarios, individually and cumulatively, and excluding any potential mitigating actions that could be taken, management conclude that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 21 months from the date of approval of the financial statements and the Board have therefore determined it is appropriate to adopt the going concern basis in preparing the financial statements.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

2.3. Standards in issue which have not yet been adopted

There are no new standards or amendments in issue but not yet effective that are either applicable to the financial statements of the Group or that would have any material impact the financial statements of the Group.

2.4. Adoption of new standards

- Amendment to IFRS 16 Leases Covid-19 – Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021).
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform (effective 1 January 2021).

The adoption of these standards has not had a material impact on the financial statements.

2.5. Correction of prior period misstatements

During the year the following restatements have been made to the prior year comparatives. None of these had an impact on the income statement or net assets and were presentational in nature only.

(i) The dilutive effect of share options in the prior year shown in note 11 has been restated from 180,772 to 336,254 as correctly calculated in line with IAS 33. The impact did not change the diluted EPS measures.

(ii) The average number of employees disclosed in note 13 have been restated following the change in categories presented in the current year. They have also been corrected to include 33 operational staff in Medica Vision Ireland which were omitted in error in the prior year.

(iii) Directors' emoluments disclosed in note 13 have been restated due to a mathematical error in the prior year resulting in the totals being incorrect. This resulted in a decrease in the base salary and bonus of £157k and £21k respectively and inclusion of amounts related to performance share plans of £53k. There was also an increase in the highest paid directors' emoluments and pension of £17k and £5k respectively.

Additionally, the single total figure of remuneration for executive directors table and incentive outcomes for the year ended 31 December 2020 table have been restated for clerical and mathematical errors. This resulted in the following restatements.

Stuart Quin, a reduction of £12k in bonus to 82k reducing total remuneration and total variable remuneration to £464k and £82k respectively.

Richard Jones, a reduction of £4k in bonus to 24k reducing total remuneration and total variable remuneration to £131k and £24k respectively.

Steven Davies, a reduction of £7k in bonus to 48k and a reduction in PSP of £85k to £nil reducing total remuneration and total variable remuneration to £260k and £48k, respectively.

Tony Lee, a reduction of £6k in PSP to £53k reducing total variable income to £53k, a reduction of £157k due to casting errors reducing total fixed remuneration to £67k and a reduction in total remuneration of £163k to £120k.

(iv) Key management salary including bonus and social security costs in note 13 were restated to reallocate £21k of employers' national insurance incorrectly included in the salary and bonus to social security costs.

(v) Note 29 share-based payments has been restated to include detailed information on all share-based payment schemes following more comprehensive disclosure in the current year. The number of PSP options and movements stated in the prior year have also been restated due to clerical and mathematical clerical errors identified on a detailed review of the schemes in the current year. The table below shows the changes.

	Year end 2020 Restated	Year end 2020	Change
1 January	**2,793,335**	2,836,168	(42,833)
Granted	**2,038,282**	1,751,933	286,349
Exercised	**(48,179)**	(168,536)	120,357
Forfeited	**(369,774)**	(887,656)	517,882
Lapsed	**(364,287)**	–	(364,287)
31 December	**4,049,377**	3,531,909	517,468

3 Summary of accounting policies

These accounting policies have been used throughout all periods presented in the financial statements, except where the Group has applied certain accounting policies and exemptions upon transition to IFRS.

3.1. Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiary undertakings drawn up to 31 December 2021. All subsidiaries have the same reporting date and use accounting policies consistent with those of the Parent Company. Medica Group PLC ("the Group") controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Unrealised gains and losses on transactions between Group companies are eliminated. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3.2. Revenue

The Group recognises revenue in accordance with the requirement of IFRS 15 and in the five-step model set out within the standard.

STEP 1 Identifying the contract with the customer

The Group accounts for contracts with customers within the scope of IFRS 15 only when all of the following criteria are met:

1. The Group and the customer have approved the outline contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
2. The Group can identify each party's rights regarding the services to be transferred;
3. For Reader Revenue services, the Group receives an order or request to deliver a radiology report; or for iCRO contracts, the Group receives a work order for an ongoing and specific services;
4. The Group can identify the payment terms for services to be transferred;
5. The contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract); and
6. It is probable that the Group will collect the consideration to which it will be entitled in exchange for the services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

STEP 2 Identifying the performance obligations

At contract inception, the Group assesses the services promised within the contract and identifies as a performance obligation each promise to transfer to the customer either:

a. A good or service (or a bundle of services) that is distinct; or

b. A series of distinct services that are substantially the same and that have the same pattern of transfer to the customer.

Reader Revenue
In the UK and Ireland the only identifiable performance obligation is the delivery of a radiology report which diagnoses a patient using images provided by the client into the client's Radiology Information System (RIS) by a suitable radiologist in an agreed timescale based upon an order received from the customer under the agreed contract. In the US the only identifiable performance obligation is the delivery of a radiology report in either the client's radiology information system or via image transfer, by a suitable radiologist in an agreed timescale based upon an order received from the customer under the contract. This is a teleradiology service.

In the UK, the Group's customers are responsible for producing the image for the radiologist's review and the Group is responsible for arranging for the review by the radiologist. In Ireland, some contracts are 'fully managed' and the Group provides the staff and/or the equipment required to produce the image. In management's view, these additional services are not separable from the overriding performance obligation discussed above.

iCRO Revenue
These contracts involve supporting our customers in completing various clinical trials by assisting with the reviewing of images as well as providing practical support including training to our customers, just as we do for our Reader Revenue services.

The iCRO contracts are more complex and detailed in nature and cover more elements of the clinical trial imaging management than reader services. The typical length of an iCRO contract is approximately three years.

Within the contracts, there are several distinct performance obligations which reflect the nature of the particular clinical trial, how advanced the trial is, and the number of patients and imaging sites. These include study start up, project management, reader training, independent image reviews, technical imaging services, study reporting, study close out and end of study imagine transfer.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

STEP 3 Determining the transaction price
Reader Revenue
Each contract has a detailed schedule of prices for each different type of radiology report. The pricing is based on the type of images diagnosed, the complexity of the report and the nature of the report (for example whether it is emergency or elective).

Some contracts are subject to minimum usage over a given period of time, providing Medica with a minimum expected revenue stream for those contracts.

iCRO Revenue
Each contract has a detailed schedule of prices for each promise within the contract. The fees for the various promises have a mix of charging models, including unit costs (for example: per hour, per scan reviewed, etc), monthly costs billed each month for a specified period, or fixed costs billed on the delivery of an item.

Each work order sets out a budget, setting out the expected consideration under the contract and setting out the expected value of any variable items.

There are performance obligations set out in the work orders which are only completed at the option of the customer. The budgets allocated against these performance obligations are equal to the stand-alone selling price of each option, and therefore no substantive rights are created as a result of Medica providing these options.

On that basis, the total transaction price is considered to be the total budgeted costs excluding any optional items.

STEP 4 Allocating the transaction price to the separate performance obligations
Reader Revenue
There is only one performance obligation and accordingly the transaction price is allocated to the delivery of the individual report.

iCRO Revenue
The detailed budget included in each work order sets out the expected costs of each promise within the contract. The total of the budgeted costs for the promises included within each performance obligation are considered by Medica to equal the stand-alone selling price of that performance obligation.

STEP 5 Recognising revenue when performance obligations are satisfied
Reader Revenue
Reader Revenue is recognised when the performance obligation is satisfied, which in the UK is when the report is delivered to the client's Radiology Information System (RIS) and in Ireland is when the report is delivered to the clients National Integrated Medical Imaging System (NIMIS). In the US Reader Revenue is recognised when the report is uploaded to either the client or specified third party system. Each transaction is recognised as a separate chargeable event. Control passes to the customer once the report is submitted, at which point Group becomes entitled to consideration for the services provided. The client is charged for services provided at the end of the month.

iCRO Revenue
Medica uses the output method for determining appropriate revenue recognition for these contracts. As such, items billed per unit eg independent image reviews, are recognised as that unit is delivered to the customer. Revenue from monthly cost items eg project management, is recognised over the month in question, and fixed document items are recognised at a point in time when the document is delivered to the client.

There are certain exceptions to this for example for startup and closeout costs. These are performance obligations which are generally present in iCRO contracts.

Startup is key to the process and there are many inputs to make sure the study is set up accurately and effectively. The Group typically invoices start-up costs at the end of the first month of the contract. However, this phase of work typically extends over additional months and total start up revenues are therefore collectively recognised over that period of time. Closeout costs include items such as final study reporting including quality control and final data transfer that culminate the work of the study. The group typically invoices close out costs at the end of the month after the delivery of these elements. However, the performance obligation is typically recognised over the period of the close out activity.

All revenue recognised in the income statement is from contracts with customers and no other revenue has been recognised. No provision for expected credit losses have been recognised on any receivables or contract assets arising from a contract with a customer as past experience indicates that expected losses are immaterial reflecting the nature of the customer base.

A disaggregation of revenue in the UK is shown in Note 5 as part of the segmental analysis. There are no other relevant categories of revenue other than reporting modalities which are monitored by the directors.

Timing differences, Accrued and Deferred Revenue
UK
In the UK, due to the nature of the Group's contractual relationship with customers and the nature of the services provided, there are no timing differences between revenue recognised in the income statement and trade receivables being recognised in the statement of financial position.

Ireland
In Ireland there are different arrangements around billing for work performed by the Group. In some cases, customers pay in advance for a specified number of reviewed images in a specified time period. As in the UK, revenue is recognised at the point each image is reviewed. Timing differences in respect of the dates of invoicing and payment with the dates of the scan reviews creates timing differences which appear in accrued or deferred revenue as appropriate.

USA
In the USA there can be some timing differences between the recognition of revenue and the trade receivables being recognised. Typically, these relate to deposits and start up received in advance of work being completed, as well as work completed to date on fixed-rate deliverables under iCRO contracts which were not fully completed, delivered to the customer and billed at the reporting date. These differences result in a liability of deferred revenue recognised on the statement of financial position in trade and other payables.

There have been no significant judgements regarding the timing of transactions or price.

Transaction Price
Transaction price is set out in individual contractual agreements and there is a range of prices based on the types of service offered. There are no variable pricing considerations for Reader Revenue contracts. The iCRO contracts contain items which are billed at hourly rates specified in the contracts. Strictly, this would typically be classed as variable pricing, however, due to the terms of the contract (discussed above), revenue is recognised as the time is spent.

No assets were recognised from costs to obtain or fulfil a contract with any customer.

Contract modifications
Contract modifications which either create new or change existing rights and obligations are accounted as a separate contract if the scope of the contract increases because of the addition of promised goods or services that are distinct and the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised services. Where modifications are not accounted for as a separate contract the Group accounts for the remaining promised services as if it were a part of the existing contract and the effect that the contract modification has on the transaction price is recognised as an adjustment to revenue at the date of the contract modification.

3.3. Interest income/Interest expense

Interest income and expenses are reported on an accrual basis using the effective interest method.

3.4. Segment reporting

IFRS 8 requires operating segments to be identified on the same basis as is used internally for the review of performance and allocation of resources by the CEO (chief operating decision maker – CODM).

The Board has reviewed the Group and all revenues are functional activities of teleradiology reporting and these activities take place on an integrated basis. Following the acquisition of GDI and RadMD LLC, the CEO reviews the financial information for the Irish entities as a separate segment and the two new US entities as a separate segment from the rest of the Group.

3.5. Business combinations

Business combinations are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their provisional fair values which are then finalised within a 12 month period and, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Where the settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value using a probability weighted expected value approach. Contingent consideration is classified either as equity or as a financial liability and is recognised at fair value on the acquisition date. Amounts classified as a financial liability are subsequently re-measured to fair value in accordance with IFRS 9 (Financial Instruments), with changes in fair value recognised in the consolidated statement of comprehensive income as a finance cost.

Directly attributable acquisition costs are expensed as incurred within the consolidated statement of comprehensive income as non-underlying administrative expenses.

