



Moving  
forward

# Better care through technology innovation

## HIGHLIGHTS

### Business

Strong results with performance above expectations.

- Increased dividend for the eleventh consecutive year
- Double-digit revenue growth in EMIS Enterprise, now accounting for more than 40% of profit
- 27 customers now using EMIS-X Analytics, 12 in EMIS Enterprise and 15 in EMIS Health (2020: 25 pilot customers) with good potential for growth
- Post year end acquisitions of Edenbridge Healthcare and FourteenFish to grow EMIS Enterprise, enhancing the Group's data, analytics and digital portfolio and strengthening capabilities
- As part of EMIS's Integrated Care Systems (ICS) strategy, continuing to deliver integrated care with EMIS-X interoperability technology enhancements released in key markets through 2021 and 2022 to date
- Supported the NHS in delivering more than 100 million Covid-19 vaccinations (86% of the total)

### Financial

Total revenue

**£168.2m** +6%

Recurring revenue<sup>1</sup>

**£134.8m** +4%

Reported operating profit

**£35.8m** -

Adjusted operating profit<sup>1</sup>

**£43.5m** +11%

Reported operating margin

**21.3%** -116bps

Adjusted operating margin<sup>1</sup>

**25.9%** +125bps

Reported cash generated from operations

**£50.1m** -22%

Adjusted cash generated from operations<sup>1</sup>

**£46.0m** -22%

Reported EPS

**46.2p** -4%

Adjusted EPS<sup>1</sup>

**56.1p** +10%

Net cash<sup>1</sup>

**£64.0m** +21%

Total dividend for the year

**35.2p** +10%

### Strategic report

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IBC Glossary



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[www.emisgroupplc.com](http://www.emisgroupplc.com)

Visit our online report  
[ar21.emisgroupplc.com](http://ar21.emisgroupplc.com)

<sup>1</sup> Recurring revenue, adjusted operating profit, adjusted cash generated from operations, adjusted EPS and net cash are all alternative performance measures. See page 22 for further details and reconciliation to the relevant IFRS number.

# Strategic overview

## Our purpose

TO BE THE LEADING PROVIDER OF INNOVATIVE HEALTHCARE TECHNOLOGY THAT IMPROVES PEOPLE'S LIVES

► [At a glance page 2](#)

## Our values



COLLABORATIVE



RESPONSIBLE



SUPPORTIVE



TRANSFORMATIVE

► [Business model page 10](#)

## Our integrated care strategy

SUSTAINABLE FINANCIAL GROWTH

TECHNOLOGY INNOVATION

USER, CUSTOMER AND PARTNER EXPERIENCE

ESG

► [Strategy pages 18 to 19](#)

## Our ESG priorities



### Our environmental responsibilities

Establishing a sustainability policy for our business



### Delivering social value to our community

Doing the right thing for UK healthcare and the global communities in which we work and live



### Our people and culture

Creating a strong working culture of people united by our business purpose



### Our responsibilities as a business

A high standard of clinical and data governance underpins everything we do

► [ESG pages 39 to 49](#)

## OUR PURPOSE

To be the leading provider of innovative healthcare technology that improves people's lives

Integrating care settings to improve patient experience and health outcomes

Empowering people through online access to clinically authored content and approved services

Delivering insight for clinicians, research and life sciences to improve UK health and wellness

## SEGMENTS

## EMIS HEALTH

## Primary care

**49%**

of revenue in 2021

#1 in primary care

## Community care

**8%**

of revenue in 2021

#2 in community

## Acute care

**7%**

of revenue in 2021

#1 in A&E

Business areas where revenues are generated from delivering core software and ancillary services to NHS organisations.

## EMIS ENTERPRISE

## Medicines management

**23%**

of revenue in 2021

#1 in community pharmacy

#1 in community pharmacy service management solutions

#2 in hospital pharmacy

## Partners, analytics and other services

**11%**

of revenue in 2021

148 accredited partners

27 customers using EMIS-X Analytics

## Patient-facing services

**2%**

of revenue in 2021

#1 independent patient services app

Business areas where revenues are derived predominantly from business-to-business (B2B) healthcare sector sources.

## BRANDS



The clinical software business, supplying essential technology to 10,000 healthcare organisations across every major UK health sector for front line clinical care and to facilitate health research.



The UK's leading independent provider of patient-centric medical and wellbeing information for the UK public, as well as digital front door access to NHS and private services provided in primary care and community pharmacy settings.



## EMIS-X

**Seamless interoperability, digital access and intelligent analytics will drive the integrated care transformation mandated by the NHS. EMIS-X will:**

- Provide joined-up care across settings with fast healthcare interoperability resource (FHIR) enabled integration;
- Improve interactions and outcomes for patients and clinicians with better digital access; and
- Drive NHS efficiency and process improvement.

### Technology to power the future of healthcare

EMIS-X is at the heart of EMIS's cloud and technology refresh strategy. EMIS-X is a platform upon which all new developments are based, using the latest trusted and secure technology to empower healthcare professionals.

All clinicians need fast and secure access to a broad range of patient data to deliver informed patient care. There is no time to wait for information anymore – and there is no need to with the modern technology available today. Removing information barriers across the entire healthcare landscape is essential to modernise the NHS. With the EMIS-X platform, the Group will revolutionise the concept of integrated care.

EMIS's market-leading clinical systems have always been designed to improve patient outcomes and safety. EMIS-X technology builds on this to enhance existing systems to further advance clinical capabilities and help meet the evolving needs of healthcare teams.

# 4.2bn

clinical attachments in EMIS-X document storage

# 12.6bn

consultations available to securely share using EMIS-X



## EMIS-X ANALYTICS

**EMIS customers and partners need healthcare insights that improve patient outcomes and speed up essential research. EMIS-X Analytics will:**

- Provide research models that improve the future of UK clinical research;
- Enable meaningful insights into NHS healthcare challenges; and
- Facilitate life sciences and academia to support better health outcomes for the UK population.

### Insights leading to better patient outcomes

Analysis of patient data offers huge potential for the NHS to best manage its resources as it tackles the long-term challenge of resourcing rising demand for healthcare services.

It provides real-world evidence from patient records that make it easier for services to be tailored to clinical need and for research programmes to develop effective treatments.

Everyone stands to benefit: the NHS can plan resources better and the life sciences industry can accelerate the development and delivery of more effective treatments through data-driven insights as they connect the dots between patients, healthcare providers and industry.

EMIS-X Analytics sits at the heart of this, providing both the secure and seamless access to data and the powerful tools needed to generate meaningful insight.

# 1.3tn

clinical events and interactions held in EMIS-X Analytics

# 55bn

clinical observations available for secure ethical research

# Our investment case

## STRONG POSITIONS IN SPECIALIST MARKETS

► Markets page 16

- Market leader delivering at scale: growing or maintaining market shares, number one or two in key UK healthcare markets
- Unique in the breadth of markets served
- Aligned with the NHS Long Term Plan, providing growth drivers for increasing investment into technology for the NHS

**35**

years providing front line technology to the healthcare sector

## GROWING THE BUSINESS

► Strategy page 18

- Strong performance in 2021
- Growth in multiple markets
- Investment in technology roadmap with the potential for acceleration to drive growth in EMIS Health
- Double-digit growth in the areas of patient-facing services, analytics and pharmacy in EMIS Enterprise
- Acquisitions accelerate speed to market

**100m**

Covid-19 vaccinations supported by EMIS

## EXCELLENT FINANCIAL STRENGTH AND TRACK RECORD

► KPIs page 20

- Unbroken track record of increasing dividend each year since IPO
- Compound growth rates since flotation in 2010 of 10% in revenue and 8% in adjusted operating profit
- Strong balance sheet with no debt
- Bank facilities of up to £60m in place
- Investment will not impact progressive dividend policy or require significant leverage

**£64.0m**

net cash

## HIGH LEVELS OF EARNINGS VISIBILITY AND CASH GENERATION

► Business model page 10

- Robust business model with high recurring revenue, typically around 80%
- Long-term framework agreements in place across major markets
- Loyal customer base with low churn rates
- Consistent strong cash generation

**80%**

recurring revenue

## NEW TECHNOLOGY DRIVING FUTURE GROWTH AND EFFICIENCY

► EMIS-X Analytics case study page 23

- Technology and cloud refresh strategy will increase efficiency and expand margins in the mid term
- Focussed on developing new, standards-based, capabilities to connect care settings across the UK
- EMIS-X platform will drive growth in both EMIS Health and EMIS Enterprise

**£21.3m**

research and development (R&D) investment

# ESG summary



## Our environmental responsibilities

### Our priority

A commitment to continue reducing environmental impact and to measure improvement.

### Our achievements

- 56% of EMIS's fleet now hybrid.
- 60% of UK electricity consumption from renewable/low carbon providers.
- 10.5% reduction in total energy consumption for the UK.

### Our ambition

- Become carbon neutral by 2030.

► [Learn more on page 42](#)



## Delivering social value to our community

### Our priority

Every initiative, development, product and service EMIS produces has a positive impact on UK society.

### Our achievements

- 100 million Covid-19 vaccinations recorded on EMIS software.
- 1.5 million people identified for priority vaccinations through EMIS-powered research.
- 15.7 billion prescription items processed through the lifetime of EMIS Web.

### Our ambition

- Improve NHS outcomes for individuals and address health inequality.

► [Learn more on page 44](#)



## Our people and culture

### Our priority

To live the EMIS Group values and create a diverse and positive culture in which EMIS people can thrive.

### Our achievements

- 87% of employees agreed that EMIS met its targeted engagement metrics.
- 20 mental health first aiders.
- 50 employee forum meetings held during 2021.

### Our ambition

- Become an employer of choice by 2025.

► [Learn more on page 46](#)



## Our responsibilities as a business

### Our priority

Clinical safety, data security and proactive risk management is at the heart of everything EMIS does.

### Our achievements

- 16% reduction in gender pay gap as published in 2021.
- 121 members of the clinical team meticulously oversee new developments.
- 99% of staff trained in governance policies.

### Our ambition

- Continued commitment to high standards of governance in every area.

► [Learn more on page 48](#)

► [More information on ESG can be found in the ESG report on pages 39 to 49](#)

# Committed to integrated healthcare



## Dear Shareholder

I am pleased to report that EMIS Group has performed strongly during 2021, benefitting from 6% revenue growth and 11% growth in headline adjusted operating profit, as well as 80% recurring revenue. The reported operating profit was unchanged. Outcomes4Health, the system we added to our portfolio when we acquired Pinnacle in early 2020, has helped to power and record more than 100 million Covid-19 vaccinations in England. Thanks to the excellent work of the senior leadership team and the whole workforce, EMIS acted quickly and effectively, with flexibility, responsiveness and resilience during the period to adapt Outcomes4Health ready for day one of the vaccination programme.

During the second year of the pandemic, the Group continued to perform strongly as a mainly homeworking organisation. EMIS is focussed on employee health and wellbeing at every level of the business. The past year provided another opportunity to see one of the key strengths of EMIS's culture as the organisation pulled together to support colleagues and customers.

Our focus remains on our future growth strategy in alignment with NHS policy, patient demand for better healthcare and new opportunities in EMIS Enterprise markets. We continued to invest significantly in the best talent and new capabilities across the business. We are making good progress with technology programmes, including EMIS-X Analytics, as we continue to innovate and invest in new technologies. We have invested time and resource into delivery and implementation too, so as well as building world-leading clinical systems, they are delivered well to customers.

## Purpose and stakeholder engagement

Our purpose is to be the leading provider of innovative healthcare technology that improves people's lives, underpinned by our core values. We are responsible in our approach to supporting UK healthcare and we work collaboratively and with integrity to deliver the Group's purpose. As a business, collectively we are supportive of both our employees and customers as we play our part to transform UK healthcare with our technology.

We are mindful of our stakeholders at every level of the business, from customers to partners, shareholders to employees and the wider communities in which we work and live. We listen to their needs and build stakeholder requirements into each element of our strategy. Every stakeholder is impacted by our ESG strategy and more detail on how carefully we consider our responsibilities as a business can be found in the ESG report on pages 39 to 49.

## People and culture

The Board is focussed on culture and workforce engagement and we receive regular updates that allow us to take into consideration the employee voice when making decisions. Both the regular internal surveys and the employee forum meetings provide valuable insight into the priorities and concerns of our people. This includes employee engagement and mental health and wellbeing, which are key Board priorities.

Diversity and inclusion is an important focus for the Board, including both gender and ethnicity. To broaden diversity in senior roles, focus is being placed on succession planning, in-house talent development programmes and recruitment strategies to increase representation. For example, in line with the Hampton-Alexander review for FTSE 350 boards, our aim is to have at least 33% female representation on the Board by the end of 2023.

## Board

We have a well-balanced and diverse Board, which was strengthened further in the year. The Board has a wide range of experience that facilitates broader perspectives, encouraging new innovative strategies that are necessary to stay ahead.

On 1 March 2021, JP Rangaswami joined the Board as a Non-executive Director and stood for election at the 2021 Annual General Meeting (AGM). On 1 October 2021, Denise Collis joined the Board as a Non-executive Director and Chair to the remuneration committee. Denise will stand for election at the AGM on 5 May 2022. Andy McKeon retired from the Board on 28 February 2022, having served for nine years. I would like to thank Andy for his contribution to EMIS Group over an extended period.

## Governance

As an AIM quoted company we have chosen to apply the 2018 UK Corporate Governance Code 2018 ("the Code"). Compliance is set out in the governance report on pages 52 to 58.

During the year, a formal performance evaluation of the Board and committees took place to assist in their development. The results of the evaluations confirmed that in the opinion of the respondents the Board and committees continue to function effectively and that there are no significant concerns among the Directors about their effectiveness. Further information is set out in the corporate governance report on pages 52 to 58.

“

Our focus remains on our future growth strategy in alignment with NHS policy, patient demand for better UK healthcare and new opportunities in EMIS Enterprise markets.”

#### **Sustainability**

ESG matters are a priority for EMIS Group. The Board set up a dedicated ESG committee at the end of 2021 to oversee the Group's approach and drive forward positive change in each area. Creating and maintaining a sustainable business model and considering the wider impact we have on society as a whole are key to the Board when making decisions, as we balance business growth with our responsibilities as an organisation. Further information on our ESG strategy and achievements to date can be found on pages 39 to 49, including details of our ambition to be carbon neutral by 2030.

#### **Dividend**

A final dividend of 17.6p per share is recommended by the Board. The dividend progression is in line with the capital allocation policy adopted by the Group and will result in a total dividend for the year of 35.2p. Subject to approval by shareholders at the AGM, the final dividend will be paid on 17 May 2022 to shareholders on the register on 19 April 2022.

#### **Outlook**

As we pass the two-year mark since the emergence of Covid-19, we expect it to remain a significant issue for the healthcare industry. The future remains somewhat unpredictable but we remain committed to investment in technology and innovation that our customers need to deliver world-class healthcare.

The talent and the commitment of our people remain our key strengths as they are the drivers of the Group's purpose. Our focus remains on investment in engaged, motivated and capable employees in both the UK and India. I'd like to thank the Executive leadership team and all of our staff for their high levels of dedication and resilience throughout the year. I'd also like to extend thanks to our customers and partners for their confidence and support as we tackle this challenging time for the NHS together.

#### **Patrick De Smedt**

**Chair**

24 March 2022



## **Our ethical culture**

EMIS's open, forward-thinking and ethical culture is central to everything we do. As a healthcare company, helping to improve patient care through technology is the lifeblood of every decision we make.

From every corner of the business we're committed to the highest standards of clinical safety and data security. We care about the little details that make a big difference.

That same ethos is reflected in how we view employee engagement and support a positive working culture across the business. This has come even more sharply into focus in the last two years during the pandemic, when the Board has proactively prioritised employee wellbeing and mental health as we navigated the new circumstances that impacted both work and family lives.

It's part of our culture to take employee feedback, views, concerns and ideas into all key decisions relating to staff. This is particularly important when making large-scale decisions such as moving to becoming a mainly homeworking business and how best we reopen our offices as collaboration hubs. Employee feedback surveys, forums, open Q&A sessions with the senior leadership team and a strong culture of feedback through team meetings mean that as a business we are always open to listening and looking to make positive change to create a working environment that supports our employees to thrive at work and achieve their career goals. We're also not afraid of having difficult conversations, and during 2021 we invited our employees to lead the way to voice their views through our diversity and inclusion forums.

The Board recognises that our employees do an incredible job, and I would like to thank them for their fantastic contribution in the last year and for their positive engagement with our strong working culture.

#### **Patrick De Smedt**

**Chair**

# A positive year of good growth



## Overview

It has been a positive year of good growth and strong results. We are building growth momentum with results above expectations for 2021. We have seen trading return to a more normal pattern in EMIS Health following the impact of the pandemic in 2020. Boosted by Pinnacle, we also benefitted from double-digit growth in EMIS Enterprise, which now accounts for more than 40% of our profits.

I'm incredibly proud of the EMIS team; we have lived our values during 2021 and moved forwards with our vision to be the leading provider of innovative healthcare technology that improves people's lives. We continue to strive to operate to the highest standards of clinical safety, data security, business integrity and healthcare ethics.

## Formalising our ESG strategy

EMIS has had sound governance and social value principles embedded in the culture of the organisation for many years. During 2021 we formalised this into an ESG strategy, with our environmental target for the business to become carbon neutral by 2030. The Group's new ESG committee will ensure that we continue to build social value targets and ambitions into our corporate strategy.

Our Executive team is also committed to managing EMIS's environmental impact, continuing with our very important social purpose and having put in place best practice proactive governance policies and processes. We see ESG as central to our decision making and the way we run our business.

More information on our ESG strategy and achievements to date can be found on pages 39 to 49.

## An inspirational place to work

Our continued goal is to create an inspirational culture and working environment that will attract and retain the best talent. Our people are the energy and the driving force behind our corporate purpose. By creating an inspirational place to work, we can enable our people to fulfil individual career ambitions at the same time as collectively taking the business to the next stage of growth. As we continue our journey to become an employer of choice, our focus is on the continued development of our business culture with high levels of staff engagement, team collaboration, individual empowerment and increasing rewards.

## Continuing to support our customers through Covid-19

Supporting our customers is one of the things we do best at EMIS. Facing the challenges of the last two years alongside the NHS has strengthened our relationships with our customers and partners at both a strategic and end user level. As a business we have once again pulled together to do the right thing for the health of the UK population,

further strengthening our culture and uniting in a strong sense of purpose.

Throughout 2021 EMIS Group's Outcomes4Health software, acquired when Pinnacle joined the Group in early 2020, has supported the largest vaccination programme in NHS history and continues to evolve through the booster drive. Outcomes4Health was the only system used to support all non-hospital vaccinations for the first seven months of the programme and has to date supported 100 million vaccinations, representing 86% of the total delivered.

The EMIS-X platform and analytics applications have been pivotal to many essential Covid-19 research programmes. This includes the national OpenSAFELY programme, helping to provide powerful, data-driven insight based on real-life GP interactions into not only Covid-19 but also wider public health issues. This in turn has generated actionable insight that we have deployed back into core GP systems, with updated prescribing guidelines and protocols on Long Covid. This is a true representation of how research can make a rapid and positive impact on patient care and outcomes.

## Technology investment to drive growth

Technology development has continued in line with our product roadmap and we remain committed to investment to drive growth, continuing to build momentum in the key areas of interoperability, elite partners, digital services for patients, community pharmacy and data and analytics.

We have completed the first phase of our EMIS-X technology refresh, with the next phase of cloud infrastructure upgrades in EMIS Health planned over the next two years to increase efficiency and expand margins.

We upgraded our A&E system to enable greater interoperability and updated our flagship GP software to increase customer satisfaction. We released new product enhancements for the community pharmacy market and added a broad range of services into our Patient marketplace, furthering the streamlined pathway for patients to book both NHS and non-NHS services delivered by community pharmacies and private healthcare providers.

Since the launch of EMIS-X Analytics ahead of schedule in 2020, we have moved further into the research and life sciences market during 2021. We are underway with a number of new projects with major global life sciences organisations including Pfizer and Bristol Myers Squibb. These projects have helped us further refine our technology and proposition, while generating a lot of interest for EMIS-X Analytics capability in this new market.

Every new development and software release, large or small, is aligned with our corporate purpose, to be the leading provider of innovative healthcare technology that improves people's lives.

## Interoperability to support integrated care

During 2021 we have seen many integration and interoperability projects developed and released to the market, providing essential digital pathways to connect healthcare processes.

The NHS has a strategic drive to deliver integrated healthcare to increase efficiency and with our strong market shares in major healthcare markets, we are well placed to help achieve this aim. We remain focussed on delivering the future technology mandated by NHS policy makers to achieve their long-term goals.

For example, integrated care will be critical for the emerging ICS organisations as they take control of NHS budgets to deliver co-ordinated, informed care underpinned by interoperable technology. EMIS is well placed to help, with 69% of ICSs using EMIS systems in three or more healthcare markets.

More information on the interoperability technology released during 2021 can be found in the operational review on pages 28 to 31.

## Post year-end acquisitions of Edenbridge Healthcare and FourteenFish

Part of the Group's strategy is to grow by acquisition in the EMIS Enterprise sector, particularly focussed on the growth areas of data and analytics and integrated healthcare. In January 2022, the Group completed the acquisition of Edenbridge Healthcare Limited, a leading provider of business intelligence tools for GP practices, federations and commissioners. It will expand our capabilities in the growing data and analytics markets by providing real-time insight to support GP practice access, efficiency, transformation and workforce planning.

EMIS Group acquired the business for £4.0m in cash paid from the Group's existing cash resources, with further cash consideration of up to £6.0m payable on the attainment of certain performance targets. Edenbridge Healthcare's revenue last year was £1.0m with a profit of £0.2m.

The Edenbridge team has integrated well into the organisation, with an assimilation of cultural values and a common goal to integrate technology to improve patient healthcare. Integration work between product sets is underway.

In March 2022 the Group completed the acquisition of FourteenFish Limited, adding a specialist knowledge of GP medical appraisals and training to the Group. FourteenFish is the chosen training system of the Royal College of General Practitioners (RCGP)'s training and will join EMIS Health to strengthen the Group's training proposition.

FourteenFish was acquired for £15.8m in cash paid from the Group's existing resources. Fourteen Fish's revenue last year was £2.4m, with a profit of £1.4m.

## Summary and outlook

It's an exciting time for EMIS Group as we move towards the next stage of our evolution. Our focus on interoperability, integrated care and data analytics positions us well for growth.

We are confident of delivering a higher level of consistent revenue growth, as well as expanding margins by completing the next stage of our technology and cloud refresh strategy over the coming years.

The pandemic has demonstrated what is possible with a shared objective across government, the NHS and healthcare technology suppliers. The industry has embraced greater interoperability and collaboration, resulting in the fast delivery of both essential technology and actionable data insights to improve population health. This has accelerated the adoption of digitisation and analytics across the NHS.

Technology remains critical to the NHS as it looks to life beyond the pandemic. EMIS strategy and technology development remain closely aligned with NHS policy, supporting both end users and strategic NHS organisations alike, to deliver the shared goal of better health.

**Andy Thorburn**  
**Chief Executive Officer**

24 March 2022



## What ESG means to me

I feel very strongly that at EMIS we always do the right thing. It's in the very fabric of our organisation and it inspires me every day.

Ever since EMIS was created in the late 1980s by two GPs, supporting better patient care has grown into a powerful energy that runs through the organisation. Many people have played their individual part but the energy of doing the right thing is bigger than any one of us. It inspires our teams and makes us truly care about the part we play in improving people's health on an individual and national level.

Responsible, one of our corporate values, is something I see across all of our teams. The commitment to customers, to colleagues and to doing the right thing is inherent in EMIS's culture and I'm proud to be the current custodian of a business with a long history of making positive social impact.

Reviewing EMIS's contribution to social value this year as we form our ESG strategy has been a moment to sit back, take stock and realise just what we have already achieved for the greater good of UK healthcare and how much potential there is for us to do even more. I'm proud to take forward our ESG strategy to the next stage, guiding our culture of doing the right thing to create even more positive change in wider environmental, social and governance matters.

**Andy Thorburn**  
**Chief Executive Officer**

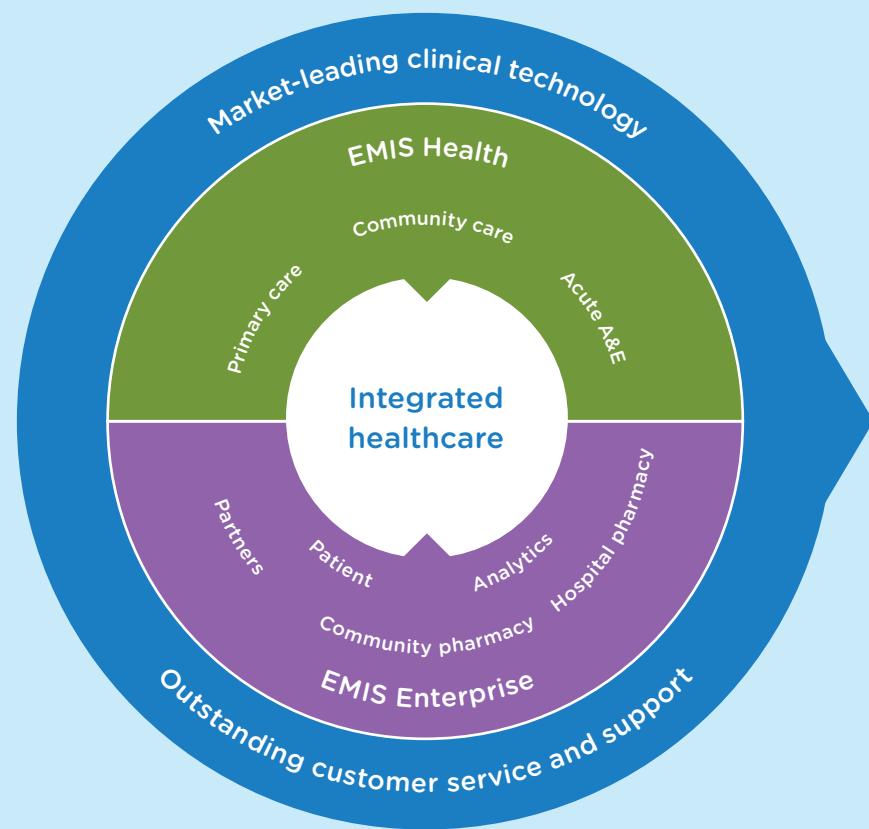
121

people in the clinical team  
keep us focussed on doing  
the right thing

# Joined-up healthcare through technology

## OUR KEY INPUTS

- Innovative integrated technology services.
- Highly skilled people.
- Trusted brand.
- Strong relationships strategically aligned with government, partners and the markets we serve.
- Strong revenue visibility.
- Responsible leadership.
- Strong culture of putting both patients and customers first.



► Markets page 16

Our four key values underpin everything we do, throughout every area of the business



### Collaborative

EMIS Group is focussed on working as one joined-up team towards collective goals that deliver the Group purpose to deliver social value by enabling better care through technology innovation.



### Responsible

EMIS Group employees are honest and transparent and act with integrity. EMIS people take ownership of the fact they have an important job to do in supporting UK healthcare.



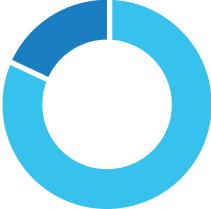
### Supportive

EMIS Group has a strong culture of caring for employees and customers alike. Throughout the business, people care about and encourage others, so everyone can perform at their best.



### Transformative

EMIS Group helps to improve UK healthcare through its products and services. EMIS employees have a clear understanding of how they can contribute to make a real difference.

How we generate revenue	How we add value
<ul style="list-style-type: none"> <li>Software subscription and support – recurring.</li> <li>Interface and connectivity charges – mainly recurring.</li> <li>Other services – mixed recurring/non-recurring.</li> <li>Perpetual licences, training, consultancy and implementation – non-recurring.</li> <li>Hardware and related services – mainly non-recurring.</li> </ul>	<p><b>CUSTOMERS</b> We help make integrated care a reality across the healthcare industry.</p> <p><b>69%</b> of ICSs use EMIS systems in three or more healthcare markets</p> <p><b>UK PUBLIC</b> We provide trusted healthcare information and digital services for the UK general public.</p> <p><b>14 million</b> Patient Access registered users</p> <p><b>B2B</b> We provide B2B systems and services to enterprise customers in the healthcare market.</p> <p><b>5,339</b> community pharmacies use our software to deliver better customer service and drive up revenue</p>
 <p>● Recurring revenue: 80%</p> <p>● Non-recurring revenue: 20%</p> <p>► <b>Financial review</b> page 24</p>	<p><b>CLINICIANS</b> Our systems and services are designed to support healthcare on the front line.</p> <p><b>10,000</b> healthcare organisations rely on our clinical systems daily</p> <p><b>SHAREHOLDERS</b> We deliver long-term growth in dividends and share price.</p> <p><b>35.2p</b> dividend for the year</p> <p><b>EMPLOYEES</b> Our employees live the EMIS Group values and put customers and patient care at the heart of everything we do.</p> <p><b>31%</b> of employees are dedicated to front line customer care</p>

Why users, customers and partners choose us		
<p><b>Clinically focussed</b> We enable clinicians to provide safe and efficient care through excellent software and services – helping patients live longer, healthier lives.</p>	<p><b>Trusted supplier</b> Our software and services are used in every major healthcare setting – from GP surgeries to high street pharmacies, community, hospitals and specialist services.</p>	<p><b>Joining up patient care</b> Through innovative technology, we give healthcare professionals access to the information they need to provide the best possible front line healthcare.</p>
<p><b>Care about our customers</b> Clinically led development teams work with our customers to develop systems. That is why we consistently meet the needs of end users.</p>	<p><b>Innovative</b> We are always looking at future technologies and trends to make sure we develop ground-breaking services that benefit patients, clinicians and NHS organisations.</p>	<p><b>Meaningful healthcare insight</b> We facilitate research and insight through analytics, helping the NHS, life sciences and academia discover actionable insight to improve patient outcomes.</p>

## Stakeholder engagement

# Connecting with key stakeholders

The Board reviews key topics through the year, carefully considering stakeholder interests when making decisions on strategically important matters as the Directors discharge their duties in alignment with Section 172 (s.172).

These pages outline the priorities of employees, customers and shareholders, how the Board engages with these groups and the impact this has had on decision making throughout the year.

## Regular updates from the Group executive team (GXT)

Throughout the year, the GXT updated the Board with information on important areas of business focus, in particular those relating to our key stakeholders as well as ESG matters. This ensured that the Board had a good understanding of the priorities of each stakeholder group to aid decision making for both the short- and long-term success of the business model.

The Board had a particular focus this year on diversity and inclusion, data security and customer satisfaction, as well as consideration of M&A and the medium- to longer-term implications of Covid-19 on the business model and strategy.

## Direct engagement of Board members

The Executive Directors are in daily contact with staff from across the business to understand key topics relating to both employees and customers, sharing regular updates to the Board. The national forums and regular employee engagement surveys provide insight into employee views on both internal and customer-focussed matters. Jen Byrne was the designated Non-executive Director during the year and attended the national forum, providing feedback to the Board.

Regular reporting on support performance, customer service and the close collaboration between EMIS and its strategic customers keeps the Board up to date on customer trends and feedback.

A number of Board members had meetings with shareholders during the year to discuss strategy and remuneration.

## S.172 statement UK Companies Act 2006

The Board recognises its responsibility to take into consideration the needs and concerns of its principal stakeholders as part of its discussion and decision-making process. As a Board and a business EMIS strives to care for its colleagues, help customers deliver a better experience for healthcare professionals and their patients, as well as supporting the wider community. Details on how the Group engages with its stakeholders can be found throughout the strategic report on pages 4 to 49 and in the corporate governance statement on pages 53 to 58.

## BOARD CONSIDERATIONS AND DECISIONS

Below is a list of some of the key topics that have been a focus for Board in 2021, outlining how consideration of stakeholder interests has influenced decisions.

### Strategy

- Considered the importance of ESG to long-term success and decision to embed ESG targets into the business strategy.
- Considered linking ESG objectives to remuneration.
- Considered the impact of Covid-19 on the strategy and business risks.
- Endorsed the latest market positioning and customer focus.
- Considered Board and committee feedback on the strategy.
- Discussion on the technology strategy and decision to adopt Scaled Agile Framework (SAFe) methodology to improve delivery.

### Governance

- Data security updates were delivered throughout the year, with consideration of stakeholder impact and mitigations against emerging issues.
- Received regular updates from the risk management committee (RMC).
- Engaged with shareholders to discuss remuneration.
- Decision to improve the Share Incentive Plan (SIP) to provide one matching share for every two shares purchased by employees.
- Agreed the appointment of Denise Collis to join the Board on 1 October 2021.

### People and culture

- Consideration of wellbeing and decision to focus on improvements to engagement and communication.
- Considered diversity and inclusion across the business and decision to have regular diversity updates at Board level in future.
- Considered how to improve the diversity of the Board and decision to set target for improvement by 2023.
- Considered succession planning at senior levels of the business and decision to reduce single points of failure across the organisation.

## KEY TO STRATEGIC PRIORITIES

1 Sustainable financial growth

2 Technology innovation

3 User, customer and partner experience

4 ESG



**Suzy Foster**  
Chief Executive Officer EMIS  
Health and EMIS Enterprise

### Engagement in action

"Strong customer relationships are our foundation when it comes to delivering outstanding healthcare solutions. We live our values in everything we do, as we strive to make our customers and partners happy in every interaction they have with EMIS.

"We have seen a great response from customers during 2021 to the improvements we've made. Excellent service will grow our business and I have tasked our teams with doing even more in 2022 as we make excellence normal and seek to raise the bar everywhere we can."

### Impact of Covid-19 on engagement

- Rapid adaptation of products and services to meet specific Covid-19 requirements helped foster closer working relationships at strategic level.
- Mixture of digital and face-to-face customer engagement, considering restrictions and customer preferences.

“

**Customer engagement helps us deliver our purpose: the better we can support customers the more they can focus on patient care and improved outcomes.”**

## CUSTOMERS

Link to strategy 1 2 3 4

### What is important to them

- Technology systems that improve patient outcomes at strategic and end user level.
- Satisfaction with both products and customer services.
- Two-way collaborative relationships focussed on shared goals.