3.6. Joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

3.7. Leasing

The right of use asset is initially measured at the amount of the lease liability plus any lease payments made at or before the commencement date (less any lease incentives received), plus any initial direct costs incurred in agreeing the lease, plus an estimate of future dismantling, removal and restoration costs. Subsequent to the initial measurement the right of use asset is accounted for using the cost model set out in IAS 16 Property, Plant and Equipment, which is based on depreciating the asset over the estimated useful economic life. Assets are depreciated on a straight-line basis over the term of the lease.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

In connection with the Group's right of use assets as at 31 December 2021 there were no lease payments that had been made prior to the commencement of the lease, nor any lease incentives, nor has the Group made any structural or other changes to any right of use assets that would require material costs in respect of dismantling, removal or restoration.

The initial recognition of the lease liability has been based on discounting the cashflows associated with the lease using the rate implicit in the lease agreement, or where this is not readily available, the Group's incremental borrowing rate. After initial measurement the Group charges the lease liability with the interest cost to unwind the discount factor and reduces the liability by the amount of contractual payments made annually.

In reviewing the leases, the directors took into consideration those which were long term leases, those which were short term leases, the underlying asset value and the lease and non-lease components.

Leases of low value assets and short-term leases with a term of twelve months or less, have continued to be recognised as an operating expense and it was determined that all of these short term leases (mostly for reporting centres) had termination clauses of three months or less and therefore could be readily terminated if required.

The directors have set a guideline of £5,000 or less lease value as the threshold for determining the value of a potential lease asset. All the short-term leases are therefore also considered low value assets and have been excluded from right of use assets.

Low value and short-term leases
Where the Group is a lessee, payments on low value and short-term operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred. Benefits received and receivable as an incentive to enter an operating lease are also spread on a straight-line basis over the lease term.

3.8. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives less estimated residual values, using the straight-line method. The rates generally applicable are:

Computer equipment	– 20% to 33% per annum
Leasehold improvements	– Over the life of the lease term
Medical equipment	– 20% per annum
Right-of-use assets	– Over the life of the lease term

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The assets' residual value and useful lives are reviewed, and adjusted if required, at each reporting date. The carrying amount of an asset is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

3.9. Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant assets are carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.10. Goodwill and other intangible assets

An intangible asset, which is an identifiable non-monetary asset without physical substance, is recognised to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its cost can be measured reliably. The asset is deemed to be identifiable when it is separable or when it arises from contractual or other legal rights.

Intangible assets acquired as part of a business combination, are shown at fair value at the date of the acquisition less accumulated amortisation. Amortisation is charged on a straight-line basis through the profit or loss. The rates applicable, which represent the directors' best estimate of the useful economic life, are:

- Customer relationships – 5 – 15 years

- Software and technology – 10 years for assets purchased as part of the acquisition of Medica Reporting Limited in 2013, software licences purchased since then are amortised over their term
- Brands – 15 – 20 years.

Internal development costs
Expenditure on the research phase of projects to develop new projects is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs.

Internally generated assets recognised on the balance sheet are amortised from the date at which an individual project is complete or live and amortised over the useful economic life of the project.

3.11. Impairment of intangible assets

Goodwill
Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment. Impairment losses in respect of goodwill cannot be subsequently reversed.

At each balance sheet date, the Group performs an annual impairment review of goodwill and any intangible assets with an indefinite useful economic life. The recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Other intangible assets
Other intangible assets are not tested for impairment annually, only when there is an objective indicator of impairment. Where an impairment indicator is identified, an impairment test is carried out by comparing the carrying of the assets with its recoverable amount. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

3.12. Taxation

Tax expenses recognised in profit or loss comprise the sum of the tax currently payable and deferred tax not recognised in other comprehensive income or directly in equity.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be recognised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to recognise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset recognised based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.13. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand.

3.14. Financial instruments

Recognition, initial measurement and derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, substantial modification of the terms of an existing financial liability shall be accounted for as an extinguishment of the original liability and the recognition of a financial liability. A substantial modification of terms occurs when the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original facility.

The only types of financial assets held by the Group are loans and receivables.

Financial assets at amortised cost
Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. The Group's customers are mostly state-owned entities such as hospitals, as such credit loss is not significant.

The expected loss rates are based on the payment profile of sales over 36 months before 31 December 2021 or 1 January 2021 respectively. The Group then considers future expected credit losses due to any other expected circumstances in addition to applying historical loss rates.

Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings, trade and other payables and lease liabilities. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

3.15. Equity, reserves and dividend payments

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits or losses.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

3.16. Exceptional items

Exceptional items are items that are unusual because of their size, nature or incidence and which the directors consider should be disclosed separately to enable a full understanding of the Group's results.

3.17. Non-underlying items

The Group has applied an income statement format which seeks to highlight significant items within Group results for the year such as one-off acquisition costs, and other non-operating costs such as the amortisation of acquired intangibles and share-based payments. The Group exercises judgement in assessing the particular items which, by virtue of their scale and nature should be disclosed in the income statement and related notes as non-underlying items. The Group believes that such a presentation is useful for the users of the financial statements in helping to provide a balanced view of, and relevant information on, the Group's underlying financial performance. Details are included in note 33.

3.18. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

3.19. Share-based payments

Medica operates several equity-settled share-based payment arrangements, under which the Group receive services from employees in consideration for equity instruments (share options and shares) of the group. Information relating to these schemes is set out in note 29.

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured using either the Binomial options pricing model or Monte Carlo simulations, whichever is more appropriate to the share-based payment arrangement. Market-based performance criteria and non-vesting conditions (for example, the requirement for employees to make contributions to the share purchase programme) are reflected in this measurement of fair value. The fair value determined at the grant date is recognised as an expense on a straight-line basis over the vesting period, based on the group's estimate of the options or shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Non-market-based vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period.

Service and performance conditions are vesting conditions. Any other conditions are non-vesting conditions which have to be taken into account to determine the fair value of equity instruments granted. In the case that an award or option does not vest because of a failure to meet a non-vesting condition that is within the control of either counterparty, this is accounted for as a cancellation. Cancellations are treated as accelerated vesting and all remaining future charges are immediately recognised in the income statement. As the requirement to save under an employee save as you earn arrangement is a non-vesting condition, employee cancellations, other than through a termination of service, are treated as an accelerated vesting. No adjustment is made to total equity for awards that lapse or are forfeited after the vesting date.

When the options are exercised, shares are either transferred to the employee from the employee benefit trust or by issuing new shares. Any proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

The award by the Company of share-based compensation awards over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution only if it is left unsettled. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

A deferred tax asset is recognised on share options based on the intrinsic value of the options, which is calculated as the difference between the fair value of the shares under option at the reporting date and exercise price of the share options. The deferred tax asset is utilised when the share options are exercised or released when share options lapse.

3.20. Foreign currency translation

Foreign currency transactions and balances
Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at period-end exchange rates are recognised in profit or loss.

Monetary assets and liabilities are translated into the functional currency of the concerned entity of the Group using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss.

Non-monetary items are not retranslated at the period-end. They are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations
In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the £ (Sterling) are translated into £ upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into £ at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into £ at the closing rate. Income and expenses have been translated into £ at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

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4 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

4.1. Key judgements

There are no significant or material key judgements made by management in applying the accounting policies of the Group.

4.2. Sources of estimation uncertainty

The following are estimates made by management in measuring the assets, liabilities, income, and expenses.

Fair value of contingent consideration on business combinations
Under the terms of the acquisition of RadMD LLC, contingent cash consideration of up to $5.4m and $0.3m is payable based on certain pre-determined EBITDA levels achieved by RadMD LLC for the years ended 31 December 2021 and 2022 respectively. In relation to the acquisition of GDI in the prior year, up to €4m contingent consideration is payable in tranches during 2022 and 2023 subject to the realisation of future events including the successful commencement and renewal of contracts. In accordance with IFRS 9 'Financial Liabilities' the fair value of contingent cash consideration was assessed based on applying a time value of money discount to the probability weighted expected future values under the various possible outcomes. See note 23.5 for further details.

Carrying value of goodwill and other intangible assets
The carrying value of goodwill for Medica Vision Ireland is supported by its estimated recoverable amount which is dependent on the successful retender for the diabetic retinopathy screening contract, currently expected in 2022 to commence in early 2023. If the contract was lost or the outcome of the re-tender was a material reduction in overall value there would be an impairment of up to £1,709k to goodwill and £3,492k to intangible assets. See notes 14 and 23.5 for further details.

The useful life of acquired intangible assets
The Group recognises the intangible assets acquired as part of business combinations at fair value at the date of acquisition. These fair values were determined by experts engaged by management and based upon management's and the directors' judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate discount rate. Furthermore, management have estimated the expected useful lives of intangible assets and charged amortisation on these assets accordingly. At the reporting date no impairments to other intangible assets were recognised in the year.

The directors considered the estimates of the useful economic life of intangible assets acquired in May 2013 as part of the purchase of Medica Reporting Limited, November 2020 as part of the purchase of Global Diagnostics (Ireland) Limited and Global Retinopathy Screening Limited and March 2021 as part of the purchase of RadMD LLC.

Brand
The directors considered the strength of the Medica brand in the teleradiology and wider healthcare sector. They also considered the strength of the RadMD brand in the iCRO sector following the acquisition in March 2021. In their judgement, the directors consider that the brands are expected to continue to be used for the foreseeable future and have therefore estimated a useful life of 20 years and 15 years respectively.

Customer relationships
In assessing the useful economic life of customer relationships, the directors considered the importance of long-term relationships. In their judgement the directors consider that given the limited number of NHS Trusts and HSE clients and the fact that most of the revenue came from long standing, government funded clients that the useful economic life for customer relationships is estimated between 10 – 15 years. In the US there is a customer contract backlog and large key customers with long standing relationships that have multiple phase trails over a number of years for which the useful economic life of the customer relationships is estimated at 5 and 15 years respectively.

Software and technology
In assessing the useful economic life of the technology purchased the directors judgement was that the technology was core to the business and whilst requiring ongoing investment was not expected to fundamentally change for a considerable period. Therefore, the directors have estimated the useful economic life as 10 years for software and technology.

The table below sets out the carrying amounts of the separately identifiable intangible assets acquired in previous acquisitions, together with the estimated useful lives assessed by the directors and the resultant amortisation charges recognised in the year.

Intangible asset	Directors' estimate of useful economic life (years)	Carrying amount as at 31 December 2021 £000	Amortisation charge for the year ended 31 December 2021 £000
Customer relationships – May 2013 acquisition	15	2,724	431
Customer relationships – November 2020 acquisitions	15	9,619	842
Customer relationships – March 2021 acquisition	5 – 15	6,272	479
Software and technology*	10	433	324
Brand – May 2013 acquisition	20	1,316	115
Brand – March 2021 acquisition	15	679	35
		21,043	2,226

* excludes software and technology assets that do not relate to the 2013 acquisition.

The Group's reported profit is sensitive to changes in the estimated useful economic lives of the acquisition intangibles, owing to the amortisation charges for the year which are calculated by reference to the estimated useful lives. The table below demonstrates the impact on reported profits before tax of applying different values to the estimated useful lives.

Intangible asset	Directors' estimate of useful economic life (years)	-50% change in estimate (years)	Decrease in reported profit for the year ended 31 December 2021 £000	+50% change in estimate (years)	Increase in reported profit for the year ended 31 December 2021 £000
Customer relationships – May 2013 acquisition	15	7.5	(431)	22.5	144
Customer relationships – November 2020 acquisitions	15	7.5	(842)	22.5	281
Customer relationships – March 2021 acquisition	5 – 15	2.5 – 7.5	(479)	7.5 – 22.5	160
Software and technology*	10	5	(324)	15	108
Brand – May 2013 acquisition	20	10	(115)	30	38
Brand – March 2021 acquisition	15	7.5	(35)	22.5	12
			(2,226)		743

* excludes software and technology assets that do not relate to the 2013 acquisition.

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5 Segment reporting

Management prepare and monitor financial information for the Group's three key geographies, UK, Ireland and the US. This financial information is reviewed and used by the Chief Operational Decision Maker (considered to be the CEO) in managing the operating activities of the Group.