### How we engage

- Feedback gathered via customer-facing teams is regularly reviewed and considered by the senior team, GXT and Board.
- The Group undertakes customer satisfaction surveys and analysis of support statistics to drive continual improvement in customer experience.
- The commercial team engages regularly with strategic and national customers with openness and transparency, in the spirit of trust and collaboration to address the healthcare challenges in each nation. This has been particularly prevalent during the pandemic.
- A wide range of communication channels keeps customers up to date.

### Outcomes

- More regular customer communications throughout the year including updates on forthcoming releases and details of new functionality.
- Improved time from software development to release of new enhancements to meet customer demand.
- Daily calls focussed on improving the customer experience to ensure issues and feedback are heard across the business and acted upon promptly.
- Improved customer satisfaction scores.
- Two-way conversations on customer priorities ensure that customer requirements are built into new enhancements by design.

## Stakeholder engagement continued

## KEY TO STRATEGIC PRIORITIES

- 1 Sustainable financial growth   2 Technology innovation   3 User, customer and partner experience   4 ESG



**Jacqui Summons**  
EMIS Group HR Director

**Engagement in action**

"We introduced the employee forums to create a two-way dialogue between employees and the leadership team in both the UK and India. Employees are encouraged to openly ask questions and share their views, and the leadership team proposes new ideas to seek and consider feedback. The discussion topics are wide ranging and we follow up on all actions to ensure trust and integrity."

"Representatives from all local forums join regular Group forums chaired by the Chief Executive Officer or a member of the GXT. Every member of the GXT has chaired or is due to chair a forum in 2022, providing greater engagement and visibility of the leadership team."

**Impact of Covid-19 on engagement**

- Big focus on digital communication to increase engagement.
- Adaptation of offices to collaboration hubs to offer the advantages of both teamwork and homeworking going forwards.

“

Our purpose unites our employees and creates stakeholder value: collectively we can all feel proud of how we've supported our customers, particularly through the pandemic, finding meaning in our individual contributions.”

## EMPLOYEES

Link to strategy ① ② ③ ④

**What is important to them**

- Feeling engaged with the business and its overall purpose, especially during the lockdown phases in both the UK and India.
- Wellbeing and work-life balance.
- Feeling valued, trusted and empowered.
- Being fairly rewarded and incentivised for their work.

**How we engage**

- The employee forums increase synergy between employees and the leadership team.
- The designated Non-executive Director attended the national employee forum and fed back to the Board in 2021.
- Frequent concise employee surveys captured direct feedback as the business navigated the second year of the pandemic, with a particular focus on wellbeing.
- The business adapted to the changing circumstances of the year with a mixture of digital and face-to-face engagement, as appropriate and in alignment with government guidance in both the UK and India.

**Outcomes**

- Greater Board understanding of employee concerns.
- More representation by the senior leadership team at the employee forums to build relationships and increase visibility.
- Addition of new ESG-focussed benefits in alignment with employee feedback.
- Improvements to benefits for employees in both the UK and India, considering specific requirements of the different cultures and legislations.
- Reopened the UK offices as collaboration hubs in alignment with the feedback on how teams wanted to use them.



**Peter Southby**  
EMIS Group  
Chief Financial Officer

### Engagement in action

"The spotlight has been on the healthcare technology industry during the pandemic. It has been a time of adaptation and growth as we have supported our customers and colleagues through unprecedented circumstances.

"It has been our priority to take both shareholders and potential shareholders along the journey with us. We have continued our open and transparent approach to investor communications, particularly in the weeks following the full and half year results. Andy Thorburn and I take the time to meet shareholders (virtually or in person) to answer questions, provide clarity and share as much information as we are able to within the confines of commercial confidentiality."

### Impact of Covid-19 on engagement

- Regular communication on the impact of Covid-19 on the business.
- Mixture of digital, hybrid and face-to-face meetings as circumstances changed during 2021 to accommodate both restrictions and investor preferences.

“

EMIS Group's purpose creates shareholder value as it demonstrates our commitment to the ethics that drive our business, which creates a sustainable business model in the long-term.”

## SHAREHOLDERS

Link to strategy [1](#) [2](#) [3](#) [4](#)

### What is important to them

- Staying up to date with EMIS Group strategy and business performance.
- Understanding the impact of Covid-19 on the business and on broader market trends.
- EMIS's ESG strategy.
- Timely and relevant communication.
- Shareholder value.
- Understanding the remuneration policy and management incentivisation.

### How we engage

- Thorough regular reporting content, including the annual report and accounts and half year report.
- Opportunity for direct one-to-one meetings with the Executive Board is offered to investors, potential investors and analysts.
- A multi-media approach with the use of webinars and video interviews to accompany the full and half year results.
- Feedback from investors following the twice yearly roadshow meetings is shared with the Board and senior team.
- The Group invited questions prior to the AGM in 2021, which was held as a closed meeting because of the pandemic.

### Outcomes

- The Group takes guidance from its advisers on shareholders' priorities in planning communications, to ensure it addresses any new and emerging key topics.
- This information is fed into all communication channels, from digital to multi-media to hard copy formats.
- EMIS Group won the "best investor communication" category in the AIM Awards for the third time in four years.
- Shareholder value was considered throughout the year, with a particular focus on the ongoing impact of Covid-19, ESG matters and potential acquisitions.

# The digital revolution

It has been another demanding year for the NHS as it tackles “the worst public health emergency for a century.”\* The second year of the pandemic saw the successful mobilisation of the largest vaccination programme in NHS history, increased adoption of technology and a growing concern for the long-term effects on the UK population of healthcare resources being diverted away from other care areas to focus on Covid-19.

The health and wellbeing of the UK population remains high on the government's agenda, evidenced by a commitment to a 3.8% increased spend on the NHS over the next three years. The government's September 2021 paper, “Build Back Better”, refers to “an unprecedented investment in health and social care”.

In the autumn 2021 budget, Chancellor Rishi Sunak confirmed £2.1bn for NHS IT upgrades and digital health technology to allow NHS staff to spend more time caring for patients.

## TECHNOLOGY AT THE CENTRE

Use of technology remains in the foreground: in his October 2021 speech “Using the power of technology to make the world a safer and healthier place,” the Secretary of State for Health and Social Care highlighted that driving digital healthcare remains a vital priority. He told the audience of healthcare leaders: “Now we've seen what health tech can do at a time when health systems around the world were under incredible strain, we must build on the progress and deliver this long-awaited digital revolution.”

**3.8%**

increased spend on  
the NHS over the next  
three years

**£2.1bn**

for NHS IT upgrades and  
digital health technology

## USING ACTIONABLE DATA INSIGHT TO IMPROVE HEALTHCARE

At the same time there is growing evidence of an increase in non-Covid-19 related healthcare conditions emerging from the gap in care during the pandemic. For example, Cancer Research UK estimates that more than 45,000 fewer people started cancer treatment between the start of the pandemic and March 2021 due to disruption to cancer screening, diagnosis and treatment.

Increasingly it's becoming clearer that collaboration between research and life sciences, academia, the NHS and the technology industry is the best way to address this challenge, with meaningful research into healthcare data at scale.

\* Build Back Better, HM Government, September 2021.

## INTEGRATED CARE [Link to strategy](#)

### Market drivers

- NHSX's August 2021 paper, "What good looks like", sets out a framework for ICSs to lead the digital transformation of the NHS.
- ICSs have a fundamental requirement for interoperable IT systems to deliver local healthcare strategy.
- In late 2021 NHSX, NHS Digital and NHS England announced they are to merge, highlighting the move towards greater NHS-wide alignment of digital strategy.
- The UK government has promised to spend an extra £33bn per annum on the NHS by 2023–2024.
- The "digital front door" for patients remains vital: the aim for citizens to access and contribute to their healthcare information is outlined in "What good looks like".
- Digital consultations in primary care introduced during Covid-19 are set to continue for those who want them.

### EMIS Group capabilities

- Strong relationships with national customers, working closely with each UK region on strategic healthcare priorities.
- Leading positions in all major healthcare markets, meaning EMIS is well-placed to facilitate integrated healthcare.
- Working in partnership with ICSs to enable integrated care pathways at scale.
- Delivering against NHS Digital's GP IT Futures requirements, including those for interoperable clinical systems.
- EMIS-X technology is the foundation platform for seamless wide-scale interoperability across multiple healthcare settings.
- EMIS is already enabling interoperability through its existing systems including between GPs, patients and community pharmacies and between A&E and 111 services.
- Connecting patients to both NHS and non-NHS healthcare services through Patient Access, enabling self-service pathways.
- A range of digital-first consultation solutions for GPs and community pharmacies, including online triage, integrated telephony and video consultation.
- "Hub and spoke" technology and Patient marketplace services support community pharmacies to move towards the service provider model stipulated in the January 2019 NHS Long Term Plan.

### Improving patient outcomes

- Seamless co-ordination of care processes through integration.
- Enabling new processes and better care pathways through interoperable clinical systems.

## DATA-DRIVEN CARE [Link to strategy](#)

### Market drivers

- The Department of Health and Social Care (DHSC)'s March 2021 paper, "Saving and improving lives: the future of UK clinical research delivery" outlines the plan for the UK government to create a patient-centred, pro-innovation and digitally enabled research environment to embed effective research in the NHS.
- The Department for Business, Energy & Industrial Strategy released "Life sciences vision" in July 2021, a policy paper aiming to solve some of the biggest healthcare problems of this generation, including cancer and dementia, by bringing together the life sciences industry, NHS, academia and industry.
- The government's life sciences investment programme brings the total amount of funding available to the UK's life sciences companies to £1bn.
- "What good looks like" highlights that insights from data are key to design and deliver improvements to population health and wellbeing.
- "Build back better" outlines a new £50m research, innovation and collaboration fund to support research and healthcare institutions to improve health outcomes across the UK.
- NHS Digital is developing a Trusted Research Environment (TRE) service to provide researchers with secure access to health and social care data.
- The Control Of Patient Information (COPI) notices that enabled widespread data sharing during the pandemic have set new standards and expectations for data-driven healthcare.

### EMIS Group capabilities

- EMIS-X technology is already being used for large-scale NHS research and analytics projects, such as winter planning and condition-specific risk stratification.
- EMIS is working with a number of research and life science companies on national healthcare initiatives, such as its collaboration with Merck Sharp & Dohme (MSD) and NHS England, with the ambition of eliminating Hepatitis-C by 2030.
- Meaningful contribution to Covid-19-related ground-breaking research programmes, including the national OpenSAFELY programme.
- EMIS Group's long-running co-created QResearch programme, one of the largest and richest general practice databases in the world, continues to be a cornerstone of many influential research papers.

### Improving patient outcomes

- Proactive identification of patients for healthcare or lifestyle intervention using data analytics technology.
- Identify areas of care needs locally or nationally, enable planning and delivery of services to meet those needs.

## KEY TO STRATEGIC PRIORITIES

 Sustainable financial growth

 Technology innovation

 User, customer and partner experience

 ESG

## Strategy

# The next stage of the Group's evolution

EMIS continues to deliver its strategy of growth through innovation, modernisation and acquisition of relevant technologies that benefit its customers. The Group is committed to growing the overall business both organically and inorganically while increasing efficiency of operations and improving customer experience.

## Organic growth

Focussing on quality and innovation in EMIS's current and evolving product portfolio will drive organic growth in existing EMIS Health markets. Innovation will drive growth into new markets in EMIS Enterprise, including research and life sciences.

## Elite partnerships

EMIS's partnerships continue to go from strength to strength, contributing positively to the overall Group ecosystem. EMIS forms elite partnerships to enhance its overall capability, to bring solutions to market more quickly.

## Targeted M&A

EMIS's 2020 acquisition of Pinnacle demonstrates how small targeted businesses can seamlessly merge into the Group and quickly start making a positive contribution to both revenue and strategy. The Group continues to evaluate targeted M&A opportunities that can add new capabilities such as the January 2022 acquisition of Edenbridge Healthcare and March 2022 acquisition of FourteenFish.

## Market drivers will help achieve the strategy

The key macro market drivers of the NHS's integrated care strategy and the greater role that data and analytics will play in the market underpin the Group's four pillars of strategy. These are outlined on pages 18 to 19.

► **Risk management** page 32

► **Key performance indicators** page 20

1

## SUSTAINABLE FINANCIAL GROWTH

The Group is focussed on growth through technology innovation, positive customer experience and close customer relationships.

Growth will enable EMIS's vision to be the leading provider of innovative technology that improves people's lives. All stakeholders will benefit from EMIS's growth, bringing the Group closer to its long-term goal of 30% margin, considering investor priorities. Growth into new markets means customers benefit from better integrated healthcare systems. Employees will benefit from employment opportunities and career progression.

### Key achievements

- Results above expectations for 2021.
- Higher proportion of non-hardware revenues than 2020 in EMIS Health.
- Double-digit growth in the areas of patient-facing services, analytics and pharmacy in EMIS Enterprise.

### Future priorities

- Continue to build good momentum for future growth in existing and new markets.
- Continue the technology investment programme to accelerate growth, whilst controlling costs and optimising spend.
- Consideration of bolt-on acquisitions to expand capabilities in growing markets.

### Links to KPIs and risks

- Every KPI monitors the Group's progress towards its overall growth strategy.
- The mitigation of every adverse risk enables the Group's growth strategy.

### Links to market drivers

The emergence of ICSs and their requirement for integrated care, and the government's drive towards digitally-enabled research, are key market drivers that can help EMIS achieve its growth strategy in both the NHS and data and life sciences markets.

## 2

## TECHNOLOGY INNOVATION

EMIS's technology innovation strategy centres on accelerating digitisation of the NHS to support better patient outcomes.

The efficiency of every transaction in healthcare relies on technology, and customers' needs are considered in every software release large or small – from national customers such as NHS Digital to end user clinicians. The UK public benefits directly from EMIS's digital front door services and indirectly from better health outcomes from an efficient and informed digitised healthcare service.

### Key achievements

- New innovations released into existing clinical systems across all markets.
- Completion of the first phase of EMIS-X technology refresh.
- Advancements in integration technology powered by EMIS-X, linking GPs, community pharmacies and patients.

### Future priorities

- Continue investment in technology, particularly focussed on data and analytics and interoperability.
- Deliver cloud-ready, higher quality software at a faster pace.
- Optimise efficiency with industry-leading technology development processes such as SAFe.

### Links to KPIs and risks

- Measurement of R&D investment will ensure the continued momentum of technology transformation.
- Mitigation of risks in technology and software development, people and culture and clinical safety will enable the success of the technology strategy.

### Links to market drivers

Integrated healthcare together with data and analytics are widely regarded as key to relieve pressure on front line healthcare, especially as the industry moves beyond Covid-19. EMIS's strategy is in line with market need at a time when technology is more vital than ever before.

## 3

## USER, CUSTOMER AND PARTNER EXPERIENCE

EMIS's strategy is to help customers do what they do best: support patient care at every level, from clinicians through to researchers. With a focus on high quality service, products and delivery, EMIS's culture is to consider its customers in every decision. For investors this focus leads to business retention and growth. Users, customers and partners will have the best possible experience with EMIS products and services, leading to a greater sense of job satisfaction and corporate pride for employees.

### Key achievements

- Positive improvement in system performance and customer satisfaction.
- Continual release of system enhancements throughout 2021.
- Close collaboration with ICSs on their locality-wide technology transformation plans to deliver the customer requirements of the future.

### Future priorities

- Continue proactive comms to further improve customer engagement.
- Continue to drive quality into the current product portfolio.
- Developing innovative technology to meet future customer priorities, such as advanced interoperability capabilities.

### Links to KPIs and risks

- Customer satisfaction leading to retention and wins will drive all financial KPIs.
- Mitigations relating to healthcare structure and procurement changes ensure that EMIS will stay ahead of all current and future customer needs.

### Links to market drivers

Delivering an excellent, symbiotic user experience leads to successful use of technology. EMIS's strong focus in this area against the backdrop of the NHS modernisation programme means the Group is well placed to continue its leading positions in all markets.

## 4

## ESG

EMIS's business goals are underpinned by strong ESG principles. During 2021 EMIS formalised its existing commitment to governance and employee wellbeing into a full ESG strategy, adding environmental targets. The Group's materiality assessment ensured all stakeholders' views were considered when setting its ESG priorities and goals, ranging from preparing for the Task Force on Climate-related Financial Disclosures (TCFD) to diversity and inclusion.

### Key achievements

- Created an ESG committee to oversee the Group's strategy.
- Materiality assessment determined the issues most important to stakeholders.
- Set targets based on the priorities identified.

### Future priorities

- Become carbon neutral by 2030.
- Be regarded as an employer of choice with a top talent culture.
- Achieve at least 33% female representation on the Group Board by the end of 2023.

### Links to KPIs and risks

- Achieving balance between the corporate strategy and the ESG strategy will ensure business success, driving both financial and non-financial KPIs.
- The Group's ethical principles defined in its ESG strategy and business values underpin mitigations against all identified risks.

### Links to market drivers

EMIS's ethical business principles create a culture where doing the right thing is at the heart of activity. Consideration is given at every level to how a happy, responsible, sustainable business can best serve the NHS, keeping EMIS inherently in alignment with market need.

## Key performance indicators

# Measuring our performance

The Group's key performance indicators (KPIs) monitor progress towards the achievement of its objectives.

## Total revenue<sup>2</sup>

**£168.2m** +6%

2021	168.2
2020	159.5
2019	159.5
2018	149.7
2017	142.4

### DESCRIPTION

Total revenue is a reflection of the level of business that customers choose to place with the Group. It is important as a measure of the attractiveness of the Group's products to the market.

► **Financial review** pages 24 to 27

### STRATEGIC FOCUS

Total revenue increased by 6% on the previous year. This is a sign of continued customer confidence in the Group's products and improved momentum in line with expectations during a more normalised trading period.

### LINK TO STRATEGIC PRIORITIES



### LINK TO REMUNERATION



## Adjusted operating profit<sup>1,2</sup>

**£43.5m** +11%

2021	43.5
2020	39.3
2019	39.3
2018	35.9
2017	36.8

### DESCRIPTION

This is the key measure of the Group's underlying financial profitability, as defined in the alternative performance measures (APM) section on page 22, excluding exceptional items and expensing development costs as incurred.

### STRATEGIC FOCUS

Adjusted operating profit increased by 11% on the previous year, reflective of a combination of increased recurring and non-recurring revenue growth and a more normalised gross margin sales mix partly offset by higher staff costs and operating expenses. The Group's target continues to be increasing operating margins towards 30%, which implies a faster rate of growth in profit than in revenue, to be delivered by operational leverage and greater efficiency in the Group's systems.

### LINK TO STRATEGIC PRIORITIES



### LINK TO REMUNERATION



## Adjusted earnings per share (EPS)<sup>1,2</sup>

**56.1p** +10%

2021	56.1
2020	51.0
2019	51.4
2018	45.1
2017	46.4

### DESCRIPTION

Adjusted EPS represents the best measure of underlying profit attributable to shareholders, as set out in the APM section on page 22.

### STRATEGIC FOCUS

The 10% increase in adjusted EPS in the year was broadly consistent with the adjusted operating profit, which was 11% higher than the previous period. As a key measure of shareholder return and driver of Executive long-term incentive plans, EMIS Group's strategy is to focus on driving improvements in this metric in future through delivering sustainable business growth.

### LINK TO STRATEGIC PRIORITIES



### LINK TO REMUNERATION



## KEY TO STRATEGIC PRIORITIES

- 1 Sustainable financial growth
- 2 Technology innovation
- 3 User, customer and partner experience
- 4 ESG

## KEY TO REMUNERATION

-  Link to remuneration    No link to remuneration

### Total dividend for the year

**35.2p** +10%

2021	35.2
2020	32.0
2019	31.2
2018	28.4
2017	25.8

#### DESCRIPTION

This measure records the amount of dividend paid out per share relating to the financial year.

#### STRATEGIC FOCUS

The Board's recommendation of a 10% increase in dividend is a reflection of the Board's commitment through the capital allocation policy (see page 82) to increase direct returns to shareholders over time in line with underlying earnings growth.

#### LINK TO STRATEGIC PRIORITIES



#### LINK TO REMUNERATION



### Employee engagement

**87%** +7%

2021	87
2020	81
2019	70
2018	70
2017	65

#### DESCRIPTION

The engagement score is the Group-wide weighted average response to the following statements, measured regularly throughout 2021: "As part of a mainly remote workforce, I feel engaged with the business and my colleagues" and "I have regular meetings with my manager, which include a good two-way dialogue".

#### STRATEGIC FOCUS

EMIS will enhance its employee engagement measurement during 2022 with a new survey platform. This will provide an effective, flexible and efficient Group-wide method to capture and analyse employee feedback, as well as enable external benchmarking. This is an important step towards EMIS's ambition to become an employer of choice.

#### LINK TO STRATEGIC PRIORITIES



#### LINK TO REMUNERATION



### R&D investment<sup>2</sup>

**£21.3m** +1%

2021	21.3
2020	21.2
2019	20.7
2018	18.7
2017	16.8

#### DESCRIPTION

This measures the level of R&D investment in the Group's software products and is a key measure of the Group's commitment to ensuring that it not only maintains its existing portfolio but is also investing in developing the products of the future.

#### STRATEGIC FOCUS

The flat position in the year is reflective of the Group's strategic focus on preparing new products for the evolving healthcare market, including Patient and the EMIS-X clinical and analytics platform, as well as enhancing existing products such as EMIS Web.

#### LINK TO STRATEGIC PRIORITIES



#### LINK TO REMUNERATION



1 Adjusted operating profit and adjusted EPS are APMs. See page 22 for further details.

2  Continuing operations excluding Specialist & Care business.

 Continuing operations and discontinued Specialist & Care business.

# Alternative performance measures (APMs)

This report contains certain financial measures (APMs) that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that is evaluated by management and investors in assessing the performance of the Group.

This additional information presented is not uniformly defined by all companies and may not be comparable with similarly titled measures and disclosures by other companies. These measures are unaudited and should not be viewed in isolation or as an alternative to those measures that are derived in accordance with IFRS.

## Recurring revenue

Recurring revenue is the revenue that annually repeats either under contractual arrangement or by predictable customer habit. It highlights how much of the Group's total revenue is secured and anticipated to repeat in future periods, providing a measure of the financial strength of the Group. It is a measure that is well understood by the Group's investor and analyst community and is used for internal performance reporting.

	2021 £'000	2020 £'000
Reported revenue	<b>168,226</b>	159,453
Non-recurring revenue	(33,417)	(29,410)
<b>Recurring revenue</b>	<b>134,809</b>	130,043

## Adjusted operating profit, adjusted operating margin and adjusted earnings per share

Adjusted operating profit is operating profit from continuing operations excluding exceptional items, the effect of capitalisation and amortisation of development costs, and the amortisation of acquired intangible assets. The same adjustments are also made in determining the adjusted operating margin of the Group and its segments and also in determining adjusted EPS. The EPS calculation further adjusts for the related tax and non-controlling interest effects of the operating profit adjustments.

The Board considers this adjusted measure of operating profit to provide the best metric of assessing underlying performance, as:

- it excludes exceptional items (items are only classified as exceptional due to their nature or size);
- it excludes any one-off goodwill impairment;
- by expensing capitalised development costs (and also excluding the impact of the amortisation of these costs) it reflects the underlying in-year cash cost of development of software for external sale, as development is considered to be a core ongoing operating function of the business; and
- it excludes the amortisation of acquired intangibles arising from business combinations which varies year on year dependent on the timing and size of any acquisitions. This is consistent with the treatment of the amortisation of the Group's software developed for external sale.

These metrics are used internally for reporting business unit performance and in determining management and executive remuneration. They are commonly used by other software companies and are also well understood by the Group's investor and analyst community.

	2021 £'000	2020 £'000
Reported operating profit	<b>35,785</b>	35,776
Development costs capitalised	(4,052)	(6,590)
Amortisation of computer software developed for external sale	<b>6,127</b>	4,276
Amortisation of intangible assets arising on business combinations	<b>5,673</b>	6,824
Exceptional release of contingent acquisition consideration	—	(1,020)
<b>Adjusted operating profit</b>	<b>43,533</b>	39,266

A reconciliation of adjusted earnings used in the adjusted EPS calculations is shown below:

	2021 £'000	2020 £'000
Profit attributable to equity holders	<b>29,076</b>	30,248
Development costs capitalised	(4,052)	(6,590)
Amortisation of computer software developed for external sale	<b>6,127</b>	4,276
Amortisation of intangible assets arising on business combinations	<b>5,673</b>	6,824
Exceptional release of contingent acquisition consideration	—	(1,020)
Other income	—	(782)
Tax and non-controlling interest effect of above items	(1,472)	(925)
<b>Adjusted profit attributable to equity holders</b>	<b>35,352</b>	32,031

## Adjusted cash generated from operations

The Group's adjusted cash generated from operations adjusts for development costs capitalised and the cash costs of exceptional items, consistent with the adjusted operating profit metric used by the Group. This provides a meaningful metric for the underlying cash the Group generates having accounted for the cash cost of all development expenditure and adding back the cash cost of non-recurring exceptional items.

	2021 £'000	2020 £'000
Reported cash generated from operations	<b>50,059</b>	64,138
Development costs capitalised	(4,052)	(6,590)
Cash cost of exceptional items	—	1,303
<b>Adjusted cash generated from operations</b>	<b>46,007</b>	58,851

## Net cash/(debt)

The Group uses net cash/(debt), defined as cash and cash equivalents less total borrowings (excluding IFRS 16 lease liabilities), as a supplementary measure in evaluating its liquidity, as it indicates the level of cash available to the Group and provides an indicator of the overall balance sheet strength. It is used in the calculation of the leverage ratio under its bank facility arrangements. For the year ending 31 December 2021 the Group was in a net cash position, with no borrowings.



## Frimley ICS: using population health analytics to transform primary care delivery

Frimley Health and Care ICS – responsible for 800,000 patients in the South of England – is using EMIS-X Analytics to gain a deeper understanding of the health needs of the communities it serves and transform primary care delivery.

Chief Information Officer, Mark Sellman, says it's part of a strategy to help overstretched GP practices. Using EMIS-X Analytics, the ICS has identified a 17% annual rise in primary care demand. The data has also highlighted a trend among patients identified as generally well who are bypassing primary care and going directly to emergency departments. These insights have been provided directly to each primary care network to inform a local-level response.

### Deeper understanding of pressure in primary care

Frimley ICS has been able to integrate the advanced capabilities of EMIS-X Analytics with its local shared care record and population health tools to better understand the pressure of rising primary care demand.

Alex Barnett, Head of Analytics for Frimley ICS said: "EMIS-X Analytics is opening a world of possibilities for our population health management programme – we are using this data to quantify how demand has changed over the course of the pandemic. We can take important strategic insights into the population and deploy them back to our front line clinicians as part of the patient record."

### A powerful tool

Frimley ICS is one of the first NHS organisations to use EMIS-X Analytics. Mark Sellman says it is "the most advanced primary care analytics capability we have seen".

He said: "The opportunities with EMIS-X Analytics are enormous. Next, we're going to analyse what is causing the generally well, who should initially be treated within a primary care setting, to seek help from urgent care and what interventions we can put into place. We want to keep working at pace with EMIS to continue changing primary care delivery."

Alex Barnett adds: "EMIS-X Analytics is going to be an essential pillar of our analytics strategy for years to come. It is a game changer in enabling systems to better understand primary care."

Frimley Health and Care ICS is a partnership of organisations working together to improve health and care services for people in Ascot, Bracknell, Farnham, Maidenhead, North East Hampshire, Slough, Surrey Heath and Windsor.



Visit our website to read more:  
<https://www.emisgroupplc.com/>

17%

annual rise in primary  
care demand identified  
by EMIS-X Analytics

800,000

patients cared for  
across Frimley Health  
and Care ICS

# Performance above expectations



The results for the year ended 31 December 2021 reflect improved momentum with increases in the Group's revenue, recurring revenue, adjusted operating profit and adjusted operating margin. Reported operating profit was unchanged with reported operating margin therefore slightly lower and, as expected, cash flow was less strong than the comparative period as Covid-19-related VAT deferrals unwound and investment in the business to deliver future growth was maintained.

Group revenue increased by 6% to £168.2m (2020: £159.5m) and included revenue of £7.4m (2020: £2.2m) from the March 2020 Pinnacle acquisition. Recurring revenue grew by 4% to £134.8m (2020: £130.0m), representing 80% (2020: 82%) of the Group's total revenue.

Adjusted operating profit for the year, as set out in the table opposite, grew by 11% to £43.5m (2020: £39.3m), with increases in both recurring and non-recurring revenue and a more normalised gross margin sales mix, partly offset by higher staff costs and increased operating expenses. Reported operating profit was £35.8m (2020: £35.8m). A reconciliation between the operating profit measures is given in the Group statement of comprehensive income and in the APMs section on page 22.

In EMIS Health, revenue reflected a more normalised trading period for the segment with the comparative period having included higher than usual hardware sales. Overall revenue was marginally higher at £107.9m (2020: £107.8m) with the higher quality revenue mix resulting in an adjusted operating profit increase of 5% at £26.3m (2020: £25.1m), delivered while continuing to invest in developing the strategic roadmap. Reported divisional operating profit was 7% lower at £22.1m (2020: £23.8m) due to a reduction in the level of capitalised development costs and an increase in related amortisation.

In EMIS Enterprise, revenue increased by 17% to £60.3m (2020: £51.7m) and recurring revenue increased by 8%, reflecting an improved market and a relatively weak comparative period which was more affected by Covid-19 lockdowns. With the segment continuing to focus on executing in the areas of patient-facing services, analytics and pharmacy, including supporting the NHS Covid-19 vaccination

programme through its Pinnacle software, adjusted operating profit increased by 21% to £18.9m (2020: £15.7m) and reported operating profit also increased to £15.4m (2020: £13.5m).

## Revenue

The analysis of revenue is summarised below with full segmental revenue analysis set out in note 5:

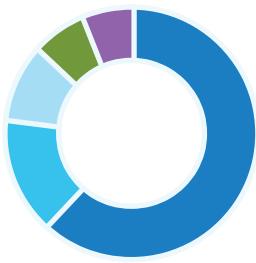
- **software subscription and support** revenue increased to £104.5m (2020: £99.5m), reflecting the impact of the Pinnacle acquisition and higher revenues from the Group's existing customers;
- **interface and connectivity charges** increased to £24.4m (2020: £20.3m) as a result of increased on-boarding within the partner programme;
- **other services** revenue was higher at £16.3m (2020: £13.4m) with increased digitisation project work and growth in analytics;
- **hardware and related services** reduced to £10.7m (2020: £17.3m) due to a more normal level of demand after a spike caused by the early months of the pandemic in the comparative period; and
- **perpetual licences, training, consultancy and implementation** revenue was higher at £12.4m (2020: £9.0m) with an increasing level of project work across the business including one-off revenues in relation to the NHS Covid-19 vaccination programme.

The high level of recurring revenue and the strength of the Group's customer relationships give the business confidence to invest in developing future products and services, while providing good visibility of future financial performance.

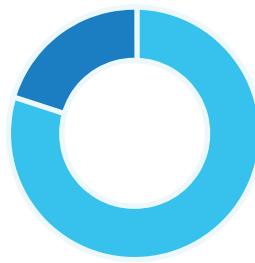
## Profitability

Adjusted operating profit increased by 11% on the comparative period at £43.5m (2020: £39.3m) with the adjusted operating margin increasing to 25.9% (2020: 24.6%).

## REVENUE ANALYSIS



- Software subscriptions and support: 62%
- Interface and connectivity charges: 15%
- Other services: 10%
- Perpetual licences, training, consultancy and implementation: 7%
- Hardware and related services: 6%



- Recurring: 80%
- Non-recurring: 20%

Total staff costs (including capitalised development costs) were 9% higher than in 2020, reflecting higher package and reward levels for an increasingly skilled and in-demand workforce. Year-end staff numbers decreased to 1,429 (2020: 1,591) and the average headcount was lower at 1,508 (2020: 1,579), owing to a combination of attrition, principally in India, changes in skills required and planned operational efficiency.

Other operating expenses increased with additional costs associated with the technology transformation programme, including Microsoft and AWS.

While adjusted operating profit moved ahead, reported operating profit was unchanged at £35.8m (2020: £35.8m), reflecting a lower level of capitalisation of development costs with teams focussing more on improving customer experience, a slightly higher level of amortisation and a one-time acquisition accounting related credit in the prior year. Profit before tax was lower at £36.1m (2020: £36.9m) with the prior year including a one off £0.8m business disposal credit.

### Taxation

The tax charge for the year was £7.0m (2020: £6.8m) including £0.3m resulting from the recalculation of deferred tax at the increased future rate of 25%. The effective tax rate for the year before the deferred tax rate change, release of contingent acquisition consideration, other income and share of result of joint venture and associate was 19.1% (2020: 19.1%).

### Segmental performance

This table sets out the summary segmental performance:

	EMIS Health 2021 £'m	EMIS Health 2020 £'m	EMIS Enterprise 2021 £'m	EMIS Enterprise 2020 £'m	Total 2021 £'m	Total 2020 £'m
Revenue	<b>107.9</b>	107.8	<b>60.3</b>	51.7	<b>168.2</b>	159.5
Adjusted segmental operating profit	<b>26.3</b>	25.1	<b>18.9</b>	15.7	<b>45.2</b>	40.8
Group expenses					<b>(1.7)</b>	(1.5)
<b>Adjusted operating profit<sup>1</sup></b>					<b>43.5</b>	39.3
Adjusted operating margin	<b>24.4%</b>	23.3%	<b>31.4%</b>	30.4%	<b>25.9%</b>	24.6%
Reported segmental operating profit	<b>22.1</b>	23.8	<b>15.4</b>	13.5	<b>37.5</b>	37.3
Group expenses					<b>(1.7)</b>	(1.5)
<b>Reported operating profit</b>					<b>35.8</b>	35.8
Reported operating margin	<b>20.4%</b>	22.1%	<b>25.6%</b>	26.1%	<b>21.3%</b>	22.4%

<sup>1</sup> Excludes capitalisation and amortisation of development costs, amortisation of acquired intangibles and exceptional items.