In the UK, Medica generates revenues via two key service lines, Nighthawk (urgent and quick turnaround services) and Elective. In Ireland revenues are generated from tele-radiology, managed services, and a contract with the National Screening Service to deliver Ophthalmology services. In the US revenues are generated from providing radiology reporting to Pharma customers directly as full service iCRO services and indirectly via Contract Research Organisations (CRO's) as reader only services. These activities are collectively referred to as imaging core lab services.

	UK £000	Ireland £000	USA £000	31 December 2021 £000	UK £000	Ireland £000	USA £000	31 December 2020 £000
UK NightHawk	**29,762**	**–**	**–**	**29,762**	22,987	–	–	22,987
UK Elective	**17,292**	**–**	**–**	**17,292**	12,511	–	–	12,511
Ireland	**–**	**9,665**	**–**	**9,665**	–	1,316	–	1,316
Imaging core labs	**–**	**–**	**5,194**	**5,194**	–	–	–	–
Revenue	**47,054**	**9,665**	**5,194**	**61,913**	35,498	1,316	–	36,814
Cost of sales	**(23,436)**	**(4,758)**	**(2,325)**	**(30,519)**	(18,751)	(611)	–	(19,362)
Gross profit	**23,618**	**4,907**	**2,869**	**31,394**	16,747	705	–	17,452
Operating expenses	**(13,750)**	**(3,375)**	**(2,191)**	**(19,316)**	(11,958)	(491)	–	(12,449)
Operating profit	**9,868**	**1,532**	**678**	**12,078**	4,789	214	–	5,003
Finance income	**–**	**–**	**–**	**–**	73	–	–	73
Finance costs	**(261)**	**(283)**	**(6)**	**(550)**	(309)	(30)	–	(339)
Share of results of joint ventures	**(56)**	**–**	**–**	**(56)**	–	–	–	–
Profit before tax	**9,551**	**1,249**	**672**	**11,472**	4,553	184	–	4,737
Tax	**(1,625)**	**(268)**	**(186)**	**(2,079)**	(830)	(46)	–	(876)
Underlying profit for the period	**7,926**	**981**	**486**	**9,393**	3,723	138	–	3,861
Non-underlying loss for the period				**(3,926)**				(2,516)
Profit for the period				**5,467**				1,345

	UK £000	Ireland £000	USA £000	31 December 2021 £000	UK £000	Ireland £000	USA £000	31 December 2020 £000
Non-current assets (excluding deferred tax)	**25,314**	**17,885**	**14,078**	**57,277**	26,214	18,555	–	44,769
Additions to non-current assets	**1,907**	**164**	**10,457**	**12,528**	2,008	18,744	–	20,752
Total assets less current liabilities	**36,651**	**11,061**	**11,828**	**59,540**	40,853	12,224	–	53,077
Net assets	**35,354**	**7,924**	**11,625**	**54,903**	27,540	8,915	–	36,455

6 Operating profit

The operating profit and the profit before taxation are stated after:

	2021 £000	2020 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**225**	99
Fees payable to the Company's auditor for the audit of subsidiaries	**57**	–
Total audit fees	**282**	99
Audit related services:		
Interim review	**18**	14
Total audit related services	**18**	14
Other assurance services:		
Covenant compliance services	**3**	3
Total non-audit fees	**21**	17
Total fees paid to Company's auditor	**303**	116
Operating lease rentals – short term and low value leases	**90**	51
Depreciation: property, plant and equipment – owned	**1,241**	1,259
Depreciation: property, plant and equipment – leased	**431**	190
Amortisation of intangible fixed assets on acquisition	**2,225**	1,010
Amortisation of intangible fixed assets on other assets	**591**	419

Fees payable to the Company's auditor for the audit of the Company's annual accounts include £47k of over-runs in connection with the prior year audit.

Analysis of expenses by nature

The breakdown by nature of cost of sales and operating expenses is as follows:

	2021 £000	2020 £000
Amortisation of intangible assets (note 15)	**2,816**	1,429
Depreciation of property, plant and equipment (note 16)	**1,672**	1,449
Loss on disposal of tangible and intangible assets	**55**	219
Operating lease rentals – short term and low value leases	**90**	51
Staff costs (note 13)	**12,341**	7,337
Auditors remuneration	**302**	116
Self-employed clinical specialists	**27,506**	18,795
IT related costs	**2,009**	1,287
Other non-underlying items (see note 7)	**555**	870
Other expenses	**6,029**	2,567
Total cost of sales and operating expenses	**53,375**	34,120

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7 Non-underlying items

	2021 £000	2020 £000
Write off of property, plant and equipment and other intangible assets	–	219
Amortisation of acquired intangible assets	2,225	1,010
Foreign exchange gain on contingent consideration	(173)	–
Acquisition costs incurred	173	792
Share based payment charge	682	210
Social security costs on share based payment charge	78	–
One-off Legal and professional fees	555	78
Total non-underlying costs included within operating expenses	3,540	2,309
Costs incurred in respect of board succession and review	–	324
Total non-underlying costs included within operating expenses and exceptional items	3,540	2,633
Acquisition finance costs incurred	–	30
Fair value adjustment on contingent consideration	593	–
Total non-underlying costs before tax	4,133	2,663
Income tax	(207)	(147)
Total non-underlying items after taxation	3,926	2,516

8 Finance income

	2021 £000	2020 £000
Interest on cash and cash equivalents	–	73

9 Finance costs

	2021 £000	2020 £000
Loan interest and fees	497	321
Finance costs on lease liability	53	18
Finance costs associated with the acquisition of GDI	–	30
Fair value adjustment on contingent consideration	593	–
	1,143	369

10 Tax expense

Major components of tax expense:	2021 £000	2020 £000
Current tax:		
UK current tax expense	**1,860**	659
Adjustments in respect of prior years	**(24)**	2
Foreign current tax expense	**331**	39
Total current tax	**2,167**	700
Deferred tax:		
Originations and reversal of temporary differences	**(594)**	(142)
Adjustments in respect of prior years	**13**	60
Effect of rate change	**286**	111
Total deferred tax	**(295)**	29
Tax expense on ordinary activities	**1,872**	729

Reconciliation of tax expense:

UK corporation tax is assessed on the profit on ordinary activities for the year and is the same as (2020: same as) the standard rate of corporation tax is as follows:

- UK 19% (2020: 19%)
- Ireland 12.5% (2020: 12.5%)
- USA (Federal & state) 26.7% (2020: N/A)

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2020: 19%).

The charge for the year can be reconciled to the loss per the income statement as follows:

Reconciliation of effective tax rate:	2021 £000	2020 £000
Profit on ordinary activities before tax	**7,339**	2,074
Income tax using the Company's domestic tax rate 19% (2020: 19%)	**1,394**	394
Effect of:		
Expenses not deductible for tax purposes	**297**	164
Prior year adjustment – current tax	**(24)**	2
Prior year adjustment – deferred tax	**13**	60
Effect of tax rate change – deferred tax	**286**	111
Deferred tax not recognised	**(41)**	–
Impact of difference in overseas tax rates	**(53)**	(2)
Total tax charge for period	**1,872**	729

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11 Earnings per share

Both the basic and diluted profit per share have been calculated using the profit after tax attributable to shareholders of Medica Group PLC as the numerator. The calculation of the basic profit per share is based on the profit attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	2021 £000	2020 £000
Profit for the year attributable to ordinary shareholders	**5,467**	1,345
Effects of exceptional items net of tax (see note 7)	**–**	262
Profit for the year before exceptional items attributable to ordinary shareholders	**5,467**	1,607
Effects of non-underlying items net of tax (see note 7)	**3,926**	2,254
Underlying profit for the period attributable to ordinary shareholders	**9,393**	3,861
Weighted average number of ordinary shares	**119,912,604**	111,211,038
Dilutive effect of share options	**1,656,675**	336,254[1]
Weighted average number of ordinary shares	**121,569,279**	111,547,292
Basic profit per ordinary share (pence)	**4.56p**	1.21p
Diluted profit per ordinary share (pence)	**4.50p**	1.21p
Underlying basic profit per ordinary share (pence)	**7.83p**	3.47p
Underlying diluted profit per ordinary share (pence)	**7.73p**	3.46p

1 The amount disclosed is after the restatement for correction of the error disclosed in note 2.5.

As at 31 December 2021 the directors assessed the potentially dilutive effect of contingently issuable shares, which comprise share options awarded under the Performance Share Plan (PSP), options under the Deferred Bonus Plan (DBP), options under the Company Share Option Plan (CSOP) and options under the Save as You Earn plan (SAYE).

As at the end of the year there were 5,841,660 (2020: 4,617,310) options outstanding of which 1,656,675 (2020: 336,254[1]) were considered dilutive. The calculation of diluted earnings per share above takes into consideration the Group's performance against the targets within the Performance Share Plan to 31 December 2021.

12 Dividends

	2021 pence per share	2020 pence per share	2021 £000	2020 £000
Interim 2021 dividend paid (2020 interim dividend)	**0.89**	0.85	**1,088**	945
Final 2020 dividend paid (2019 final dividend: Nil[1])	**1.7**	nil[1]	**2,079**	–
			3,167	945

[1] *In light of the uncertainty surrounding the impact of COVID-19 the Board chose not to propose a final dividend for FY19.*

A final dividend for 2021 of £2.2m (1.79p per share) is proposed by the Directors and will be paid on 22 July 2022 to shareholders on the register as at 24 June 2022.

During the year ended 31 December 2021, dividends totalling £51k (2020: £15k) were paid to persons discharging management responsibilities including Directors.

13 Directors and employees

The average number of persons (including directors) employed by the Group during the years were:

	2021 Number	2020 Restated[1] Number
Clinical governance and quality assurance	**14**	10
Commercial	**10**	8
IT	**33**	31
Operations	**227**	198
Senior leadership team	**7**	7
Support functions	**15**	13
	306	267

1 The numbers disclosed are after the restatement for correction of the error disclosed in note 2.5.

The aggregate cost of these employees was:

	2021 £000	2020 £000
Wages and salaries	**10,282**	6,022
Social security costs	**916**	616
Pension contributions	**461**	490
	11,659	7,128
Share based payments charge	**682**	209
	12,341	7,337

Directors' emoluments paid during the period and included in the above figures were:

	2021 £000	2020 Restated[1] £000
Base salary	**922**	945
Benefits	**12**	9
Bonus	**419**	155
Pension	**51**	55
Performance share plan	**120**	53
Other	**8**	–
Total Emoluments	**1,532**	1,217

1 The amounts disclosed are after the restatement for correction of the error disclosed in note 2.5.

The highest paid director received emoluments totalling £594k (2020 restated1: £464k). The value of the Company's contribution paid to a defined contribution pension scheme in respect of the highest paid director amounted to £31k (2020 restated1: £34k).

During the year retirement benefits accrued to three directors (2020: four) in respect of defined contribution pension schemes.

There were no payments for loss of office in lieu of notice during the year (2020: £70k).

Key management of the Group are the two executive members of Medica Group PLC's Board of Directors, four non-executive directors and five senior managers (2020: three executive directors, three non-executive directors and four senior managers). Key management personnel remuneration includes the following expenses:

	2021 £000	2020 Restated[1] £000
Salaries including bonuses	**2,552**	1,760
Social security costs	**290**	213
Pensions	**87**	78
Share based payments charge	**419**	167
Key management personnel compensation	**3,348**	2,218

1 The amounts disclosed are after the restatement for correction of the error disclosed in note 2.5.

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14 Goodwill

	UK £000	Ireland £000	USA £000	Total £000
Cost				
At 31 December 2019[1]	15,948	–	–	15,948
Additions[2]	–	7,525	–	7,525
At 31 December 2020	**15,948**	**7,525**	**–**	**23,473**
Additions (see note 19)[3]	–	–	6,817	6,817
Foreign exchange	–	(76)	143	67
At 31 December 2021	**15,948**	**7,449**	**6,960**	**30,357**

1. UK Cash Generating Unit – acquisition of Medica Reporting Limited in 2013.
2. Ireland Cash Generating Units – acquisition of Global Diagnostics Ireland and Medica Vision Ireland in November 2020. Goodwill on acquisition based on the consideration paid for each business was £5,816k and £1,709k respectively.
3. US Cash Generating Unit – acquisition of RadMD LLC in March 2021.