## Financial review continued

**Cash flow and net cash**

The principal movements in net cash (rounded) were as follows:

	2021 £'m	2020 £'m
<b>Cash from operations:</b>		
Cash generated from operations	<b>50.1</b>	64.1
Less: capitalised development costs	(4.1)	(6.6)
Adjusted cash generated from operations	<b>46.0</b>	58.8
Cash cost of exceptional items	—	(1.3)
Net cash generated from operations	<b>46.0</b>	57.5
Business combinations	(2.0)	(4.2)
Business disposal	—	0.8
Capital expenditure	(2.3)	(2.9)
Disposal of property assets	—	2.5
Transactions in own shares	(1.5)	0.5
Tax	(7.5)	(11.7)
Dividends	(21.1)	(19.9)
Lease payments	(1.2)	(1.5)
Finance/other	0.6	0.8
Change in net cash in the year	<b>11.0</b>	21.9
<b>Net cash at end of year</b>	<b>64.0</b>	53.0

Cash generated from operations decreased to £50.1m (2020: £64.1m) with the decrease due principally to working capital movements. In particular, this reflected the repayment of £7.3m of VAT, the deferral of which had benefitted the comparative period by £7.3m. Adjusted cash from operations is stated after deducting capitalised development costs and adjusting for the cash impact of any exceptional items where appropriate. On this adjusted basis, cash flow from operations was 22% lower than in 2020 at £46.0m (2020: £58.9m).

Capital expenditure on property, plant and equipment and purchased software excluding capitalised development costs remained tightly controlled at £2.3m (2020: £2.9m). Capital additions in the year included £1.7m on computer equipment and £0.5m on property assets.

The Group paid £2.0m of deferred consideration in respect of the 2020 acquisition of the Pinnacle business and £2.4m to acquire shares to satisfy future requirements of employee share schemes, partially offset by £0.9m received for shares transferred to employees.

After transactions in own shares, tax, dividends, lease payments and finance/other transactions, the total net cash inflow of £11.0m resulted in a year-end net cash position of £64.0m (2020: £53.0m).

As at 31 December 2021, the Group had available undrawn bank facilities of £30.0m in place until 17 December 2024. An accordion arrangement is in place to increase the bank facilities up to £60.0m if required, providing total liquidity of up to £124.0m at the year-end.

**Peter Southby**  
Chief Financial Officer

24 March 2022

**Total revenue<sup>3</sup>****£168.2m** +6%

2021	168.2
2020	159.5
2019	159.5
2018	149.7
2017	142.4

**Recurring revenue<sup>2,3</sup>****£134.8m** +4%

2021	134.8
2020	130.0
2019	125.0
2018	120.6
2017	115.8

**Reported operating profit<sup>3</sup>****£35.8m** -

2021	35.8
2020	35.8
2019	26.8
2018	27.7
2017	10.6

**Adjusted operating profit<sup>1,2,3</sup>****£43.5m** +11%

2021	43.5
2020	39.3
2019	39.3
2018	35.9
2017	36.8

**Reported operating margin<sup>3</sup>****21.3%** -116bps

2021	21.3
2020	22.4
2019	16.8
2018	16.9
2017	6.6

**Adjusted operating margin<sup>1,2,3</sup>****25.9%** +125bps

2021	25.9
2020	24.6
2019	24.6
2018	22.1
2017	23.3

**Reported cash generated from operations****£50.1m** -22%

2021	50.1
2020	64.1
2019	50.1
2018	49.9
2017	48.8

**Adjusted cash generated from operations<sup>2</sup>****£46.0m** -22%

2021	46.0
2020	58.9
2019	46.3
2018	54.5
2017	49.7

**Reported earnings per share<sup>3</sup>****46.2p** -4%

2021	46.2
2020	48.1
2019	36.0
2018	34.7
2017	12.8

**Adjusted earnings per share<sup>1,2,3</sup>****56.1p** +10%

2021	56.1
2020	51.0
2019	51.4
2018	45.1
2017	46.4

**Total dividend for the year****35.2p** +10%

2021	35.2
2020	32.0
2019	31.2
2018	28.4
2017	25.8

<sup>1</sup> Excludes capitalisation and amortisation of development costs, amortisation of acquired intangibles and exceptional items as set out in the Group statement of comprehensive income on page 93. Earnings per share calculations also adjust for the related tax and non-controlling interest impact.

<sup>2</sup> These are alternative performance measures. See page 22 for further details and reconciliation to the relevant IFRS number.

<sup>3</sup>  Continuing operations excluding Specialist & Care business.  Continuing operations and discontinued Specialist & Care business.



# Focussed on integrated care

Enabling integrated healthcare in alignment with NHS strategy.

## EMIS HEALTH

The EMIS Health segment comprises business areas where revenues are generated from delivering core software and ancillary services to NHS organisations. This includes the primary, community and acute A&E markets.

### Market shares

EMIS improved its UK GP market leadership position with a market share of 58% (2020: 57%). The Group holds a joint market leadership position in Acute A&E at 21% (2020: 21%) and the number two market position in community at 20% (2020: 20%).

### Supporting primary care

The Group remains well placed for the framework mini-tender processes that are anticipated to occur through the coming years across England, Scotland, Wales and Northern Ireland.

### England

EMIS continues to deliver against the GP IT Futures framework in England, from forward-thinking interoperability projects to a significant number of unplanned and essential projects implemented to support NHS Digital with Covid-19 initiatives.

As previously confirmed the framework renewal, next due at the end of March 2023, is now being conducted on a financial viability status basis only. Given the financial strength of the Group, this is expected to be a formality.

The detailed terms and conditions for primary systems and services are managed through the "evergreen" GP IT Futures catalogue. It is anticipated that current arrangements in England are likely to be extended for 18 months from 1 October 2022 because of the impact of the pandemic.

## Scotland, Wales and Northern Ireland

EMIS continues to work with NHS National Services Scotland (NSS) on the GP IT Reprovisioning Framework, closely aligning technology developments with market need and forming deployment plans.

During 2021 EMIS Health secured its position on the Digital Health and Care Wales (DHCW) primary care framework to supply GP IT systems and services, providing growth opportunities in this market.

In Northern Ireland, EMIS extended the current primary care contract until 2023. The business continues to work with GP practices and central organisations to support efficiency in working processes through technology and help meet their healthcare objectives.

### Enabling integrated healthcare

Integrating care settings through technology is one of EMIS's strengths, with its broad reach across the key healthcare markets, strong market shares and technology built with interoperability at the core. EMIS-X is continuing a long history of the business being at the forefront of interoperability innovation.

During 2021 the Group released a number of products that integrate EMIS systems across different sectors (for example GPs and community pharmacies) and support NHS clinicians to offer a better service to patients, increase efficiency and improve working processes. This supports ICS strategies to join up care. The software released included:

- GP community pharmacist consultation service – enabling non-clinical practice staff to refer patients with minor illnesses to their local community pharmacy via seamless interoperability between EMIS Web and ProScript Connect, powered by EMIS-X technology.
- NHS Digital's transfer of care initiative – GP practices can now receive electronic discharges and outpatient letters from hospitals straight into EMIS Web through the national fast healthcare interoperability resources (FHIR) interoperability standard.

- Symphony 3.1 A&E system – powering NHS urgent care networks to enable electronic handover between 111 and emergency departments.
- Smart Pharmacy – the extended pilot of the new service was launched during 2021 to positive feedback. Integration between ProScript Connect, Patient Access and EMIS Web enables patients to order repeat medication online and track progress from order to home delivery.
- PharmOutcomes – enabling community pharmacists to exchange national interoperability FHIR and HL7 standard messages, such as receiving hospital discharge information and NHS 111 referrals or informing GPs that they have undertaken a flu or Covid-19 vaccination.

### Improving customer experience

EMIS Health's strategy of excellence in customer satisfaction is a key driver for business growth in the segment. Everything in the product development roadmap is designed to drive even more quality into the existing product portfolio, to ensure customer experience continues to improve.

During 2021 EMIS released a number of enhancements to increase customer satisfaction, including ways to speed up everyday processes in the system to drive efficiency. Accelerations in the software release process mean that essential updates are delivered to customers much more quickly. New updates to the EMIS Now online support portal have made reporting issues even easier and an improved communication process means that customers are kept up to date on any known issues, upcoming enhancements and software releases, improving customer engagement and satisfaction.

### Gold standard learning

EMIS was accredited as a continued professional development (CPD) learning provider during the year, supporting the launch of the EMIS Academy platform. This new system provides online access to the library of EMIS training content to help users make the most of EMIS systems. The learning team achieved gold standard accreditation from the Learning and Performance Institute (LPI) for the second year running as a mark of quality for the standard of EMIS's education content.

The March 2022 acquisition of FourteenFish further strengthens EMIS's education proposition.

13m

entries are made to patient clinical records every day

### Industry insight



## Redesigning primary care

**Dr Edward Clode-Baker**  
Clinical Director, EMIS Group

The pandemic was a catalyst to reshape traditional delivery methods in general practice.

Despite the best efforts of the NHS, there were inevitably health concerns during the pandemic that weren't addressed. Patients are now seeking support and primary care is facing a huge challenge with the total volume of work: the traditional GP model is having to adapt.

The scale of the challenge is great, but so are the tools at our disposal. Technology is playing a crucial role in enabling practices to give patients access to the most appropriate services, including self-care and referral to specialist services.

Many practices have introduced online consulting tools to help with patient triage. This means clinical resource is being used to the best effect.

Multi-disciplinary clinicians are delivering more patient care, reducing reliance on GPs. Nurse practitioners are carrying out minor illness and minor injury consultations. Physiotherapists may work from GP practices and see patients within the primary care environment. Social prescribers may connect patients for support with services and resources other than traditional healthcare.

Receptionists can help direct patients to alternative routes of care so they receive help faster: many are now called "patient coordinators" which reflects this changing role.

Going forward, clinicians will be working more closely together and sharing critical patient data digitally will be vital to the success of collaborative working.



# Opportunity for growth

New services launched for community pharmacists, patients and in the data and analytics space.

## EMIS ENTERPRISE

The EMIS Enterprise segment comprises business areas where revenues are derived predominantly from B2B healthcare sector sources, including medicines management across both community and hospital pharmacy, the Patient business and the analytics, research and life sciences sector.

### Market shares

The Group improved its market-leading position in community pharmacy during 2021 to 39% (2020: 38%) and maintained its number two market position in hospital pharmacy with a market share of 35% (2020: 36%).

### Adding value for community pharmacy customers

The 2019 NHS Long Term Plan outlined the intention for community pharmacies to expand beyond their traditional dispensary function and provide a greater range of clinical services to their customers, to alleviate pressure on primary care. The pandemic has accelerated this requirement, from the dual pressures of providing Covid-19 vaccinations and increased demand for other services, such as seasonal flu vaccinations or minor ailments. As this adaptation gathers momentum, ProScript Connect was successfully transitioned into the cloud to allow for even greater interoperability in future.

The community pharmacy market is a competitive environment, and EMIS is focussed on providing innovative new developments to help customers fulfil their changing role, leading to retention and growth in this sector. Added value services released during 2021 include:

- Pro Delivery Manager – management of home delivery services.
- Centred Solutions – a third party dispensing workflow solution.
- PharmaSelf 24 – an automated prescription-collection system allowing patients to pick up medicine 24/7.

- Golden Tote – an automated repeat prescription process based on a hub and spoke model, provided for Numark, a division of Phoenix Healthcare Distribution.
- Integration between ProScript Connect and the Pinnacle and Patient suite of products remains at the forefront of the community pharmacy strategy to provide further integrated care solutions.

### Actionable data insight through EMIS-X Analytics

EMIS-X Analytics offers significant potential for EMIS Group to grow the business over time with opportunities in both the NHS and life sciences sectors.

EMIS is engaged with some of the largest research and life sciences companies in the world, including Pfizer and Bristol Myers Squibb, to explore how the business can enable and accelerate research with EMIS-X technology. The positive feedback so far from pilot projects has enabled EMIS to build a strong proposition as it moves further into the research and life sciences market during 2022. 27 customers now use EMIS-X Analytics, twelve of which are in EMIS Enterprise, including research and life sciences, and 15 are in EMIS Health (2020: 25 pilot customers).

The addition of Edenbridge Healthcare software and expertise has further strengthened the analytics proposition. The Edenbridge team brings specialist knowledge in applying analytics insight to make meaningful change to healthcare processes and patient outcomes on a locality-wide scale.

Data analytics powered by EMIS-X technology is already being used by a number of NHS organisations to provide insight on important local healthcare trends. This includes analysis on emergency department attendance, peak times and demographic details of patients, to inform resource planning and targeted patient engagement and education.

## Patient Access and the digital front door: a better way to access healthcare

The “digital front door” for patients to access healthcare services remains vital to NHS policy. EMIS Group’s Patient Access app enables the UK public to find and book “marketplace-style” NHS and private-provider healthcare services. During 2021 new services made available included a range of home testing kits, such as lab testing and diagnostic services. 51,060 services were booked through marketplace during 2021.

Patient Access is the UK’s leading independent healthcare app. During 2021, 14.0 million registered users (2020: 11.7 million), ordered 22.0 million repeat prescriptions (2020: 23.5 million – boosted by accelerated demand in the early months of the pandemic) and booked 1.5 million face-to-face GP appointments (2020: 2.5 million) and 49,000 community pharmacy consultations (2020: 41,000). The reduction in face-to-face GP appointments booked reflects the growth of online triage, telephone consultations, signposting to self-help where appropriate and the shift towards minor illness treatment and guidance being delivered within a community pharmacy setting.

Patient.info continues to be one of the UK’s leading medical information sites. 96 million unique users viewed 187 million pages during 2021 (2020: 80 million users, 166 million page views). The high quality healthcare content provided on Patient.info attracts users to the site as a pipeline for Patient Access services, as well as driving advertising revenue. The business will continue to invest in content to attract more visitors and advertisers to generate more revenue.

## Building the partner ecosystem for growth

The partner programme continued to perform well during 2021. The partner programme is a strong contributory factor to increased customer satisfaction for retention and growth in EMIS Health as well as a separate revenue stream. Building a powerful ecosystem of interoperable products offers innovative ways for end users to improve efficiency and digitise processes.

During 2021 EMIS formed elite partnerships with a number of partners that offer core solutions that integrate with the existing EMIS product set. This included a cloud-based telephone system, a digital consent system for elective surgery and a referrals system, all of which is third party technology that operates seamlessly with EMIS Web. As part of an elite partnership, EMIS will co-sell these products, driving increased revenue through the partner programme. The focus for 2022 will be to add more partners to both the overall ecosystem and the elite programme.

27

customers now using EMIS-X  
Analytics technology

## Industry insight



## Gathering everyday health insights

**Haidar Samiei**  
Clinical Director, EMIS Group

I often joke that if I had remote access to my mum’s smart energy meter, I would be able to check up on her more easily. Peaks in electricity usage could show me that she’s up and about and dips would give me an idea that perhaps she isn’t feeling very well.

But I’m not really joking. For years many of us have been able to record our step count, monitor our heart rate and track our calorie intake from mobile device and smart wearables.

### Caring for loved ones remotely

There is growing use of technology to help monitor the health and wellbeing of those we love. Dementia patients can now be monitored at home through integrated technology, including monitors which record vital signs such as blood pressure, weight and hydration. Apple watches can detect falls and inform next of kin.

### Transforming healthcare services

Remote monitoring technology is also transforming the way we design and deliver healthcare services.

Working in an emergency department I see lots of patients with complaints of heart issues but their symptoms don’t always present when I’m examining them. I’ve had occasions when the patient has reached for their smartphone to show me they’ve been tracking their heart rate prior to visiting hospital. This is invaluable insight to both clinician and patient.

The real power of monitoring health markers lies in looking at this data on a broad scale. For example, if medical grade wearables were given to patients prescribed a particular medication, we could analyse trends more easily, such as side effects, gaining insights and knowledge that can lead to positive change.

## Principal risks and uncertainties

# Managing risk to achieve our strategic objectives

Risk management remains a key priority for EMIS Group to sustain the success of the business in years to come. Each area of the business identifies, evaluates and manages risk according to the Board policy.

## The risk management framework

The Board is responsible for the proactive risk management policy, to ensure that EMIS Group has an effective framework to manage risk. Each area of the business has a clear focus to identify, evaluate and manage risk in line with Group strategic priorities and risk appetite.

The risk management process is overseen by the RMC. The RMC has formal terms of reference and is chaired by the Chief Financial Officer. Committee meetings are attended by senior management representing all areas of the business, supplemented by subject matter experts who attend on invitation.

The RMC reviews a consolidated Group risk register at least twice a year before it is submitted to the main Board for consideration. The audit committee reviews and challenges the principal risks and mitigating controls identified by management. Group internal audit provides independent, objective assurance on key risks through a programme of risk-based audit reviews.

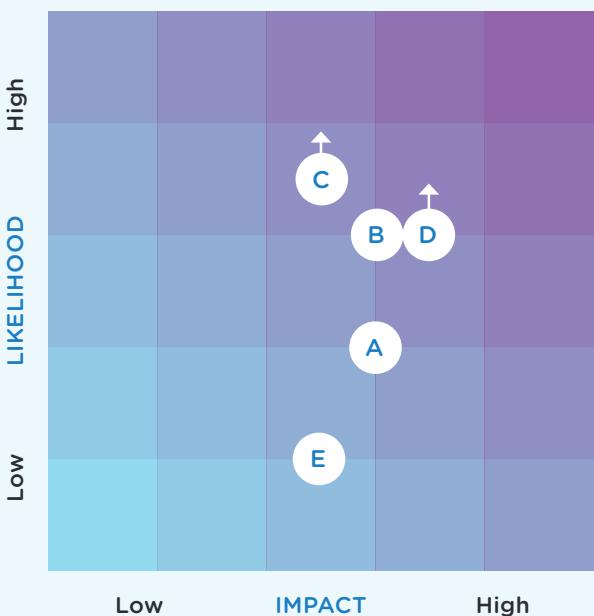
Risks are evaluated using consistent measurements of likelihood, financial and reputational impact, both before and after mitigating controls are taken into account. Risk registers and risk scores are independently verified by the Director of Group Risk and Internal Audit. A named risk owner is responsible for ensuring that adequate mitigating controls are in place and operating effectively for individual risks and that, where a risk exceeds the Group's risk appetite, there is an action plan to address this with appropriate timescales. During 2021, internal audit continued to assess the quality of risk documentation to identify and implement areas for improvement in identifying, documenting and mitigating risks where needed.