Goodwill is not amortised but tested annually for impairment. In previous years a top-down methodology was used to compare the total value of the group by reference to the market capitalisation plus debt (or less cash) to determine a current Enterprise Value (EV) and this was then allocated on a hierarchical basis to the two CGU's at 31 December 2020 (UK and Ireland).

Due to the more complex nature of the group at 31 December 2021 a bottom up valuation methodology was adopted using a discounted cash flow (DCF) approach based on the future expected cashflows of each identified CGU based on the smallest identifiable unit where separate cashflows could be identified.

The CGUs were as follows:

- The UK trading business representing UK tele-radiology
- Medical Diagnostics Ireland (MDI) representing tele-radiology and managed services
- Medical Vision Ireland (MV) being the unit managing the Irish diabetic retinopathy screening contract
- The US business covering imaging core lab services (tele-radiology) to pharma and CRO clients

The recoverable amount of each CGU mentioned above was based on value in use which was calculated using DCF methodology with the following key inputs:

- WACC of 8.5% (UK), 13.8% (MDI and MV),11.4% (US) which was determined to represent the best input for each CGU individually
- Baseline forecasts for FY 2022 and FY 2023 consistent with the forecast model utilised in the going concern review (i.e., the scenario deemed most likely)
- Additional forecasts to FY 2026 based on the board approved 5-year forecast plan
- Managements key assumptions in the forecasts which have been derived from past experience, market data and management's expectations of future growth rates in the business are:

  Revenue drivers
  - Ongoing Covid-19 recovery to pre-pandemic levels
  - Underlying growth in demand for both elective and out of hours services to tackle the material backlog in diagnostic procedures
  - Expected contract renewals, expected pricing changes and potential contract wins and losses
  - Continued decline in availability of GMC registered radiologists
  - Continued growth in clinical trials and imaging reporting requirements associated with such trials (see Delivery: RadMD on page 30)
  - Growth from NightHawk service development in Ireland (see Delivery: Ireland on page 28)

  Cost drivers
  - Inflationary impact on operating costs including employee costs
- Terminal Value calculated using the average of two methodologies:
  - EV/EBITDA Multiples at exit based on multiples for each CGU at entry for recently acquired CGU's and based on an assessment of comparator companies in respect of the UK business.
  - Growth perpetuity model using a 2.25% growth rate.

The recoverable amount of each CGU is then compared to the carrying amount of each CGU, including goodwill and acquired intangible assets allocated to each unit to consider indication of impairment. There is sufficient headroom in all CGU's therefore no indicators of impairment have been identified.

The estimate of the recoverable amount for Medica Vision Ireland is dependent on the successful re-tender for the diabetic retinopathy screening contract which is currently expected in 2022 to commence in early 2023. If the contract was lost or the outcome of the re-tender was a material reduction in overall value there would be an impairment of up to £1,709k to goodwill and £3,492k to intangible assets. See note 23.5 for further details. There would also be a credit to the income statement for the release of contingent consideration up to a maximum undiscounted amount of €1,600k (£1,572k) which had a fair value of £1,222k at year end (note 23.5).

Management is not currently aware of any other reasonably possible changes to key assumptions that would cause the carrying amount of any of CGUs to exceed their recoverable amounts.

15 Intangible assets

	Customer relationships £000	Software and technology £000	Brand £000	Total £000
Cost				
At 31 December 2019	6,461	6,220	2,317	14,998
Additions	–	533	–	533
Transfer from tangible assets	–	395	–	395
Disposals	–	(501)	–	(501)
Acquisitions through business combinations	10,708	–	–	10,708
At 31 December 2020	**17,169**	**6,647**	**2,317**	**26,133**
Additions	–	763	–	763
Disposals	–	(97)	–	(97)
Acquisitions through business combinations	6,612	–	699	7,311
Foreign exchange	29	–	15	44
At 31 December 2021	**23,810**	**7,313**	**3,031**	**34,154**
Amortisation				
At 31 December 2019	2,874	3,969	771	7,614
Recategorisation from tangible assets	–	296	–	296
Charge for the year	571	743	115	1,429
Eliminated in respect of disposals	–	(356)	–	(356)
At 31 December 2020	**3,445**	**4,652**	**886**	**8,983**
Charge for the year	1,752	914	150	2,816
Eliminated in respect of disposals	–	(42)	–	(42)
Foreign exchange	(2)	–	–	(2)
At 31 December 2021	**5,195**	**5,524**	**1,036**	**11,755**
Net book value				
At 31 December 2021	**18,615**	**1,789**	**1,995**	**22,399**
At 31 December 2020	13,724	1,995	1,431	17,150
At 31 December 2019	3,587	2,251	1,546	7,384

At 31 December 2021 £493,000 (2020: £108,000) of development costs have been capitalised as internally generated software and technology intangibles. These have not been shown separately as they are not deemed to be material to the financial statements.

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16 Property, plant and equipment

	Leasehold property – right of use asset £000	Leasehold improvements £000	Computer equipment £000	Medical equipment £000	Total £000
Cost					
At 31 December 2019	719	–	8,020	–	8,739
Additions – business combinations	335	43	305	1,153	1,836
Additions – separately acquired	–	–	1,475	–	1,475
Transfer to intangible assets	–	–	(395)	–	(395)
Disposals	–	–	(1,382)	–	(1,382)
Foreign exchange	(1)	–	(1)	(3)	(5)
At 31 December 2020	**1,053**	**43**	**8,022**	**1,150**	**10,268**
Additions – business combinations (note 19)	185	–	96	–	281
Additions – separately acquired	543	–	1,286	74	1,903
Disposals	–	–	(68)	–	(68)
Foreign exchange	(34)	(3)	(23)	(75)	(135)
At 31 December 2021	**1,747**	**40**	**9,313**	**1,149**	**12,249**
Depreciation and impairment					
At 31 December 2019	107	–	4,849	–	4,956
Additions – business combinations	224	40	254	807	1,325
Transfer to intangible assets	–	–	(296)	–	(296)
Charge for the year	158	–	1,261	30	1,449
Disposals	–	–	(1,308)	–	(1,308)
Foreign exchange	(1)	–	(1)	(2)	(4)
At 31 December 2020	**488**	**40**	**4,759**	**835**	**6,122**
Additions – business combinations (note 19)	–	–	96	–	96
Charge for the year	291	1	1,200	180	1,672
Disposals	–	–	(65)	–	(65)
Foreign exchange	(19)	(3)	(16)	(59)	(97)
At 31 December 2021	**760**	**38**	**5,974**	**956**	**7,728**
Net book value					
At 31 December 2021	**987**	**2**	**3,339**	**193**	**4,521**
At 31 December 2020	565	3	3,263	315	4,146
At 31 December 2019	612	–	3,171	–	3,783

All depreciation charges are included within administrative expenses in the consolidated statement of comprehensive income.

	2021 £000	2020 £000
Carrying amount of right-of-use assets included within:		
Leasehold property	**987**	565
Medical equipment	**96**	269
Carrying value at 31 December	**1,083**	834

17 Lease liabilities

Under IFRS 16 Leases the Group undertakes assessments of all its leases.

The directors have determined that, based on current strategic business plans, the applicable lease term of the UK property lease is up to the five year break clause. The directors will continue to review this annually and at any time if they are reasonably certain that the extension of the lease will be required the lease liability and right of use asset will be revalued.

The acquired US businesses contain one property lease which ends in December 2027.

In calculating the present value of the lease liabilities and the right of use asset, where there was no implicit rate within lease the directors applied the Group's estimated incremental borrowing rate of 2.6% in the UK and 5.9% in Ireland.

The total cash outflow for leases amounted to £0.6m in 2021 (2020: £0.2m).

The Group has commitments in respect of short term lease agreements which are not recognised in the consolidated statement of financial position. Management consider these lease agreements to be immaterial.

	2021 £000	2020 £000
Lease liabilities fall due in:		
Less than one year	**280**	299
Between one and five years	**814**	475
More than five years	**–**	–
Total lease liabilities	**1,094**	774

18 Investments in joint ventures

Investments	£000
At 31 December 2019 and 31 December 2020	–
Transfer from investments in subsidiaries	56
Share of results from joint ventures	(56)
At 31 December 2021	**–**

During the year, Med-IDX Pty became a 50:50 joint venture with Integral Diagnostics Limited Pty and was transferred from investments in subsidiaries to a joint venture measured using the equity method of accounting. As the Group has no legal or constructive obligations to make payments on behalf of Med-IDX Pty no liability has been recognised.

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19 Business combinations

On 26 March 2021 the company subscribed for 100% of the ordinary share capital of Medica US, Inc ("MUSI"), a newly incorporated holding company registered in the United States of America, which subsequently acquired 100% of the ordinary share capital of RadMD LLC. The company is incorporated in the United States of America and their principal activities are the provision of high value imaging expertise services in the Clinical Trials market referred to as iCRO services. The acquisition opens opportunities for Medica to offer a wider range of telemedicine services, expand its customer base to include pharmaceutical, biotech and medical device companies, and provides foundations for Medica in the US market.

Total cash consideration payable is up to USD $21.7m (circa £15.6m), subject to customary working capital and other adjustments at completion of which $16.3m (£11.8m) was payable at completion. On 17 July 2021 completion accounts were agreed resulting in a working capital adjustment of $97k which is receivable from the vendors. This has reduced the consideration by $97k with an offsetting reduction in the net assets acquired of $97k. Further working capital adjustments of $25k were identified subsequently which are due to the vendors. The total of $72k (£53k) will be netted off against contingent consideration payable in June 2022.

The exchange rate used on the date of acquisition was £1/$1.3778. Set out below are the provisional fair values of the assets and liabilities acquired.

	Fair value $000	Fair value £000
Intangible assets	10,073	7,311
Property, plant and equipment	255	185
Trade and other receivables	1,644	1,194
Cash and cash equivalents	476	345
Total assets	**12,448**	**9,035**
Trade and other payables	(1,335)	(969)
Lease liabilities	(255)	(185)
Total liabilities	**(1,590)**	**(1,154)**
Net assets	**10,858**	**7,881**
Goodwill	9,392	6,817
Total consideration	**20,250**	**14,698**
Satisfied by:		
Cash	16,222	11,774
Contingent consideration	4,028	2,924
Total	**20,250**	**14,698**

Goodwill
Goodwill arising on the business combination represents the excess of the acquisition cost over the fair value of the Group's share of the identifiable net assets of the subsidiary at the acquisition date. Goodwill includes intangible assets that do not qualify for separate recognition such as the value of the workforce at the date of acquisition, and encompass the future economic benefit expected to arise from the acquisition including new customer relationships and synergies realised by the group.

Intangible assets
In accordance with IFRS 3 'Business Combinations', the Group measured the identifiable assets acquired at their acquisition-date fair values recognising $10.1 million (£7.3 million) of intangible assets other than goodwill.

The valuation was undertaken using "income approaches" being 'excess from earnings' and 'relief from royalties.' The key estimates which underly this valuation in addition to management's estimate of future revenue, profits and cash generation are:

Required rate of return	11.4%
Long term revenue growth rate	2.0%
EBITDA margin for FY 24 onwards	16%
Royalty rate	1.0%
Corporation tax rate	31.0%

Acquired receivables
The fair value of acquired trade receivables of $1,604k (£1,164k) is materially the same as the gross contractual receivable less the best estimate of contractual cash flows not expected to be collected.

Contingent consideration
If certain pre-determined adjusted EBITDA levels were achieved by RadMD LLC for the year ended 31 December 2021, additional consideration of up to $5,448k is payable in the first half of 2022. At, 31 December 2021, a potential undiscounted amount of $4,920 (£3,350k) additional consideration is expected to be paid, subject to agreement with the vendors. See note 23.5 for further details.

The Securities Purchase Agreement "SPA" was amended in relation to the 2022 earnout clause giving rise to additional consideration payable up to a maximum of $330k if certain pre-determined 2022 EBITDA levels are achieved by RadMD LLC. See note 23.5 for further details.

Contingent consideration is not dependant on the continued employment of the vendors and therefore it has been recognised as consideration and not remuneration.

Revenue and profit contribution
From the date of the acquisition to 31 December 2021 RadMD LLC contributed £5,194k and £856k to the Group's revenues and underlying profit before tax, respectively. If the acquisition had occurred on 1 January 2021 revenues would have been £6,363k and underlying profit before tax would have been £682k. In determining these amounts management have assumed that the deferred revenue fair value adjustment on conversion to IFRS of £194k arising on acquisition would have been the same had the acquisition occurred on 1 January 2021.

Acquisition-related costs
Costs related to the acquisition of RadMD amounted to £365k and have been expensed recognised within non-underlying operating costs (see note 7). These costs relate to financial and tax due diligence £170k, legal costs £146k and other tax and accounting services £50k.

Global Diagnostics Ireland Limited
On 2 November 2020 the company acquired Global Diagnostics Ireland Limited. Set out in note 23.5 are movements in the contingent consideration since 31 December 2020. Other than the movement in contingent consideration there have been no changes to the fair values of the assets and liabilities acquired which were disclosed at 31 December 2020 on a provisional basis which have now been finalised.

20 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	**10,822**	6,371
Other receivables	**1,266**	880
Prepayments	**1,415**	759
Accrued revenue	**768**	323
	14,271	8,333

All trade receivable amounts are short term. The carrying value is considered a fair approximation of their fair value. Since the Group's revenue is derived primarily from public sector clients including NHS Trusts in the UK and HSE clients in Ireland and multinational pharma businesses in the US, management considers that all the above financial assets are of good credit quality and no changes in credit quality have been experienced since initial recognition.

The Group applies an expected credit loss model in estimating a provision for future credit losses. At 31 December 2021 and 31 December 2020 the Group determined that any such provision was not material to the Group based on historical analysis of credit losses.

21 Cash and cash equivalents

Cash and cash equivalents consisted of the following:

	2021 £000	2020 £000
Cash at bank in hand:		
Commercial current accounts	**9,616**	13,934
	9,616	13,934

22 Trade and other payables

	2021 £000	2020 £000
Trade payables	**3,985**	2,227
Other taxation and social security	**664**	564
Accruals	**4,002**	2,488
Deferred income	**799**	346
Other short-term payables	**126**	178
	9,576	5,803

All amounts are short term and the directors consider that the carrying value of trade and other payables are a reasonable approximation of fair value. The contractual maturity of all amounts above are within one year of the balance sheet date.

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23 Borrowings

23.1. Borrowings due in less than one year

	2021 £000	2020 £000
Revolving Credit Facility (RCF)	**5,739**	5,881
	5,739	5,881

On 23 April 2021, the previous Revolving Credit Facility balance of was repaid in full. After recognition of a foreign exchange translation gain of £0.3m, the amount repaid was £5.6m.

On 5 May 2021, the term debt of £12m was also repaid in full as part of a refinance of the Group's debt facilities with £12m of a new £30m RCF drawn down on the same date. The RCF facility is recognised net of arrangement fees of £0.4m. The new facility has a three-year term, extendable by up to two years, a margin above SONIA on drawn funds in the range of 2% to 3% depending on leverage and non-utilisation fees of 35%. Repayment of loans are due at the end of each interest period of up to six months. At the end of the year the interest period was three months, and the loan was repayable in February 2022. New loans can be drawn down on submission of a utilisation request. Security has been granted to the new banking syndicate of three banks comprising Lloyds, Nat West and Silicon Valley Bank over the UK companies and limited security over non-UK entities. Additionally, the group has access to an unutilised accordion facility up to £22.5m.

The RCF requires interest and leverage covenants to be met under the terms of the Group's facility agreement, and these requirements have been met as at all covenant testing dates during the year.

23.2. Borrowings due in more than one year

	2021 £000	2020 £000
Bank loans	**–**	11,960
	–	11,960

Long term borrowings carried a market rate of interest being LIBOR plus a margin as determined by the lender. On this basis the carrying amount equated to the present value of future cashflows discounted at a market rate of interest and therefore, the directors considered that the carrying amount of the bank loans to have been a reasonable approximation of fair value.

23.3. Maturity of the Group's non-derivative financial liabilities (including interest payments where applicable) and contingent consideration

2021	Contingent consideration £000	Trade payables and accruals £000	Lease liability £000	RCF and bank loans £000	**Total £000**
Maturity:					
Due within one year	5,489	8,113	280	5,739	**19,621**
Due between 2-5 years	1,731	–	814	–	**2,545**
Total	7,220	8,113	1,094	5,739	**22,166**
2020					
Maturity:					
Due within one year	1,797	4,893	299	5,881	**12,870**
Due between 2-5 years	1,797	–	475	11,960	**14,232**
Total	3,594	4,893	774	17,841	**27,102**

The above amounts reflect the undiscounted contractual cash flows, which may differ from the carrying values of the liabilities at the reporting date. The maturity analysis above assumes that interest rates remain as they were at 31 December 2021 (or 31 December 2020). The contractual undiscounted cashflows of the Group's non-derivative financial liabilities are not significantly different to their carrying amounts.

23.4 Reconciliation of liabilities arising from financing activities

	Financing activities			
	RCF £000	Long term bank borrowings £000	Lease liability £000	Total £000
At 1 January 2021	**5,881**	**11,960**	**774**	**18,615**
Additions – business combination (note 19)	–	–	185	185
Additions	–	–	577	577
Cash flows:				
– Draw down of RCF	11,592	–	–	11,592
– Repayments	(11,734)	(11,788)	(407)	(23,929)
	(142)	(11,788)	(407)	(12,337)
Non-cash:				
– Foreign exchange	–	(172)	(35)	(207)
	–	(172)	(35)	(207)
At 31 December 2021	**5,739**	**–**	**1,094**	**6,833**

	Financing activities			
	RCF £000	Long term bank borrowings £000	Lease liability £000	Total £000
At 1 January 2020	–	11,936	507	12,443
Additions – business combination	–	–	420	420
Cash flows:				
– Draw down of RCF	5,963	–	–	5,963
– Repayments	(54)	–	(152)	(206)
	5,909	–	(152)	5,757
Non-cash:				
– Amortisation of arrangement fees	–	24	–	24
– Foreign exchange	(4)	–	(1)	(5)
	(4)	24	(1)	(5)
At 31 December 2020	**5,905**	**11,960**	**774**	**18,639**

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23.5 Contingent consideration

	Global Diagnostics Ireland Limited £000	RadMD LLC £000	Total £000
As at 1 January 2020	–	–	–
Acquired on acquisition	3,540	–	3,540
Foreign exchange	(9)	–	(9)
As at 31 December 2020	3,531	–	3,531
Acquired on acquisition	–	2,924	2,924
Fair value adjustment	(71)	664	593
Foreign exchange	(230)	70	(160)
As at 31 December 2021	**3,230**	**3,658**	**6,888**
Amounts due in less than one year	**1,866**	**3,469**	**5,335**
Amounts due in more than one year	**1,364**	**189**	**1,553**

Global Diagnostics Ireland Limited

During the year, the NSS extended a contract held by MVI by a further 12 months and confirmed the retender of the contract in 2022 triggering a review of the probability weighted expected future values under the various possible outcome of the future contract events. This resulted in a decrease of £147k in the fair value estimate of contingent consideration. This was offset by an increase of £76k due to the fair value movement in relation to the unwinding of the time value of money.

Other movements during the period relate to a decrease in the liability relating to foreign exchange revaluation from Euros to GBP of £230k.

As at 31 December, £1,866k of the contingent consideration is payable during 2022 and therefore disclosed under current liabilities on the statement of financial position. £1,650k of the balance, net of transaction bonuses of £23k was paid in March 2022 on commencement of the VHI contract discussed in the Delivery: Ireland section of the strategic report. Total amounts due in more than one year of £1,364k are payable in the first half of 2023 and are disclosed under non-current liabilities on the statement of financial position.

RadMD LLC

On 26 March 2021, the Group acquired RadMD LLC recognising fair value contingent consideration of £2,924k. See note 19. Since acquisition there has been an increase in the fair value estimate of contingent consideration of £664k. £217k of this is due to a higher expected adjusted 2021 EBITDA than originally estimated resulting in a higher-than-expected payment subject to agreement with the vendors. £185k relates to a change in the SPA resulting in additional contingent consideration based on 2022 EBITDA. £262k of the movement relates to the fair value movement in relation to the unwinding of the time value of money. As the events occurred after the acquisition date a charge has been recognised in the income statement and not taken to goodwill.

Other movements include an increase in the liability relating to foreign exchange revaluation from USD to GBP of £70k recognised in the foreign exchange reserve.

£3,469k of contingent consideration is due to be settled in the first half of 2022 and is disclosed under current liabilities on the statement of financial position. £189k is due to be settled in the first half of 2023 and disclosed under non-current liabilities on the statement of financial position.

24 Deferred taxation assets and liabilities

Deferred tax included in the statement of financial position is as follows:

	2021 £000	2020 £000
Depreciation in excess of capital allowances	**6**	60
Deferred tax on share based payments	**(145)**	(163)
Deferred tax on intangible assets	**2,264**	2,350
Deferred tax on losses	**(41)**	–
	2,084	2,247

Reconciliation of movement in deferred tax

	Depreciation in excess of capital allowances £000	Share based payments £000	Intangible assets £000	Losses £000	Total £000
As at 1 January 2020	**(62)**	**(119)**	**1,061**	**–**	**880**
Recognised in the income statement	122	(44)	(49)	–	29
Acquired on business combination	–	–	1,338	–	1,338
As at 31 December 2020	**60**	**(163)**	**2,350**	**–**	**2,247**
Recognised in the income statement	(54)	18	(218)	(41)	(295)
Foreign exchange	–	–	132	–	132
As at 31 December 2021	**6**	**(145)**	**2,264**	**(41)**	**2,084**

Immediately before the acquisition, RadMD LLC was owned 100% by RadMD Holdings, Inc, and thus was treated as a disregarded entity. Since Medica US, Inc. acquired 100% of the membership interests of RadMD LLC, the transaction was treated as a deemed taxable asset acquisition for U.S. federal income tax purposes. As such, Medica US Inc. received a cost basis in the acquired assets of RadMD LLC equal to the consideration transferred, plus liabilities assumed.

25 Equity

Ordinary share capital issued and fully paid

	At 31 December 2021 £000	At 31 December 2020 £000
122,428,836 (2020: 111,279,650) ordinary shares of £0.002 each	**245**	223
Total ordinary share capital of the Company	**245**	223

Issue of share capital during the year

On 23 March 2021, 11,111,110 ordinary shares of 0.2p each were issued for cash at £1.45 per share.

The below shares were issued on the exercise of SAYE options:

- On 6 July 2021, 36,477 ordinary shares of 0.2p each were issued for cash at par value.
- On 7 October 2021, 1,066 ordinary shares of 0.2p each were issued for cash at par value.
- On 30 December 2021, 533 ordinary shares of 0.2p each were issued for cash at par value.

Rights attributable to issued shares

Any profits which the Company determines to distribute in any financial year shall be paid on the ordinary shares. Every holder of an ordinary share and ordinary share is entitled to one vote and has one vote for every share for which they are a holder.

On a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in distributing the balance of such assets amongst the holders of the ordinary shares.

Voting rights

The holders of ordinary shares are entitled to receive notice of and attend and vote at any general meeting of the Company.

Share premium

£15,552k was recognised in share premium on the issue of ordinary shares during the period, net of £537k of transaction costs. £51k was recognised in share premium on the issue on ordinary shares for the exercise of SAYE options.

Retained profit

Retained earnings include current and prior period retained profit and losses and the cumulative amount of exchange differences recognised through other comprehensive income.