In addition to the RMC, regular reporting on risks above appetite is provided for discussion at both GXT and senior leadership team meetings.

## Impact of the UK leaving the European Union (Brexit)

The Board is confident that Brexit continues to have minimal direct effect on the Group as it is not a significant exporter or importer of goods or services within the European Union. There are potential indirect effects including exchange rate volatility affecting the value of sterling, changes in legislation and increased pressure on NHS budgets that could have a negative impact on the Group's prospects, but these are not considered likely to be material. However, it will continue to keep the market consequences of the terms under which the UK left the EU under review as those develop in the future.

## Principal risks heat map



The risk heat map above provides a graphical representation of the principal risks and uncertainties. It shows the assessment of the relative impact and likelihood of each risk, along with an indication of the year on year movement of each risk described in detail on pages 34 to 37.

- A Healthcare structure and procurement changes
- B Technology and software development
- C People and culture
- D Information governance and cyber security
- E Clinical safety



## Risk appetite

The Board, with input from the GXT, has defined its risk appetite across a range of risk categories as outlined opposite, accompanied by detailed statements to support these levels of risk appetite. Although there are areas where EMIS Group is prepared to take higher levels of risk, the risk management framework is designed to manage down to an acceptable level the risk of significant financial or reputational impact, with rewards being commensurate with the level of risk being taken within a reasonable timeframe. These statements provide management with guidance on how much and what types of risk the Board is prepared to accept when management is making business decisions.

The Board reviews and revises its risk appetite as its understanding of the level and nature of risk in the business develops or as its appetite for taking risk changes. Acceptable risk appetite levels have remained consistent throughout 2021.

Risk appetite parameters are built into the Group's web-based risk management application. Any area where exposure is assessed as exceeding the Board's defined risk appetite is flagged and assigned to specific members of the GXT to determine the action required. The RMC monitors these risks and the corresponding remedial action plans.

## Emerging risks

Emerging risks differ from principal risks, or other lesser risks in the risk management system. They have a higher degree of uncertainty around when, or even if, they may occur; therefore their impact cannot readily be assessed. Emerging risks have the potential to increase in significance and affect the performance of the Group and its ability to meet its strategic objectives. Their timeline may be well beyond the current three-year time horizon applied to future risks. As their status changes and they become more certain and more quantifiable, they may move into the risk registers as clearer, better-defined risks. The RMC is the main forum for identifying, assessing and reporting on any significant emerging risks facing the Group. In addition, a number of horizon scanning and emerging risk sessions are carried out regularly across the Group to identify and mitigate any such risks which are deemed significant. Examples of emerging risks covered during the year include digital power concentration and disruption by a major technology organisation, digital inequality, failure of critical IT infrastructure, infectious diseases and specific ESG related risks including climate change. In addition, the Group has reviewed the impact ESG has on its current principal risks.

The response to Russia's invasion of Ukraine may have an impact through increased cyber threats and wider macro-economic factors. This could include disruptions in the price and/or supply of energy and other commodities. EMIS will continue to monitor the situation and take all necessary precautionary measures.

## Ongoing impact of Covid-19

As reported in the 2020 annual report and accounts, EMIS Group set up an internal operational task force to respond to Covid-19. The internal operational task force has continued to review the advice and guidance issued by the UK and Indian governments and public health bodies. It responds accordingly to protect the health and safety of employees and anyone with whom they come into contact.

Risk category	Risk appetite
<b>Overall</b>	<b>Low</b>
Strategic	Medium
Financial	Low
Compliance (legal, regulatory, health and safety, environmental)	Low
Operational:	
– Commercial	Medium
– Sales	Medium
– Marketing (including product strategy)	Medium
– People	Low
– Property	Low
Technical:	
– Innovation	Medium
– Development	Low
– Release (testing/quality assurance)	Low
– Implementation	Low
– Internal IT systems	Low
Clinical:	
– Safety	Low
– Delivery	Low
Data management:	
– Information governance (in relation to clinical safety)	Low
– Information security (in relation to data records and data security)	Low

Each key risk is assigned to an appropriate individual or discrete operating group and all mitigation and action plans are recorded and monitored.

The impact of Covid-19 continues to drive demand for joined-up technology across multiple healthcare settings and the need for availability of data. In addition, the critical nature of the national vaccination programme has required prioritisation across many areas of the Group.

EMIS has a robust business continuity plan in place and has not experienced any significant supply chain issues.

The Group has continued to maintain a mainly homeworking approach where appropriate following regular dialogue with employees. Some of the Group's people, such as engineers, are required to visit customers as part of their role and have continued to do so in a safe and secure manner with appropriate protective measures put in place. New and adaptions to existing technology have been a significant and successful enabler for remote working throughout 2021.

The Group has modelled scenarios as part of its going concern and viability statement assessments which have demonstrated its resilience to a downturn in trading. The Group will continue to take proactive action to mitigate the ongoing challenge from Covid-19, both to keep people safe and healthy and to reduce the impact on all stakeholders.

## Principal risks

The principal risks and uncertainties identified by management, and how they are being managed, are set out on pages 34 to 37. These risks are not intended to be an extensive analysis of all risks that may arise in the ordinary course of business or otherwise. The principal risks facing the Group have not materially changed although a number of additional controls have been put in place during the year.

The principal financial risks are separately disclosed in note 3 to the financial statements on page 102.

## Principal risks and uncertainties continued

A	Healthcare structure and procurement changes	The commercial success of the Group is dependent on the healthcare sector's strategic direction to use IT to reduce costs and improve efficiency.
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## DESCRIPTION OF RISK

There is a risk that the Group's products and services are not in line with the sector's strategies, or that these will change as healthcare organisations' plans continue to evolve.

Examples of this include the transition from Clinical Commissioning Groups (CCGs) to ICSs and the planned merging of NHS Digital and NHSX with NHS England and NHS Improvement.

The NHS represents a significant proportion of the Group's revenues; how it is organised and procures goods and services could affect the Group's ability to sell effectively to this market.

There is a risk that new competitors could cause market disruption through customer adoption of new technologies and/or changes in competitor business models. This could include major global technology companies, which may impact the Group's market share and financial returns.

## WHY IS IT A RISK?

The English primary care market remains the largest single area of revenue for the Group. There is a risk that the Group may not be included on future frameworks which govern procurement in this important area.

## WHAT CAUSES THE RISK?

- Failure to achieve interoperability could have a significant impact on the Group's ability to meet the government's healthcare technology requirements and to sell its products and services in the longer term.
- Changes in the way healthcare is delivered, such as increased remote/tele-health services, may impact demand for different solutions.
- Increased competition may affect market shares or current pricing.

B	Technology and software development	The Group provides innovative and interoperable IT healthcare systems that are critical to the efficient and effective operation of a wide range of healthcare organisations.
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Developing excellent, robust and reliable software systems is essential to the ongoing success of the business.

The Group's products may be disrupted by competitors if they develop more innovative technology.

Failure to implement cloud-based technologies may have a significant impact in meeting customer demands.

To achieve its objectives, the Group has acquired several businesses across a range of healthcare sectors. There is a risk that these businesses do not function effectively as a group, impacting on the success of product integration across the sectors.

The technical or physical failure of the Group's systems could lead to disruption or complete service denial of high-profile public or B2B services.

## WHAT CAUSES THE RISK?

- The failure to monitor and rectify software defects in time could result in reduced customer satisfaction and contractual penalties.
- Failure to deliver modern, interoperable software platforms could have a significant impact on the Group's ability to sell its products and services and upon its reputation as the leading integrated healthcare IT supplier to the NHS.

C	People and culture	The Group is reliant on the skills and knowledge of its people, especially in software development and infrastructure, clinical safety and information technology systems.
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The risk to the Group is in not being able to recruit or retain an appropriate calibre of employees.

As a result of Covid-19, the people landscape has altered significantly with changes in career expectations, demands to working and aspirations of new market entrants which has led to an increase in this risk.

The Group's response to Covid-19 resulted in a permanent change in working patterns based on a new flexible way of working, mainly from home. Whilst offices have reopened as collaboration hubs to support this, there is a risk that the Group does not optimise this approach, creating short-term disruption and uncertainty that could lead to the loss of skills and knowledge.

Failure to integrate acquisitions may result in strategic goals, synergies and savings not being met.

Failure to recruit or retain appropriate numbers of qualified people in critical areas could lead to a deterioration in quality of products and services. This could result in an inability to meet customers' needs, loss of business and the failure to deliver expected financial returns.

## WHAT CAUSES THE RISK?

- Low level engagement caused by a poor culture could risk the retention of critical employees and/or a reduction in productivity and innovation.
- Lack of succession planning could lead to the loss of key talent and disruption to the business.
- Single points of failure may result in loss of critical knowledge where these are not mitigated.

## KEY TO STRATEGIC PRIORITIES

- 1 Sustainable financial growth   2 Technology innovation   3 User, customer and partner experience   4 ESG

## HOW WE MITIGATE THE RISK

EMIS Group has the following measures in place:

- Alignment of Group strategy with planned and published government policy on healthcare and technology, ensuring products meet the essential requirements of the NHS's current and future major frameworks;
- Close engagement with the NHS at strategic and tactical levels;
- Increasing diversification of the Group's business, reducing reliance on the NHS as a revenue source with a stated target of achieving a balance between NHS and non-NHS revenues (for example, research and life sciences) over time through organic growth and acquisition;
- Focus dedicated to ongoing GP IT Futures call off competitions;
- Continued significant investment in clear, product-led strategies;
- EMIS-X will provide extensive integration and interoperability across both Group and third party products and will serve both the NHS and the wider healthcare sector;
- EMIS Group strives to ensure it is perceived as a supplier of integrated healthcare IT solutions and regularly monitors key markets and competitors; and
- Customer experience measures are continually reviewed to ensure issues are resolved in a timely manner.

## OPPORTUNITY FOR EMIS GROUP

The opportunity for EMIS Group is to align its strategy to policy, so that its products and services deliver the integrated and interoperable solutions that the market is seeking to procure. This positions the Group as a trusted high-tech supplier delivering at every level from end user experience through to government strategy.

## LINK TO STRATEGIC PRIORITIES

- 1 2 3 4

The Group has in place a range of mitigating controls, including:

- Continued investment in new development, product and project management talent and technologies;
- Adoption of strategic product portfolio management;
- Improved in-life software management processes including for software defects, enhancements and clinical safety;
- Continued development of best practice standards and ways of working across all areas of the product life cycle, using SAFe methodology;
- Close liaison between product and sales teams to create commercially attractive product propositions supported by clear product roadmaps;
- Aligning product and development teams to specific business and strategic areas with cross-functional teams to apply direct feedback from users and customers throughout the software life cycle;
- Central team responsible for the architecture of the Group's software, ensuring that its platform continues to evolve as new technologies emerge; and
- Board-level responsibility for product and acquisition integration with a clear strategic plan and regular monitoring in light of the changing healthcare market.

The opportunity is to build on the Group's strong history as a market innovator and instigator of positive change, with new software development that is both technologically leading edge and in alignment with customer requirements.

## LINK TO STRATEGIC PRIORITIES

- 1 2 3 4

Key mitigating actions in place include:

- Continued empowerment and accountability through the Group's matrix organisational structure;
- Group-wide refresh and communication of business values;
- Investment in line manager training to manage teams remotely;
- Significant focus on engaging employees, particularly during Covid-19;
- A clear and transparent performance management process;
- Strong internal communication, particularly extending the 'Ask Andy' online Chief Executive Officer Q&A session to include other leadership team members;
- Team management objectives included in bonus achievement of senior leaders and EMIS Heroes formal recognition programme;
- Development of succession plans for key senior roles including identification and mitigation of single points of failure;
- Operating a regularly reviewed and externally benchmarked pay (including increasing wages from 1 April 2022 to cover the 1.25% national insurance increase) and benefits framework to ensure greater consistency across the Group;
- A focus on physical, financial and mental wellbeing; and
- Creation of three diversity and inclusion groups, all led and participated in by employees.

The Group's strategy to become an employer of choice will lead to improved recruitment and retention of talent. Attracting and retaining highly skilled, motivated employees will lead to better business performance, enhancing the Group's good reputation as well as financial return.

## LINK TO STRATEGIC PRIORITIES

- 1 2 3 4

## Principal risks and uncertainties continued

	DESCRIPTION OF RISK	WHY IS IT A RISK?
<b>D</b>  <b>Information governance and cyber security</b>  The Group holds significant volumes of confidential and sensitive personal data, particularly in the areas of hosting patient care records and processing employee data.	<p>Hosting personal data (in particular special category data such as patient care records) carries risks associated with information security, data protection and system reliability, including loss, theft and corruption of data. Breaches may arise in relation to any of the three pillars of information security: confidentiality, integrity or availability.</p> <p>Most reported data breach incidents are owing to human error in inadvertently disclosing data, but attacks and malware incidents continue to rise. The media report an increase in blanket attacks by cyber criminals often backed by hostile nation states targeting civilian and commercial organisations, owing to the value of the personal and personal sensitive data held.</p> <p>The risks are perceived to have increased over the last year through ransomware as a service (RaaS) and increased use of cloud services.</p> <p>Increasingly sophisticated phishing and social engineering attacks remain a risk, particularly with the rise of remote working.</p>	<p>EMIS Group's trusted reputation rests on its integrity and the quality of stewardship it applies in respect of its customers' sensitive data.</p> <p><b>WHAT CAUSES THE RISK?</b></p> <ul style="list-style-type: none"> <li>• The Data Protection Act 2018 (incorporating EU GDPR) and the Networks and Information Systems Directive (NISD), require appropriate and continually maintained data security and information governance controls. The Information Commissioner's Office (ICO) has leveraged substantial fines to organisations suffering a data breach and found with weak controls.</li> <li>• Breaches could lead to reputational damage and "class action" style claims where the sums can become very significant.</li> </ul>
<b>E</b>  <b>Clinical safety</b>  As a provider of critical IT systems to healthcare providers, the Group is exposed to a range of clinical risks.	<p>These include risks associated with the use of clinical content and algorithms in the Group's products, which clinicians use in day-to-day patient care.</p> <p>For pharmacy software products, similar risks exist around incorrect dosages and labelling of products dispensed.</p> <p>The Group's Patient business provides technology-based enabling tools for the general public. There are no direct clinical services provided by Patient.</p> <p>There is an increasing use of artificial intelligence (AI) and analytics within the healthcare area. As a result, an error might magnify and have a major impact across a larger population of individuals.</p>	<p>There is a risk of clinical harm to patients should the software used by healthcare professionals fail to provide accurate, reliable and timely data, including patient allergies, existing medication or other relevant personal information.</p> <p><b>WHAT CAUSES THE RISK?</b></p> <ul style="list-style-type: none"> <li>• Similarly to information governance and cyber security, there is a risk that a clinical incident attributable to an EMIS solution may result in potential "class action" litigation being applied.</li> <li>• These risks may be amplified where Group systems interoperate with third party applications.</li> </ul>

## KEY TO STRATEGIC PRIORITIES

- 1 Sustainable financial growth 2 Technology innovation 3 User, customer and partner experience 4 ESG

## HOW WE MITIGATE THE RISK

An information governance (IG) framework has been established including the following key features:

- Culture placing data and information governance at the heart of the business;
- A data governance board is responsible for enforcement of policy and compliance activities;
- All employees are required to complete annual information governance and security training, including an NHS e-learning programme; and
- Key policies and procedures are reviewed annually to meet corporate and regulatory compliance.

EMIS has a continual security improvement programme to raise the standards of technical and non-technical controls across the Group through detailed reviews and assessments. This combines an emphasis on security culture and human behaviour with training, education and increasing awareness. The programme includes:

- Remote working security measures;
- Penetration testing and vulnerability scanning;
- Maintaining compliance to ISO 27001, ISO 22301, ISO 9001, ISO 20000 and Cyber Essentials Plus;
- Comprehensive security education, communication and policy attestation;
- Cloud security measures for cloud platforms and services;
- Specialist cyber responders to manage breaches;
- Investment in the latest industry-leading security tools to prevent and detect cyber events/ incidents; and
- Cyber insurance.

## OPPORTUNITY FOR EMIS GROUP

With a clear, dedicated focus on information governance and cyber security, the Group is able to operate in the healthcare market with confidence in its processes, products and services, inspiring, in turn, confidence in customers and end users.

## LINK TO STRATEGIC PRIORITIES

- 1 2 3 4

Most clinical risks are allied to other principal risks. Failures in software development, recruitment and information governance could lead to clinical harm to patients.