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26 Undertakings included in the financial statements

The consolidated financial statements include:

	Class of share held	Country of incorporation	Proportion held	Nature of business
Medica Reporting Limited	Ordinary	England & Wales	100%	Teleradiology reporting
Medica IT Services Limited	Ordinary	England & Wales	100%	IT services
Global Diagnostics Ireland Limited	Ordinary	Ireland	100%	Teleradiology and managed services
Global Retinopathy Screening Limited	Ordinary	Ireland	100%	Diabetic retinopathy screening
Medica US, Inc.	Ordinary	United States of America	100%	Holding company
RadMD Inc	Ordinary	United States of America	100%	Imaging core labs
Medica Australia Pty Limited	Ordinary	Australia	100%	Teleradiology reporting
MED-IDX Pty Limited	Ordinary	Australia	50%	Teleradiology reporting

All UK subsidiaries have the same registered address as the Group being: 6th Floor One Priory Square, Priory Street, Hastings, TN34 1EA.

Medica Australia Pty Limited's registered address is: c/o KPMG, Level 38, Tower 3, 300 Barangaroo Avenue, Sydney NSW 2000, Australia.

Med-IDX trades as MedX and has a registered address at Level 9, 45 William Street, Melbourne VIC 3000, Australia.

The Irish subsidiaries' registered address is: Floor 1 Block 14, Rockfield Medical Campus, Balally, Dublin 16, Ireland.

The United States of America subsidiaries' registered address is: 251 Little Falls Drive, Wilmington, DE 19808.

On the 11 October 2021 Medica Reporting Services Limited and Medica Reporting Finance Limited entered liquidation.

Subsidiary audit exemption under parent guarantee:

For the year ended 31 December 2021, Medica Reporting Limited (Registered number 05026045) and Medica IT Services Limited (Registered number 13014281) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006.

27 Financial instruments

Categories of financial instruments

	At 31 December 2021 £000	At 31 December 2020 £000
Financial assets measured at amortised cost		
Trade receivables	**12,856**	7,574
Cash and bank balances	**9,616**	13,934
	22,472	21,508
Financial liabilities measured at amortised cost		
Trade and other payables	**(8,113)**	(4,119)
Lease liabilities	**(1,094)**	(774)
Borrowings	**(5,739)**	(17,841)
	(14,946)	(22,734)
Financial liabilities measured at fair value through profit and loss		
Contingent consideration	**(6,888)**	(3,531)

A description of the Group's financial instrument risks, including risk management objectives and policies, is given in Note 28.

27.1. Fair value measurement of financial instruments

The methods used to measure financial assets and liabilities reported at fair value are described below.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of the fair value hierarchy which the measurement of the contingent consideration represents is a Level 3 valuation, as defined in IFRS 13: Fair Value Measurement, whereby inputs are not based on observable market data.

28 Financial instruments risk

28.1. Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 27. The Group's financial instruments comprise cash and liquid resources and various items, such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The principal financial risks faced by the Group are liquidity, credit and interest rate risks. The Group has an exposure to transactional currency risk with its Irish, US and Australian subsidiaries as well as payment of some amounts in Euros and USD. It also has reporting currency risk with its Irish, US and Australian subsidiaries.

The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes, nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Credit risk
The Group's principal financial assets are cash and cash equivalents and trade and other receivables. The Group has no significant credit risk. The maximum exposure to credit risk is that shown within the balance sheet. All amounts are short term and management consider the amounts to be of good credit quality.

Liquidity/funding risk
The Group's funding strategy is to ensure a mix of funding sources offering flexibility and cost effectiveness to match the requirements of the Group. Operating subsidiaries are financed by retained profits. The Group manages liquidity risk by maintaining adequate reserves and agreed committed banking facilities. For a summary of non-derivative financial liabilities that have contractual maturities (including interest payment where applicable) please see Note 23.3.

Interest rate risk
The Group holds the majority of its cash and cash equivalents in corporate current accounts. The Group also utilises its Revolving Credit Facility (RCF). At 31 December 2021, £6m of the total facility was drawn. Interest under the RCF is charged at the relevant reference rate (RFR), which for amounts drawn down in GBP this is SONIA, plus a variable margin depending on leverage. For 2021 the average margin was 2%. As this is a variable rate depending both on the RFR and group leverage the total interest rate payable can and does vary. The maximum margin payable on the RCF would be 3%.

Foreign currency risk
The Group has cash, intercompany and contingent consideration balances held in non-functional currencies which exposes the Group to USD and EUR currency exchange rates. There is an immaterial exposure to transactional exchange differences as all subsidiaries trade in their local currencies with a small number of transactions in other currencies. The Group's exposure is reduced by a natural hedge through its subsidiaries which operate in the US and Europe. Management monitors foreign currency payment requirements and where needed, can draw down on the RCF in foreign currencies to mitigate the exposure. The Group does not currently have a requirement to hedge against currency risk but management continue to monitor the need to undertake such activity as the Group becomes more international.

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Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into CU at the closing rate.

	USD $000	EUR €000
31 December 2021		
Financial assets	12,147	1,536
Financial liabilities	–	(5,171)
Total Exposure	**12,147**	**(3,636)**
31 December 2020		
Financial assets	–	397
Financial liabilities	–	(3,062)
Total Exposure	**–**	**(2,665)**

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that optimises the cost of capital.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes loans, other borrowings in Notes 23; cash and cash equivalents as disclosed in the statement of financial position and Note 21; and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity.

The gearing ratios at the end of the reporting periods were as follows:

	2021 £000	2020 £000
Debt due within one year	**5,739**	5,881
Debt due in more than one year	**-**	11,960
Cash and bank balances	**(9,616)**	(13,934)
Net (cash)/debt	**(3,877)**	3,907
Total equity	**54,903**	36,453
Total capital	**51,026**	40,360
Net (cash)/debt to total capital	**(8%)**	10%

Debt is defined as long and short-term borrowings. Equity includes all capital and reserves of the Group that are managed as capital.

Sensitivity analysis

Interest rate

The £5.9m of RCF is at variable interest rate of SONIA plus a variable margin which was 2% throughout the period and therefore represents a potential risk that the fair value of the Group's future cash flows may fluctuate because of changes in market interest rates. In the prior year, both the bank loan and RCF, which were repaid in the current year were at variable interest rates of LIBOR plus 1.75% and LIBOR plus 3% respectively and subject to the same risk.

At 31 December 2021, if the total interest payable on the all the facilities had been 1% higher with all other variables held constant, post-tax profit for the year and total equity would have been reduced by £99k (2020: £145k), arising as a result of higher interest expense on variable borrowings.

Foreign currency

The following illustrates the sensitivity of profit and equity in relating to the Group's financial assets and financial liabilities and the USD/CU exchange rate and EUR/CU exchange rate 'all other things being equal'. It assumes a +/- 10% change of the CU/USD exchange rate for the year ended on 31 December 2021 (2020: n/a). A +/- 5% change is considered for the CU/EUR exchange rate (2020: 5%). Both percentages have been determined based on the fluctuations in exchange rates in the year. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

A +/- 10% (2020: n/a) change of the CU/USD exchange rate would have an impact on profit and equity of +/- £899k (2020: n/a).
A +/- 5% change of the CU/EUR exchange rate would have an impact on profit and equity of +/- £153k (2020: +/- £120k).

29 Share-based payments

Under the Group's share-based incentive scheme the following expense was charged.

	2021 £000	2020 £000
Performance Share Plan	**510**	179
Company Share Option Plan	**42**	8
Save As You Earn Plan	**94**	18
Deferred Bonus Plan	**36**	5
	682	210
Employers NI on share-based payments	**78**	-
TOTAL	**760**	210

All share-based payment schemes are related to equity settled awards only. £78k (2020: nil) was charged to the income statement in relation to employers NI on share option plans and included in accruals on the statement of financial position.

Summary of the number of options and movements in the year.

	PSP	DBP	CSOP	SAYE	TOTAL
1 January 2021	4,049,377	12,993	229,919	325,021	**4,617,310**
Granted	1,796,591	32,065	161,304	118,213	**2,108,173**
Exercised	(66,518)	(2,737)	–	(38,076)	**(107,331)**
Forfeited	(171,068)	–	(18,356)	(7,695)	**(197,119)**
Cancelled	–	–	–	(3,866)	**(3,866)**
Lapsed	(575,507)	–	–	–	**(575,507)**
31 December 2021	**5,032,875**	**42,321**	**372,867**	**393,597**	**5,841,660**

	PSP Restated[1]	DBP	CSOP	SAYE	TOTAL
1 January 2020	2,793,335	9,526	83,733	122,524	**3,009,118**
Granted	2,038,282	10,256	171,950	298,620	**2,519,108**
Exercised	(48,179)	(6,789)	–	–	**(54,968)**
Forfeited	(369,774)	–	(25,764)	(20,533)	**(416,071)**
Cancelled	–	–	–	(62,531)	**(62,531)**
Lapsed	(364,287)	–	–	(13,059)	**(377,346)**
31 December 2020	**4,049,377**	**12,993**	**229,919**	**325,021**	**4,617,310**

1 The numbers disclosed are after the restatement for correction of the error disclosed in note 2.5.

Performance share plan

For scheme participants, the performance share plan is a nil-cost share award with an effective exercise price of £nil. Half the award is based on Earnings per share (EPS) targets and half is based on Total Shareholder Return (TSR) targets. The performance and vesting period are three years and there is an additional holding period one year for employees and of two years for key management and executives. Accordingly, the vesting period is deemed to be four and five years respectively. Further information is set out in the report of the Remuneration Committee on pages 50 to 70.

	Year end 2021	Year end 2020 Restated[1]
1 January	**4,049,377**	2,793,335
Granted	**1,796,591**	2,038,282
Exercised	**(66,518)**	(48,179)
Forfeited	**(171,068)**	(369,774)
Lapsed	**(575,507)**	(364,287)
31 December	**5,032,875**	4,049,377

1 The numbers disclosed are after the restatement for correction of the error disclosed in note 2.5.

The remaining weighted average contractual life of options is 3.3 years (2020: 3.5 years).

Options exercised in the year at a weighted average share price of £1.68 (2020: £1.10).

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

Options forfeited during the year were due to the participants leaving before the vesting date of the options.

Options that lapsed in the year did not meet the performance conditions and related to the 2018 awards.

The Group engaged external consultants to calculate the fair value of the awards at the date of grant. The valuation model used to calculate the fair value of the awards was a binomial model for both the non-market-based awards and for the market-based awards.

	PSP 2021	PSP 2020
Share price at date of grant	£1.70	£1.10
Exercise price	–	–
Expected volatility	56%	57%
Expected life	5 years	5 years
Risk free rate	0.35%	0.08%
Average fair value of award per share	£1.15	£0.74

CSOP

All employees, including Executive Directors, are eligible to receive annual awards of an option to acquire shares in Medica for an amount that is not less than the market value of the Medica shares at the date of grant. Awards granted under the CSOP will normally have a vesting period of not less than three years. Awards may, but do not need to be, subject to performance conditions and targets. Further information is set out in the report of the Remuneration Committee on pages 50 to 70.

Details of scheme, issued at market value representing exercise price.

	Year end 2021	Year end 2020
1 January	229,919	83,733
Granted	161,304	171,950
Forfeited	(18,356)	(25,764)
31 December	372,867	229,919

The remaining weighted average contractual life of options is 1.6 years (2020: 2.1 years).

Options that were forfeited during the year due to participants leaving the business before the vesting date. No options were exercised or lapsed during the year.

The Group engaged external consultants to calculate the fair value of the awards at the date of grant. The valuation model used to calculate the fair value of the awards was a binomial model.

	CSOP 2021	CSOP 2020
Share price at date of grant	£1.62	£1.10
Exercise price	–	–
Expected volatility	62%	58%
Expected life	3 years	3 years
Risk free rate	0.33%	0.12%
Expected dividend yield	1.5%	2.5%
Average fair value of award per share	£0.85	£0.52

DBP

The deferred bonus plan applies to executive directors and key management. Under the plan, 25%-40% of the annual bonus is deferred into awards in shares in Medica. Awards under plan are not subject to further performance conditions and vest after two years, broadly subject to continued employment. Further information is set out in the report of the Remuneration Committee on pages 50 to 70.

	Year end 2021	Year end 2020
1 January	12,993	9,526
Granted	32,065	10,256
Exercised	(2,737)	(6,789)
31 December	42,321	12,993

The remaining weighted average contractual life of options is 1.1 years (2020: 1.1 years).

Shares were exercised at a weighted average price of 1.54 (2020: £1.37). No shares were forfeited or lapsed during the year.

These schemes were valued using the share price at the grant date adjusted for the number of options expected to vest based on the estimated forfeiture rates.

SAYE scheme

The SAYE scheme is an all-employee HMRC approved tax-advantaged share scheme. The scheme involves employees saving a set amount from their salary for a period of three years. At the end of the three years the employee is offered an opportunity to purchase the shares granted based on the amount saved at an option price set at a discount to the market price of a share at the grant date. The exercise price for awards granted in 2017 was £1.86, in 2018 was £1.35, in 2019 was £1.35, in 2020 was £1.00 and in 2021 was £1.46. Further information is set out in the report of the Remuneration Committee on pages 50 to 70.

	Year end 2021	Year end 2020
1 January	**325,021**	122,524
Granted	**118,213**	298,620
Exercised	**(38,076)**	–
Forfeited	**(7,695)**	(20,533)
Cancelled	**(3,866)**	(62,531)
Lapsed	**–**	(13,059)
31 December	**393,597**	325,021

The remaining weighted average contractual life of options is 1.7 years (2020: 2.1 years).

Options that were exercised during the year were exercised at a weighted average exercise price of £1.35.

Options forfeited were due to participants leaving the company and cancellations were due to participants who stopped making the required contributions to the plans.

No options lapsed during the year. In the prior year, lapsed options related to those granted in 2017 which were below water on the exercise date.

The Group engaged external consultants to calculate the fair value of the awards at the date of grant. The valuation model used to calculate the fair value of the awards was a binomial model.

	SAYE 2021	SAYE 2020
Share price at date of grant	**£1.62**	£1.27
Exercise price	**–**	£nil
Expected volatility	**62%**	58%
Expected life	**3 years**	3 years
Risk free rate	**0.37%**	0.04%
Expected dividend yield	**1.5%**	2.0%
Average fair value of award per share	**£0.88**	£0.68

30 Transactions with Directors and other related parties

Key management personnel (which the Group defines as the Board of Directors and senior managers) remuneration and dividends paid to Directors are disclosed in Notes 12 and 13.

On 23 March 2021 a total of 10,727,666 Placing Shares were placed by Investec Bank plc and Liberum Capital Limited at a price of 145 pence per Placing Share amounting to £15,555k of gross proceeds. In conjunction with the Placing, all the directors of the Company, Junaid Bajwa (a non-executive director from 1 April 2021) and certain members of the senior management team agreed to subscribe for 383,444 new Ordinary Shares at the Placing Price which amounts to gross subscription proceeds for the Company of £556k in aggregate.

31 Controlling party

There is no overall controlling party of the Group following the admission of the Company's ordinary shares onto the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities on 21 March 2017.

32 Post balance sheet events

At the signing date there were no significant post balance sheet events to report.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

33 Reconciliation of non-IFRS financial KPIs

The Group uses several key performance indicators to monitor the performance of its business. This note reconciles these key performance indicators to individual lines in the financial statements.

In the directors' view it is important to consider the underlying performance of the business during the year. Therefore, the directors have used certain Alternative Performance Measures (APMs) which are not IFRS-compliant metrics. The APMs are consistent with those established within the IPO prospectus and the prior year annual report. It is the directors' intention to monitor and reassess the appropriateness of the APMs in future years.

	At 31 December 2021 £000	At 31 December 2020 £000
Reconciliation of underlying operating profit		
Operating profit before exceptional items	**8,538**	2,694
Adjustments for:		
Effects of amortisation of acquired intangibles	**2,225**	1,010
Effects of shared based payments	**682**	210
Social security costs on share based payment charge	**78**	–
Write off of property, plant and equipment and other intangible assets	**–**	219
Foreign exchange adjustment on contingent consideration	**(173)**	–
Acquisition costs incurred	**173**	792
One-off legal and professional fees	**555**	78
Underlying operating profit	**12,078**	5,003
Underlying operating profit margin	**19.5%**	13.6%
Reconciliation of underlying profit before tax		
Profit for the year	**5,467**	1,345
Adjustments for:		
Non-underlying profits or losses net of tax (see note 7)	**3,926**	2,516
Underlying profit after tax	**9,393**	3,861
Income tax charge on underlying expenses	**2,079**	876
Underlying profit before tax	**11,472**	4,737
Reconciliation of net debt		
Cash and equivalents	**9,616**	13,934
Borrowings due within one year	**(5,739)**	(5,881)
Borrowings due after one year	**–**	(11,960)
Net cash/(debt)	**3,877**	(3,907)

Company statement of financial position

COMPANY REGISTRATION 08497963 AS AT 31 DECEMBER 2021

	Note	31 December 2021 £000	31 December 2020 £000
Non-current assets			
Investments	36	**52,482**	18,870
Debtors due after more than one year	38	**8,808**	–
		61,290	18,870
Current assets			
Debtors	38	**224**	19,802
Cash and cash equivalents		**1,709**	931
Deferred tax		**144**	163
		2,077	20,896
Total assets		**63,367**	39,766
Creditors: amounts falling due within one year			
Trade and other creditors	39	**(13,098)**	(263)
Borrowings		**(5,739)**	(5,881)
Contingent consideration	40	**(1,783)**	(877)
		(20,620)	(7,021)
Net current assets		**(18,543)**	13,875
Total assets less current liabilities		**42,747**	32,745
Non-current liabilities			
Borrowings	41	**–**	(11,960)
Contingent consideration		**(670)**	(1,778)
		(670)	(13,738)
Net assets		**42,077**	19,007
Capital and reserves			
Called up share capital	37	**245**	223
Share premium account	37	**30,324**	14,721
Profit and loss account		**11,508**	4,063
Total equity		**42,077**	19,007
Parent company profit and total comprehensive income for the year		**9,963**	4,276

As permitted by s408 Companies Act 2006, the Company has not presented its own statement of comprehensive income and related notes as it prepares group financial statements. The Company's profit for the year is shown above.

The financial statements on pages 125 to 131 were approved and authorised for issue by the Board of Directors on 11 April 2022 and were signed on its behalf by:

Stuart Quin
Director

Richard Jones
Director

Company statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
At 1 January 2020	222	14,721	522	15,465
Issue of share capital	1	–	–	1
Dividends paid to ordinary shareholders	–	–	(945)	(945)
Equity settled share based payments	–	–	210	210
Transactions with owner	1	–	(735)	(734)
Profit and total comprehensive income for the period	–	–	4,276	4,276
At 1 January 2021	223	14,721	4,063	19,007
Issue of share capital	22	15,603	–	15,625
Dividends paid to ordinary shareholders	–	–	(3,167)	(3,167)
Equity settled share based payments	–	–	682	682
Deferred tax on share based payments	–	–	(33)	(33)
Transactions with owner	22	15,603	(2,518)	13,107
Profit and total comprehensive income for the period	–	–	9,963	9,963
At 31 December 2021	**245**	**30,324**	**11,508**	**42,077**

Notes to the financial statements

FOR THE YEAR ENDED 31 DECEMBER 2021

34 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in Sterling, which is the functional currency of the Company.

Exemptions

The directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these Company financial statements do not include:

- A statement of cash flows and related notes
- The requirements of IAS 24 related party disclosures to disclose related party transactions entered in to between two or more members of the Group as they are wholly owned within the group
- The effect of future accounting standards not adopted
- Disclosure of key management personnel compensation
- Disclosure in respect of financial instruments (other than disclosures required as a result of recording financial instruments at fair value)
- Share based payment disclosures required under IFRS 2

Going concern

The Directors have prepared cashflow forecasts for a period of 21 months from the date of approval of these financial statements (the forecast period). These indicate that the Group and the Company will have sufficient funds to meet its liabilities as they fall due, and will continue to comply with its loan covenants, throughout the forecast period. These forecasts include an estimate of cashflow receipts from subsidiary companies to repay interest and borrowings, settle intercompany liabilities and via dividends declared in certain trading subsidiaries.

The forecasts have been prepared by reference to the 2022 approved budget and detailed bottom-up forecasts for the following financial year which have considered realistic downside scenarios including:

- Impacts to volumes and therefore to revenues and profits from a further "wave" of Covid-19 particularly in the UK and Ireland
- Loss of certain material contracts
- Further material inflationary pressure on operating costs above current expectations

Under these downside scenarios, individually and cumulatively and, excluding any potential mitigating actions that could be taken, management conclude that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 21 months from the date of approval of the financial statements and the Board have therefore determined it is appropriate to adopt the going concern basis in preparing the financial statements.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at cost less impairment.

For the year ended 31 December 2021, Medica Reporting Finance Limited (Registered number: 08497950) and Medica Reporting Services Limited (Registered number: 08497952) are exempt from the requirements of the Companies Act 2006 relating to audit of individual accounts by virtue of section 479A of the Companies Act 2006.

Financial instruments

See Note 3.14 of the Group accounts.

Foreign currency translation

See Note 3.20 of the Group accounts.

Intercompany assets and liabilities denominated in a foreign currency are translated into the functional currency of the Company using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss.

Share capital and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits or losses. They also include charges related to share-based employee remuneration.

Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

Significant judgements and estimates

There are no significant or material key judgements made by management in applying the accounting policies of the Company. The following are estimates made by management in measuring the assets, liabilities, income, and expenses.

Fair value of contingent consideration on business combination
Under the terms of the acquisition of GDI in the prior year, up to €4m (€3m by the Company) contingent consideration is payable in tranches during 2022 and 2023 subject to the realisation of future events including the successful commencement and renewal of contracts. In accordance with IFRS 9 'Financial Liabilities' the fair value of contingent cash consideration was assessed based on applying a time value of money discount to the probability weighted expected future values under the various possible outcomes. See note 23.5 for further details.

Carrying value of investments
In assessing whether the Company's investments are impaired management use a discounted cash flow model which includes forecast cash flows and estimates of future growth to estimate their recoverable amount. Where their recoverable amount is below the carrying value, an impairment is recognised in the income statement. See note 14 for details discounted cash flow approach.

35 Directors and employees

The directors were the only employees of the Company during the year. The disclosures in respect of key management personnel have been provided in Note 13 of the Group financial statements.

36 Investments in subsidiaries and joint ventures

Investments	Subsidiary undertakings £000	Joint ventures £000	Total £000
At 31 December 2019	1,455	–	1,455
Additions	17,415	–	17,415
At 31 December 2020	18,870	–	18,870
Additions	33,668	–	33,668
Transfers	(56)	56	–
Share of results from joint ventures	–	(56)	(56)
At 31 December 2021	**52,482**	**–**	**52,482**

Additions for the prior year are made up of £17,359k in respect of the acquisition of Global Diagnostics (Ireland) Limited, and £56k in respect of the incorporation of a new wholly-owned subsidiary undertaking, MED-IDX Pty Limited.

Additions in the current year are made up of £3,208k in respect of the setup & subsequent acquisition of Medica US, Inc. and RadMD LLC, discussed further in note 19 in these group financial statements; £30,460k in respect of a group reorganisation, Medica Reporting Limited becoming directly owned by the Company; and Med-IDX Pty became a 50:50 joint venture with Integral Diagnostics Limited Pty and was transferred from investments in subsidiaries to an investment in joint ventures, applying the equity method of accounting. As the Company has no legal or constructive obligations to make payments on behalf of Med-IDX Pty no liability has been recognised.

Subsidiary undertakings and joint ventures

	Class of share held	Country of incorporation	Proportion held	Nature of business
Medica Reporting Limited	Ordinary	England & Wales	100%	Teleradiology reporting
Medica IT Services Limited	Ordinary	England & Wales	100%	IT services
Global Diagnostics Ireland Limited	Ordinary	Ireland	100%	Teleradiology and managed services
Global Retinopathy Screening Limited	Ordinary	Ireland	100%	Diabetic retinopathy screening
Medica US, Inc.	Ordinary	United States of America	100%	Holding company
RadMD Inc	Ordinary	United States of America	100%	Imaging core labs
Medica Australia Pty Limited	Ordinary	Australia	100%	Teleradiology reporting
MED-IDX Pty Limited	Ordinary	Australia	50%	Teleradiology reporting

All UK subsidiaries have the same registered address as the Group being: 6th Floor One Priory Square, Priory Street, Hastings, TN34 1EA.