Mitigating actions specific to clinical risk management include:

- Group Chief Medical Officer and a network of Clinical Safety Officers in place with responsibility for clinical safety across the Group;
- Policies and procedures designed to meet the regulatory requirements of NHS Digital's clinical risk management standards DCB 0129;
- Policies and processes in place to meet regulatory standards for embedded algorithms and decision support;
- Accredited clinicians identify and mitigate potential clinical risks in new software development, releases and updates;
- Weekly KPI reports and a monthly clinical governance board chaired by the Group Chief Medical Officer; and
- Oversight by external regulators.

EMIS Group's priority is to deliver the highest standards of clinical safety. This is an unwavering focus that runs through the Group's culture, creating an opportunity to continue to build the trust of the healthcare profession, leading to increased software and service sales and customer retention.

## LINK TO STRATEGIC PRIORITIES

- 1 2 3 4

# Viability statement

The Directors have voluntarily adopted provision 31 of the Code, assessing the prospects of the Group. The Directors have taken into account the Group's current position and business model and have assessed the potential impact of the principal risks and uncertainties facing the Group.

The Directors have determined that the four-year accounting period to 31 December 2025 constitutes an appropriate period over which to assess the Group's prospects and viability. This is the period focussed on by the Board during its strategic planning process and is consistent with typical contract lengths across much of the Group (three to five years). It is aligned with the Group's goodwill and other intangible impairment testing and the earlier part of the period is also covered by the Group's funding facilities, which currently extend to December 2024 with two further one year extensions anticipated, and which the Group expects to be able to renew on comparable terms.

While the formal assessment period extends to December 2025, the Board considers that the Group's longer-term prospects are likely to be positive beyond this time horizon as a result of its investment in innovation, increasing market demand for its products, market growth, strong competitive positions and contractual visibility.

For the purpose of making this viability statement, the Board has taken into account its ongoing assessment of the principal risks facing the Group, including those that could potentially threaten its business model, future performance, solvency or liquidity. Each year, the Board considers a medium-term strategic plan, the first year of which represents the Group's annual operating budget, together with the ability of the Group to raise finance and undertake mitigating actions to avoid the occurrence or reduce the impact of the principal risks.

In assessing viability, enhanced modelling and stress testing are performed, using severe but possible scenarios on the financial impact of risks materialising. The modelled scenarios were:

## Scenario 1

### **Increased market competition linked to the GP IT Futures framework results in reduction in related revenues.**

All related revenues reduce by 5% from January 2023, by a further 5% from January 2024 and by a further 10% from January 2025. All other revenues are limited to a 2% growth rate.

Link to principal risk and uncertainties: **healthcare structure and procurement changes.**

## Scenario 2

### **The failure to monitor and rectify software defects on a timely basis could result in reduced customer satisfaction.**

Revenues are reduced by 10% due to customer attrition and staff costs are reduced by 5% from January 2023 in response to customer losses.

Link to principal risk and uncertainties: **technology and software development.**

## Scenario 3

### **Failure to recruit or retain appropriate numbers of suitably qualified people in critical areas could lead to a deterioration in the quality of products and services. This could lead to failure to meet customers' needs, loss of business and the Group failing to deliver expected financial returns.**

The annual staff attrition rate increases to 25% and new staff are 10% more expensive than leavers resulting in an effective 2.5% increase in staff costs from January 2023 onwards.

Link to principal risk and uncertainties: **people and culture.**

## Scenario 4

### **There are failures to comply with information governance legislation, including the EU GDPR.**

Revenues reduce by 20% from January 2023, staff costs and operating expenses reduce by 10% from January 2023 and a fine of £1m is imposed by the ICO in December 2023.

Link to principal risk and uncertainties: **information governance and cyber-security.**

Further details on each of these are set out on pages 36 to 37.

In addition, the Board has also considered the possible impact of the ongoing business disruption arising as a result of Covid-19. Based on the Group's experience of 2020 and 2021 trading, the Directors expect to be able to trade through any further disrupted periods resulting from the pandemic without this challenging its longer-term viability. Any future impact of Covid-19 is considered likely to be only short-term in nature and has therefore only been specifically considered in assessing the going concern assumption.

The Group's strong contractual forward visibility of revenues, significant cash resources and strong cash conversion provide some inherent protection against unexpected shocks to the business model.

In the event of these scenarios arising, various options are available to the Group in order to maintain liquidity, including: utilisation of undrawn debt facility; reduction to cost base; reduction to future investment capital expenditure; and amendment to dividend policy.

The Directors have made their viability assessment based on the following key assumptions:

- The political environment in which the NHS exists will not result in major structural change to the market in which the Group operates; and
- Funding for the business will continue to be available in all plausible market conditions.

Taking into account the Group's current position and principal risks and uncertainties, 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 period to 31 December 2025.

# A sustainable future



## Dear Shareholder

On behalf of the Board I am pleased to present the EMIS Group plc ESG report for the year ended 31 December 2021.

The Board recognises the value and importance of a good environmental, social and governance strategy. The framework we are implementing will underpin the Group's ability to achieve its strategic goals.

EMIS prides itself on putting its customers and employees first, and this has been especially important through the challenges of the last two years. Throughout the pandemic, we continued with our purpose to be the leading provider of innovative healthcare technology that improves people's lives.

During the second half of 2021 we carried out a materiality assessment to help us gain a deeper understanding of which ESG matters are most important to our stakeholders, focussing on those that can deliver the maximum impact and improvement. This was undertaken by an independent sustainability firm (further details can be found on page 40).

At the end of the year we formed an ESG committee to review the findings of the materiality assessment, assist the Group in setting out a clear strategy and focus on those issues that matter most to our stakeholders. The committee will provide a governance structure to enable us to step forward with clarity and purpose as we work towards EMIS Group's sustainable future.

In the forthcoming year, our focus is firmly on starting to implement our strategy and setting targets to become carbon neutral by 2030. In the longer term we aim to align with the principles of the United Nations Sustainability Development Goals (UNSDG). I look forward to providing you with further information as our ESG journey continues.

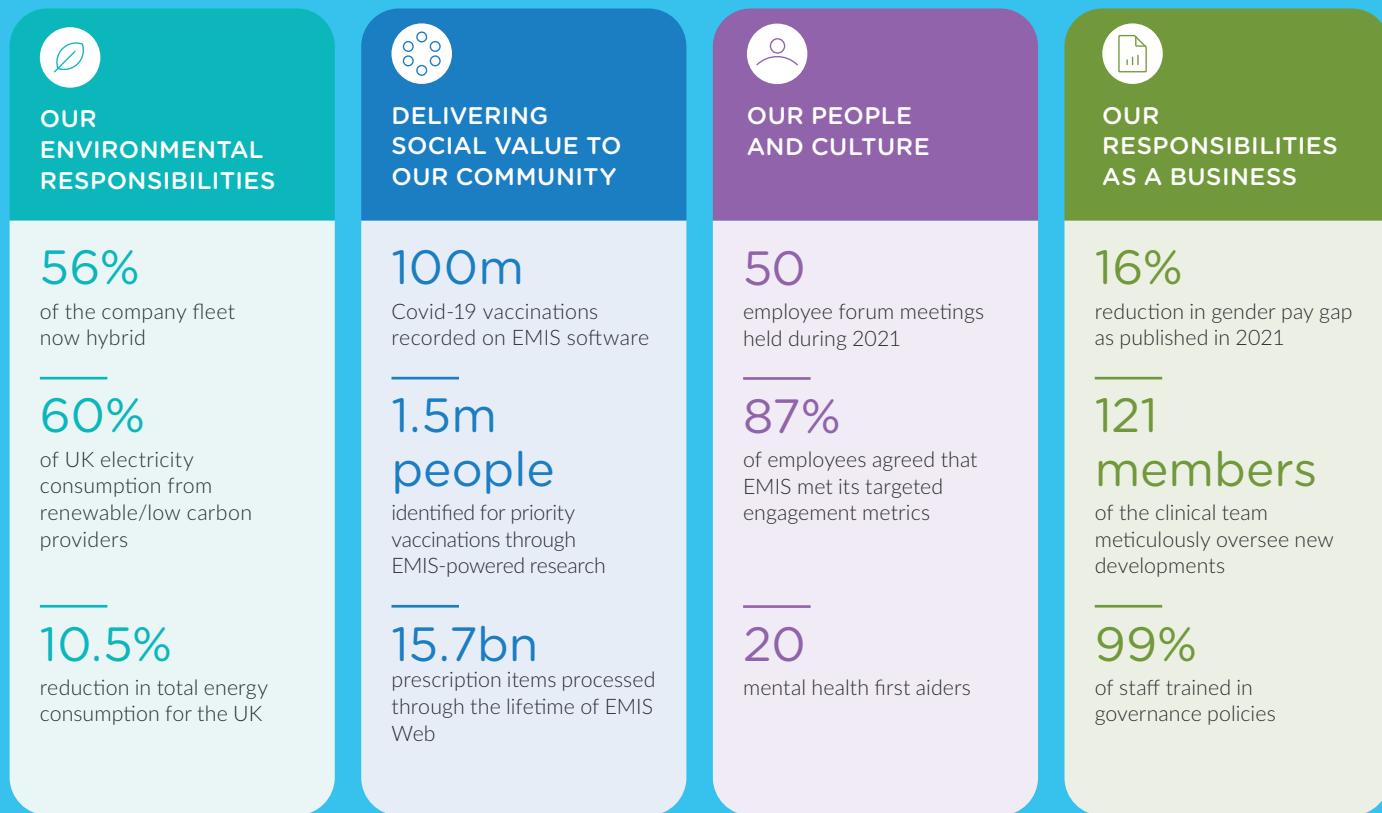
**Patrick De Smedt**

**Chair**

24 March 2022

**35 years**  
of driving positive change through technology

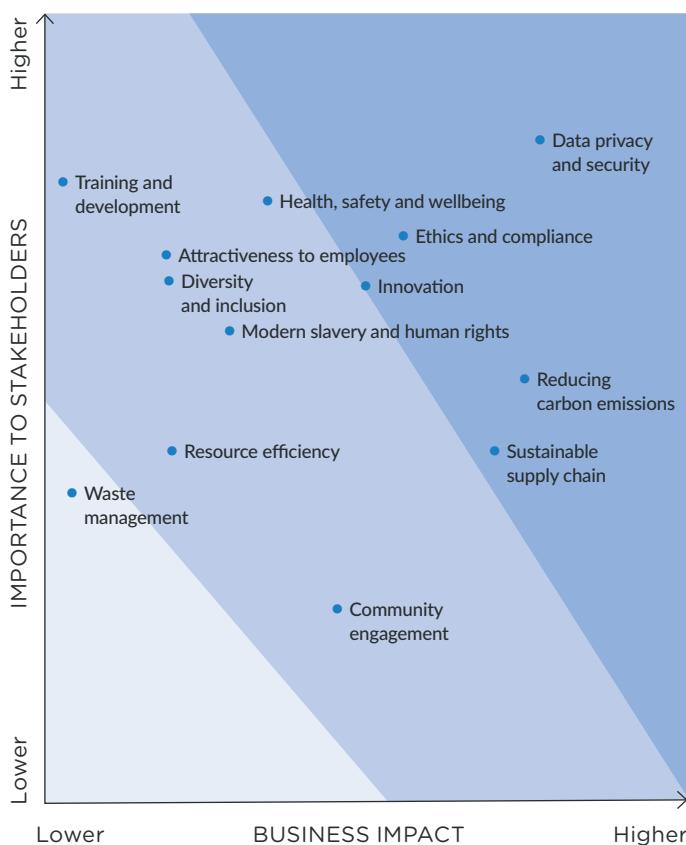
## ESG report continued

**Materiality assessment**

It is important that the Board understands the issues that matter most to stakeholders, ensuring that there is a strong link to EMIS's strategic objectives. The Group undertook a materiality assessment to understand these priorities, which involved:

- A desktop review of information available internally and externally, which provided an extensive list of the ESG topics and issues deemed important.
- A survey sent to stakeholders, including all employees and a range of suppliers, partners, customers and investors, to gather a wide range of views on ESG matters.
- In-depth interviews with various internal and external stakeholders. This included Executive Directors, investors, suppliers, customers, partners and employees, to capture a rounded view of issues central to the business. Interviewees were asked to rank the extensive list in terms of most to least important.
- A Group business impact assessment of the information supplied.

The graph opposite shows the results of this assessment, highlighting the issues that are of most interest or concern to stakeholders and their importance to the business. Some issues that have been identified as high importance and high business impact are already prioritised by the business and have mitigations in place. For example the areas of data privacy and security or ethics and compliance. The targets and priorities focus on areas where the Group wants to make improvements.



Following the assessment, the GXT held a number of ESG focussed workshops to gain a more in-depth understanding and agree the top priorities for the Group and set strategic goals.

The table below shows the priorities agreed, the corresponding outcome of the materiality assessment and alignment with the Group's current strategic goals as outlined on pages 18 and 19.

PRINCIPLE	MATERIALITY ISSUES	PRIORITIES	KPI'S
<b>Reducing carbon emissions</b>	Managing energy and carbon emissions from direct and indirect operations (Scope 1, 2 and 3), use of renewable energy sources and carbon offsetting.	<ul style="list-style-type: none"> <li>Measurement and review of additional Scope 3 emissions beyond the ones reported to date.</li> <li>Implement plans to be carbon neutral by 2030.</li> </ul>	<ul style="list-style-type: none"> <li>Implement a plan during 2022 to measure and reduce Scope 3 emissions.</li> <li>Move to 100% renewable energy contracts for EMIS-owned offices by the end of 2022.</li> <li>100% of company cars to be electric by 2026.</li> <li>Procure responsible carbon offsets for Scope 1 and 2 in 2022.</li> <li>Move to fully recyclable supply chain for packaging by the end of 2024.</li> </ul>
<b>Sustainable supply chain</b>	Ensuring that suppliers have strategies and measures in place to drive ongoing improvements to their sustainability performance, including prompt payment and fair terms. Ensuring suppliers are managing their sustainability risks, including human rights, modern slavery and resilience to climate change.	<ul style="list-style-type: none"> <li>Implement a verifiable ethical supply chain by 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Amend the procurement and contracting governance process to include clear measures that support the ESG strategy during 2022.</li> <li>Hold a supplier event during 2022 to brief suppliers and partners on the Group ESG strategy, expectations and partnering approach.</li> </ul>
<b>Innovation</b>	Staying at the forefront of technological innovation in healthcare software to provide the highest quality service for customers and integrate green technology opportunities, such as digitising paper processes.	<ul style="list-style-type: none"> <li>Evaluate environmentally friendly choices for cloud solutions.</li> <li>Use energy-efficient development code that can reduce customers' power consumption.</li> <li>Use analytics to identify and inform customers of opportunities to reduce their environmental impact.</li> </ul>	<ul style="list-style-type: none"> <li>Cloud carbon output report.</li> <li>Measure number and power consumption of infrastructure on premises.</li> <li>Use analytics technology to inform the public of environmental factors that may affect their health, such as pollen count.</li> </ul>
<b>Employer attractiveness</b>	Attracting and retaining top talent and meeting employee expectations by providing competitive salaries and benefits as well as enhancing diversity and inclusion.	<ul style="list-style-type: none"> <li>Focus on progressing the employer of choice programme.</li> </ul>	<ul style="list-style-type: none"> <li>Agree employer of choice priorities and implementation dates during 2022.</li> <li>Create and implement a volunteering policy during 2022.</li> </ul>
<b>Diversity and inclusion</b>	Promoting an inclusive culture that respects and values people's differences and reflects the customers EMIS serves.	<ul style="list-style-type: none"> <li>To increase gender diversity at Board and senior management level.</li> </ul>	<ul style="list-style-type: none"> <li>At least 33% female representation on the Board by the end of 2023.</li> <li>40% female representation in senior management positions by the end of 2025.</li> <li>Review current gender and ethnicity pay gaps and introduce further corrective measures during 2022.</li> <li>Reduce gender pay gap to 5% or lower and reduce ethnicity pay gap to 16% or lower during 2022.</li> </ul>

# Environment

## Committed to reducing environmental impact

As a mainly homeworking software development business, EMIS's activities do not involve any energy-intensive processes or generate significant waste. Nonetheless, EMIS is committed to reducing its environmental impact and is developing a new Group-wide environmental strategy to establish and measure improvement in this area. This will build on what the business has achieved so far and embrace its new remote, flexible and collaborative ways of working across a simplified and reduced property portfolio.

EMIS has committed to becoming carbon neutral by 2030 across its operations. Working with suppliers, customers and partners on an ESG agenda is a priority and as a key supplier to the NHS, EMIS is supporting the NHS's net zero plan.

EMIS changed the packaging used by its warehouses to materials made from recycled fibres (75% for cardboard packaging, 50% for plastic packaging). The business switched to corrugated cardboard boxes with the highest recycling rates and bubble wrap made from low density polythene, which has a lower carbon footprint than other plastics. A new cardboard shredder recycles cardboard waste into packaging for the warehouse, reducing the amount of bubble wrap used.

On World Earth Day in April 2021, EMIS planted 25 saplings for each new starter that had joined the business during the previous twelve months, resulting in more than 4,800 new saplings planted in countries that have been badly affected by deforestation through the environmental organisation, Ecologi. In addition, during the year EMIS donated more than 1,300 electrical waste items to charities.