Medica Australia Pty Limited's registered address is: c/o KPMG, Level 38, Tower 3, 300 Barangaroo Avenue, Sydney NSW 2000, Australia.

Med-IDX trades as MedX and has a registered address at Level 9, 45 William Street, Melbourne VIC 3000, Australia.

The Irish subsidiaries' registered address is: Floor 1 Block 14, Rockfield Medical Campus, Balally, Dublin 16, Ireland.

The United States of America subsidiaries' registered address is: 251 Little Falls Drive, Wilmington, DE 19808.

On the 11 October 2021 Medica Reporting Services Limited and Medica Reporting Finance Limited entered liquidation.

Subsidiary audit exemption under parent guarantee:

For the year ended 31 December 2021, Medica Reporting Limited (Registered number 05026045) and Medica IT Services Limited (Registered number 13014281) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Companies Act 2006.

37 Capital and reserves

Ordinary share capital issued and fully paid

	At 31 December 2021 £000	At 31 December 2020 £000
122,428,836 (2020: 111,279,650) ordinary shares of £0.002 each	**245**	223
Total ordinary share capital of the Company	**245**	223

Issue of share capital during the year

On 23 March 2021, 11,111,110 ordinary shares of 0.2p each were issued for cash at £1.45 per share.

The following below shares were issued following the exercise of SAYE options:

On 6 July 2021, 36,477 ordinary shares of 0.2p each were issued for cash at par value.

On 7 October 2021, 1,066 ordinary shares of 0.2p each were issued for cash at par value.

On 30 December 2021, 533 ordinary shares of 0.2p each were issued for cash at par value.

Rights attributable to issued shares

Any profits which the Company determines to distribute in any financial year shall be paid on the ordinary shares. Every holder of an ordinary share and ordinary share is entitled to one vote and has one vote for every share for which they are a holder.

On a return of capital on liquidation, capital reduction or otherwise, the surplus assets of the Company remaining after the payment of its liabilities shall be applied in distributing the balance of such assets amongst the holders of the ordinary shares.

Voting rights

The holders of ordinary shares are entitled to receive notice of and attend and vote at any general meeting of the Company.

Share premium

£15,552k was recognised in share premium on the issue of ordinary shares during the period, net of £537k of transaction costs. £51k was recognised in share premium on the issue on ordinary shares for the exercise of SAYE options.

Retained profit

Retained earnings include current and prior period retained profit and losses.

Share based payments

The Company has share based payment schemes in issue. The accounting policy and disclosures are contained within the Group accounts (Note 3.19 and Note 29). The share based payment charge which is determined based on share based payment schemes issued by the parent company, are recharged to the Company's subsidiaries through a capital contribution and an increase in the investment in the subsidiary.

Notes to the financial statements continued

FOR THE YEAR ENDED 31 DECEMBER 2021

38 Debtors

	At 31 December 2021 £000	At 31 December 2020 £000
Current		
Other debtors	**8**	–
Amounts due from subsidiary undertakings	**19**	19,691
Prepayments	**77**	3
Corporation tax recoverable	**120**	–
VAT reclaimable	**–**	108
	224	19,802
Non-current		
Amounts due from subsidiary undertakings	**8,808**	–
	9,032	19,802

The current amounts due from subsidiaries can be called for repayment on demand by the Company or repaid at any time at the option of the subsidiary.

The non-current debtor balance of £8.8m ($11.9m) is repayable in July 2026, interest is charged at the cumulative compounded risk-free rate plus 3% per annum.

In the directors' view the entire outstanding balances could be settled by the relevant subsidiary within one year of the balance sheet date and as such the directors are satisfied that there are no allowances for expected credit losses required.

39 Trade and other creditors

	2021 £000	2020 £000
Trade creditors	**49**	55
VAT payable	**51**	–
Corporation tax	**–**	5
Accruals	**1,180**	203
Amounts due to subsidiary undertakings	**11,776**	–
Other short-term creditors	**42**	–
	13,098	263

The creditor balance of £11.8m (2020: £nil) relates to amounts owed to subsidiaries. The balance can be called for repayment on demand.

40 Contingent consideration

	Global Diagnostics Ireland Limited £000
As at 1 January 2020	-
Acquired on acquisition	2,662
Foreign exchange	(7)
As at 31 December 2020	2,655
Fair value adjustment	(28)
Foreign exchange	(174)
As at 31 December 2021	**2,453**
Amounts due in less than one year	**1,783**
Amounts due in more than one year	**670**

Global Diagnostics Ireland Limited

During the period, the NSS extended a contract held by MVI by a further 12 months and confirmed the retender of the contract in 2022 triggering a review of the probability weighted expected future values under the various possible outcome of the future contract events. This resulted in a decrease of £28k in the fair value estimate of contingent consideration.

Other movements during the period relate to a decrease in the liability relating to foreign exchange revaluation from Euros to GBP of £174k.

As at 31 December, £1,783k of the contingent consideration is payable during 2022 and therefore disclosed under current liabilities on the statement of financial position. Total amounts due in more than one year of £670k are payable in the first half of 2023 and are disclosed under non-current liabilities on the statement of financial position.

41 Borrowings

Borrowings relate to the Group's bank and other loans which are set out in Note 23.

42 Related parties

See Note 30 in of the Group financial statements for related parties' information. The Parent company has taken advantage of the exemption available under FRS 101 from the requirement to disclose related party transactions entered into between two or more members of the same group where all subsidiaries are wholly owned.

43 Post balance sheet events

See Note 32 of the Group financial statements for post balance sheet events information.

Key advisors

The Board of Directors	G R Davis B Moorhouse J M Easton Dr J Bajwa Dr S J Quin R Jones
Company Secretary	R Jones
Registered Office	Medica Group PLC 6th Floor One Priory Square Priory Street Hastings East Sussex TN34 1EA
Independent Auditors	Grant Thornton UK LLP Chartered Accountants & Statutory Auditors 2nd Floor St Johns House Haslett Avenue West Crawley West Sussex RH10 1BG
Legal Advisors	DLA Piper Victoria Square House Victoria Square Birmingham B2 4DL
Joint Brokers	Numis Securities Ltd 45 Gresham Street London EC2V 7BF Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY
Registrar	Link Group 6th Floor, 65 Gresham Street London EC2V 7NQ
Registered Company number	08497963
medicagroupplc.com	One Priory Hastings East Sussex TN34 1EA
Contact	t: 033 33 111 222 enquiries@medica.co.uk

Glossary of terms

AI
When referring to Medica Reporting Ltd, AI is augmented intelligence.

Artificial Intelligence is the creation of machines to work and react like humans, Augmented Intelligence is using those same machines to complement/enhance the human worker.

CAGR
"Compound Annual Growth Rate" is the rate of return that would be required for an investment to grow from its beginning balance to its ending one.

CDP
"Climate Disclosure Project" is an international non-profit organisation that runs the global disclosure system for investors, companies, cities and regions to manage their environmental impacts.

CG&QC
"Clinical Governance and Quality Committee"

CHKS
CHKS is the leading provider of healthcare intelligence and quality improvement services, that provide the healthcare accreditation for Medica (Ireland).

CPD
"Continuing Professional Development"

CQC
"Care Quality Commission", the independent regulator of all health and social care services in England.

CSOP
"Company Share Option Plan", a tax-advantaged discretionary share option plan under which a company may grant options to any employee or full-time director.

CT
A "Computerised Tomography" scan combines a series of X-ray images taken from different angles and uses computer processing to create cross-sectional images (slices) of bones, blood vessels and soft tissues of the body.

CTMS
"Clinical Trial Management System" is the software system used to manage clinical trials in clinical research. The system maintains and manages planning, performing and reporting functions.

DART (days away, restricted, or transferred)
"Days Away, Restricted or Transferred"

DBP
"Deferred Bonus Plan"

DEXA/DXA
"Dual Energy X-Ray Absorptiometry", also known as a bone density scan, uses low dose X-rays to see how dense the patient's bones are.

DR screening
Diabetic retinopathy is a complication of diabetes, whereby high blood sugar levels damage the back of the eye (retina). There are four stages of DR and if not treated, progresses to blindness. The DR screening programme monitors a patient with diabetes, as catching the condition early can reduce the likelihood of blindness by 96%.

EBT
"Employee Benefit Trust" is a trust under which property (shares in the case of Medica Group PLC) is held on behalf of the employee.

EPS
"Earnings Per Share"

ESG
"Environment, Social and Governance"

FRS
"Financial Reporting Standard"

GDI
"Global Diagnostics Ireland" is the previous trading name and current registered name for Medica (Ireland).

GHG
"Greenhouse Gas"

GMC
"General Medical Council" is the public body that maintains the official register of medical professionals within the United Kingdom.

GPM
"Gross Profit Margin"

HSE
The Health Service Executive, when referring to Medica (Ireland), is the publicly funded healthcare system in the Republic of Ireland.

"Health and Safety Executive" when referring to Medica Group PLC.

IMC
"Irish Medical Council" is the public body that maintains the official register of medical professionals within Ireland.

ISO
"International Organisation for Standardisation"

JV
"Joint Venture" when referring to the joint venture between Medica Group PLC and Integral Diagnostics "MedX"

LTIP
"Long-Term Incentive Plan"

MDT
"Multi-Disciplinary Team" is the cooperation between different specialised healthcare professionals to meet the needs of individuals with complex care needs.

MRI
"Magnetic Resonance Imaging" uses magnetic fields and radio waves to create detailed images of the organs and tissues of a patient.

NIMIS
"National Integrated Medical Imaging System" when referring to Medica (Ireland) is the computer-based system for storing and examining radiological scans.

PACS
"Picture Archiving and Communication System" is a high-speed system that allows the secure transmission of radiological images and reports between clients and reporters.

PET-CT
"Positron Emission Tomography" – "Computerised Tomography" scans use a small amount of an injectable radioactive tracer to detect diseased cells and is often used in the early detection of cancer, heart disease and brain disorders.

PF
"Plain Film" an X-ray taken without the use of a contrast medium. See also "X-ray"

PPE
"Personal Protective Equipment"

PSP
"Performance Share Plan"

QSI
"The Quality Standard for Imaging" sets out the best practice in imaging services.

Glossary of terms continued

Radiographer
A healthcare professional that is highly trained to use medical imaging equipment.

Radiologist
A radiologist is a consultant/doctor that specialises in reporting diagnostic/radiological examinations.

RCF
“Revolving Credit Facility” is a form of credit issued by a financial institution that provides the borrower with the ability to drawn down or withdraw, repay and withdraw again.

Reporters
When referring to Medica Group PLC, radiologists and reporting radiographers are referred to collectively as ‘reporters’.

Reporting Radiographer
A radiographer trained to report on imaging, most commonly for plain film (X-ray).

ROCE
“Return on Capital Employed” is the financial ratio that measures a company’s profitability and the efficiency in which its capital is employed.

RSU
“Restricted Stock Unit” refers to a form of compensation issued by an employer to an employee in the form of company shares.

SASB
“Sustainability Accounting Standards Board”

SAYE
“Save as you earn” is the employee savings-related share scheme, allowing employees to buy shares with their savings (deducted from their salary) for a fixed price.

SECR
“Streamlined Energy and Carbon Reporting”

SLA
“Service Level Agreement” when referring to Medica Group PLC and all subsidiaries, is the performance agreement between the client and Medica Group PLC.

SMT
“Senior Management Team”

TCFD
“Task Force on Climate-Related Financial Disclosures”

TRIT
“Total Recordable Incident Rate”

TSR
“Total Shareholder Return”

VDI
"Virtual Desktop Infrastructure" is used to run applications/processes in a data centre and display, rather than process, the output on remote monitors.

WEEE
“Waste from Electrical and Electronic Equipment”

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