EMIS supports its end customers' objectives to reduce their carbon footprint with digital alternatives to original paper-based processes. This includes the electronic prescription request service between GP practices and pharmacies, and patient repeat prescription requests via Patient Access. EMIS has facilitated digital consultations through integrated telephony and video, which has reduced or eliminated patients' need to travel.

### 2021 highlights

EMIS's company fleet is now 56% hybrid (2020: 50%). EMIS is committed to the company fleet comprising 100% electric only vehicles by 2026, strengthening the previous commitment of a 100% hybrid/electric fleet. Six electric charging points were implemented at each of the two Leeds sites during the year. The Group launched a salary sacrifice scheme for employees to lease electric cars in November 2021.

### Case study

#### What ESG means to me

**Harvey McGrail**  
Warehouse and  
Logistics  
Operative



Historically in the warehouse, we packaged items using plastic materials such as bubble wrap. We could use up to twelve rolls a month, which equates to 600 metres!

Over the last few years we've become more environmentally aware by packaging products made from recycled materials. In the past six months we've invested in a cardboard shredder, which allows us to re-use boxes and turn them into packing

material, removing most of the need for plastic.

In 2022, we're looking at removing more plastic by using a new paper-based "bubble wrap", which will be used as the final protective layer around an item. We're also transitioning to paper packing tape.

It's important for us to be taking these steps to ensure we're responsible and are minimising our impact on the environment.

The Group is looking to move all its electricity contracts for EMIS-owned offices to renewable or low carbon providers by the end of 2022. 60% of the Group's UK electricity consumption is now from renewable or low carbon providers.

In 2021 EMIS chose to measure emissions from travel booked through the Group portal as a voluntary Scope 3, as part of its target to measure all elements of Scope 3. The CO<sub>2</sub> emissions recorded for Group travel in the UK reduced by 42% in 2021 to 48.54 tCO<sub>2</sub>e (2020: 83.24 tCO<sub>2</sub>e).

The Group also started to measure Scope 2 energy consumption for its Chennai office and this information is reported in the greenhouse gas emissions table.

Refurbishment works across EMIS's sites continued, including implementing LED lighting and upgraded technologies for air handling in a plant room, as well as ceasing to use gas at one of the Leeds sites, helping to reduce emissions during the year.

### 2022 priorities

The actions below will take the Group closer to the long-term ambition of becoming carbon neutral by 2030:

- Implement plans to reduce Scope 1 and 2 emissions further and procure responsible carbon offsets for Scope 1 and 2.
- In-depth review of the remaining Scope 3 emissions and implement a plan to reduce those carbon emissions.
- Review business and property portfolio and produce plan to reduce emissions.
- Review requirements for TCFD in preparation to report on this in line with the guidelines.
- Embed environmental awareness into the culture of EMIS, delivering employee training on energy consumption and waste management.

### Streamlined energy and carbon reporting requirements (SECR) statement

EMIS measures and reports on energy and carbon data across its UK business, providing comprehensive data to assess its overall environmental impact for Scope 1 and 2 and mandatory Scope 3. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company.

## Our ambition: become carbon neutral by 2030

Mandatory Scope 3 covers indirect emissions from the grey fleet. In 2021 EMIS chose to measure additional Scope 3 emissions, generated from travel booked through the EMIS portal. The Group also measured energy consumption for its Chennai office in 2021.

EMIS's SECR statement includes all emission sources required under the 2019 regulations for the financial year ended 31 December 2021 and a comparison to the 2020 data. It uses the UK government's GHG conversion factors for company reporting and the climate transparency (2021 report) – India. The report uses the metric of revenue (£m) as the intensity ratio.

In the coming years, the Group will look to include measurement of other Scope 3 emissions as part of an ongoing commitment to continual improvement. Scope 3 includes all other indirect emissions that occur in a company's value chain.

### Intensity ratio (UK only)<sup>1</sup>

Total revenue 2021 £'m	Total revenue 2020 £'m	kWh/revenue 2021 £'m	kWh/revenue 2020 £'m	tCO <sub>2</sub> e/revenue 2021 £'m	tCO <sub>2</sub> e/revenue 2020 £'m
<b>168.2</b>	159.5	<b>28,396</b>	33,460	<b>6.22</b>	7.88

1 The figures include updated energy consumption data from a UK site and additional Scope 3 data from the Group's travel portal. The 2020 data has been adjusted accordingly.

Greenhouse gas emissions <sup>1</sup>	2021		2020	
	UK only emissions	Global emissions (excluding UK) <sup>2</sup>	UK only emissions	Global emissions (excluding UK) <sup>2</sup>
Scope 1 – tonnes of CO <sub>2</sub> e <sup>3</sup>				
– Natural gas	<b>38</b>	—	41	—
– Other fuels	<b>1</b>	—	2	—
– Travel	<b>240</b>	—	292	—
Total Scope 1	<b>279</b>	—	335	—
Scope 2	<b>719</b>	<b>201</b>	839	231
Scope 3	<b>49</b>	—	83	—
<b>Total carbon footprint – tonnes of CO<sub>2</sub>e</b>	<b>1,047</b>	<b>201</b>	1,257	231
Scope 1 – energy use (kWh) <sup>3</sup>				
– Natural gas	<b>208,881</b>	—	223,078	—
– Other fuels	<b>4,362</b>	—	8,400	—
– Travel	<b>968,209</b>	—	1,160,732	—
Total Scope 1	<b>1,181,452</b>	—	1,392,210	—
Scope 2 energy use (kWh)	<b>3,383,884</b>	<b>283,972</b>	3,599,437	326,332
Scope 3 energy use (kWh) <sup>4</sup>	<b>210,936</b>	—	345,210	—
<b>Total kWh</b>	<b>4,776,272</b>	<b>283,972</b>	5,336,857	326,332
Carbon offsets in tonnes of CO <sub>2</sub> e <sup>5</sup>	<b>2,140</b>	—	—	—

1 Figures have been rounded to the nearest whole number.

2 In 2021 EMIS started to measure Scope 2 energy consumption for its Chennai office and was also able to produce data for 2020.

3 Scope 1 figures include updated energy consumption data from a UK site and the 2020 data has been adjusted accordingly.

4 Additional Scope 3 emissions are included for business travel from the Group's travel portal – rail, air, sea and hotel accommodation. 2020 data has been adjusted to include these additional emissions.

5 The 2,140 tonnes of carbon offset has been purchased through Ecologi, an organisation that partners with climate projects worldwide to offset carbon emissions.

Total energy consumption for the UK decreased by 10.5%, while emissions decreased by 16.8%:

Scope 1 consumption decreased by 15.1% and emissions by 16.5%. This reduction was mainly due to a lower level of business miles. There was greater visibility of company car vehicle type, which resulted in a more accurate calculation of emissions.

Scope 2 consumption decreased by 6.6% and emissions by 14.4%. This reduction was mainly owing to the closure of two sites as the business moved to predominantly homeworking, consolidating office spaces into collaboration hubs.

Scope 3 consumption decreased by 38.9% and emissions by 41.7% because of reduced travel during the pandemic and an increase in digital meetings.

# Social

## Committed to social value

As a supplier to the healthcare industry and with the NHS as its largest customer, EMIS's technological innovations, projects and software has a positive impact on the wider UK society. At an individual level, EMIS helps patients access healthcare services quickly and conveniently. At end user level, the Group's unwavering commitment to providing excellent technology means that clinicians have the software they need to deliver the best possible patient care. On a national level, EMIS's collaborative work with government, academic, data and life sciences research organisations means that the business is playing a significant role in new data-led insights that improve population health on a macro scale.

### EMIS's social impact

#### Clinicians

EMIS's purpose is to be the leading provider of innovative healthcare that improves people's lives. Every development EMIS makes to speed up a process helps the clinician to spend more time on patient care. At individual user level this means more patient engagement. On a macro level those minutes saved add up to increased efficiency of the NHS and reduced costs. For example, the Covid autofiler released in November 2021 automatically files Covid-19 vaccinations into patient records. More than 10 million vaccinations were automatically filed in the first three months, with a saving of approximately three minutes per vaccination, saving 18.5 days per practice across the three months – time that can be spent on patient care.

Recently EMIS enabled GPs and community pharmacists to carry out consultations digitally through the pandemic, as well as making many behind the scenes fast adaptations to systems. This includes searches to identify the 1.5 million people most at risk from Covid-19 to identify priority cohorts for early vaccination. Many rapid changes have been needed and the close collaboration between EMIS and NHS Digital meant that GPs had the technology they needed to support their patients in a fast-changing environment.

#### The health of the UK population

EMIS has long supported ethical clinical research to facilitate better patient outcomes on a national scale. EMIS co-founded QResearch in 2003, one of the world's largest research databases of primary care records used for anonymised healthcare research. Much of this research has helped refine and improve patient care for many conditions, such as heart disease.

More recently, a collaboration between EMIS and OpenSAFELY is delivering important new insights into Covid-19 including the under-reporting of Long Covid.

To date, EMIS has enabled more than 100 million Covid-19 vaccinations in England to be recorded at the point of care and shared through interoperability to the National Immunisation Management System (NIMS) and GP clinical systems. EMIS teams worked incredibly hard to be ready for day one of the vaccination programme and for most of 2021, OutcomesforHealth was the only system able to support out-of-hospital Covid-19 vaccinations.

EMIS works with many charities to support vulnerable populations – often at no charge to the NHS. This includes work with Sepsis UK, Macmillan and The Terrence Higgins Trust to ensure that best practice and improved care pathways are incorporated into its clinical systems.

Moving into the research and life sciences market offers further opportunities to improve healthcare at scale. A 2018 paper by the National Centre for Biotechnology Information notes that only 31% of UK clinical trials meet enrolment goals. Covid-19 has demonstrated how vital clinical trials are to quickly bring new treatments onto the market to improve national healthcare. With EMIS-X Analytics, the UK life sciences industry and the NHS can more quickly find eligible patients to participate in clinical trials, speeding up this vital part of improving UK health.

#### Individuals

For more than 20 years EMIS has provided reliable, accurate, GP-authored and peer-reviewed health information to the UK general public free via Patient.info. The Group is continually improving its information and services for patients, offering a "digital front door" to order repeat prescriptions and book health services, including GP appointments and community pharmacy services such as flu vaccinations or medication usage reviews.

#### 2022 priorities

The actions below will enable the Group to further improve NHS outcomes for individuals and address health inequality during 2022:

- Further support local schools and partnerships with refurbished hardware.
- Create a plan of activity to use analytics technology to inform the public of environmental factors that may affect their health in real time, such as pollen count and pollution alerts for asthmatics.

#### Case study

#### What ESG means to me

**Lavanya Rajaram**  
Product Owner



EMIS has many benefits for employee wellbeing. I was able to take leave when I had Covid-19, which gave me time to recover. The introduction of the new marriage leave for employees in Chennai gave me some additional time to cherish my wedding.

My experience with EMIS has made me who I am today. I feel a real sense of accomplishment and I love the people I work with and the freedom to choose ways of working that work best for me.

**Our ambition:**  
improve NHS outcomes for  
individuals and address  
health inequality

## Case study



### What ESG means to me

#### **Emma Coulson**

#### **Head of Clinical Implementation Service**

To help support the improvement of cancer care, we've worked closely with Macmillan Cancer Support to develop a number of electronic tools and resources for healthcare professionals.

In 2017 Macmillan approached us with a request for us to digitise their cancer care review pathway. This care pathway provides resources and information for primary care professionals to identify, manage and support their patients' cancer treatments. As a result of EMIS developing the first iteration of the pathway, Macmillan was then able to replicate this in other core clinical systems and additional platforms that have since become available. This resulted in Macmillan's cancer care review pathway being adopted in national Quality and Outcomes Framework guidance.

From this foundation we've worked with Macmillan over the past five years to enhance and implement information and support through our clinical resources; for example, a new direct referral form means that when people living with cancer are having conversations with their primary care professional, they can be referred directly to the right Macmillan support team to enable them to get the information and support they need.

Our suite of cancer care review and end of life care quality improvement reports can help clinicians review rates of screening uptake, referrals for suspected cancer and completed cancer care reviews, among many other crucial primary care activities. We also provide searches relating to the provision of information about cancer support services.

“

**While working with EMIS, we've been able to innovate, test ideas and implement real changes, which has allowed us to scale interventions to reach more people living with cancer.”**

**Sophia Nicola,**

**Head of Clinical Engagement for Macmillan**

# Our people and culture

Committed to living the EMIS values

## Conscientious employer

EMIS takes its responsibility of employing more than 1,400 people in the UK and India seriously. The business ensures its actions, working environment and policies prioritise employee wellbeing. This includes reward and recognition schemes, a flexible and considerate working approach during the pandemic and a growing diversity and inclusion programme.

EMIS believes that making positive changes within the organisation contributes to a positive ripple effect on society as a whole.

## Communication and engagement

EMIS culture is built on close collaboration: it's one of the reasons the business has thrived as a home working organisation since 2020. Colleagues are actively encouraged to share their views, good and bad, through regular employee surveys and the employee forums.

Feedback is frequently shared with the Board, the leadership team and through team meetings in the spirit of openly discussing challenges and working to resolve them together.

Weekly and monthly internal communications keep colleagues up to date on the business. The Group's Yammer site has an informal, friendly feel where colleagues are actively encouraged to share their good news and participate in wellbeing initiatives. The regular 'Ask Andy' series has continued, with colleagues invited to ask questions to the Chief Executive Officer and the senior team, improving employee engagement, connection to the business purpose and senior leadership visibility.

When surveyed on communication and engagement, 87% of employees across the UK and India found the weekly internal bulletin an effective way of remaining informed. 92% said that their manager keeps them informed of essential information and 87% felt that the senior leadership team is visible and accessible.

During 2021 the HR team launched the EMIS Hub, a central intranet where employees can find everything they need to know about working at EMIS, from policies to the latest internal communications, book a hot desk at a collaboration hub or link to the benefits portal.

## Wellbeing

The leadership team is encouraged to make discussions on wellbeing a regular feature of team meetings and in staff one to ones. It's no secret the pandemic has been challenging to many individuals but EMIS has created a culture of people who pull together in a crisis. The 20-strong team of trained mental health first aiders in both the UK and India typify the supportive culture of EMIS.

The EMIS Heroes programme actively encourages employees to show recognition to their colleagues to say thank you, with a quarterly and annual Group-wide recognition initiative rewarding nominated employees with a voucher.

## Personal development

EMIS made LinkedIn Learning available to every employee during 2021, providing free access to expert courses on subjects relating to work or personal development topics. The Perform framework was launched mid-year, giving guidance on objective setting and performance management to bring out the best in EMIS people.

Managers took part in training sessions focussed on great leadership. In addition, EMIS ran a number of wellbeing education sessions ranging from nutrition to better sleep to menopause guidance.

## Employee benefits

EMIS continues to extend its range of benefits for employees as it moves towards its ambition to become an employer of choice. During 2021 EMIS further tailored benefits packages for employees in the UK and India.

In the UK, EMIS has committed to increasing all basic salaries on 1 April 2022 by 2%, as a minimum, in addition to other plans for salary and benefits enhancement. To improve the voluntary benefits offering in close alignment with EMIS's ESG strategy, during 2021 the Group launched a salary sacrifice electric car scheme, enhanced the cycle to work scheme and introduced a tree planting scheme where employees can help to offset their carbon footprint.

EMIS launched a new UK employee-assistance programme during 2021, We Care, which offers physical and mental health support as well as advice and guidance on financial wellbeing. To reward the teams for hard work during the challenging pandemic period, the Group gave every EMIS employee two days extra holiday during 2021.

In Chennai, EMIS provides free unlimited GP consultations for all employees and their families, as well as an annual health check. During 2021 the Group introduced Covid-19 leave for employees in Chennai, reimbursed the cost of vaccinations for all staff and donated to the PM CARES Fund constituted by the government of India for Covid-19 relief.

During 2022 EMIS will launch new benefits for its employees in Chennai, following feedback on what colleagues would find most valuable via surveys and employee forums. Additional benefits introduced in January 2022 include marriage leave, extended flexible paternity leave and increased full-pay maternity leave.

## SIP

The SIP encourages tax-advantaged employee ownership of the Group's shares and is offered to all UK employees with over six months' service. During the year the scheme was improved to provide one matching share for every two shares purchased by employees.

In April 2021, as a recognition of contribution to the Group's success in the last financial year, the Group offered a free award of shares, which was taken up by all 1,099 eligible UK employees.

## Pension contribution

In 2021, 94.8% of UK employees were actively contributing to a pension scheme (2020: 92.5%). New employees are auto-enrolled into the Group scheme.

Over the last seven years EMIS has consistently increased pension contributions year on year. By April 2021, standard pension contributions had been uplifted to 10.5% (5% employee and 5.5% employer). In 2022 a further 0.5% increase in the minimum level of pension contribution from the employer has been applied, taking standard total contributions to 11%. This is part of a plan over the medium-term to align employer contribution across EMIS employee grades.



## Our ambition: become an employer of choice by 2025

### Employer of choice

EMIS has been working towards becoming an employer of choice for a number of years, with enhanced benefits packages and improved communication and engagement year on year. During 2021 EMIS formalised this programme, utilising an external benchmark as a framework for future activity.

An employer of choice working group will focus on developing a plan to provide a workplace and culture that can attract and retain the best talent. This includes inspirational leadership, ensuring great benefits for employees and strengthening the positive EMIS culture.

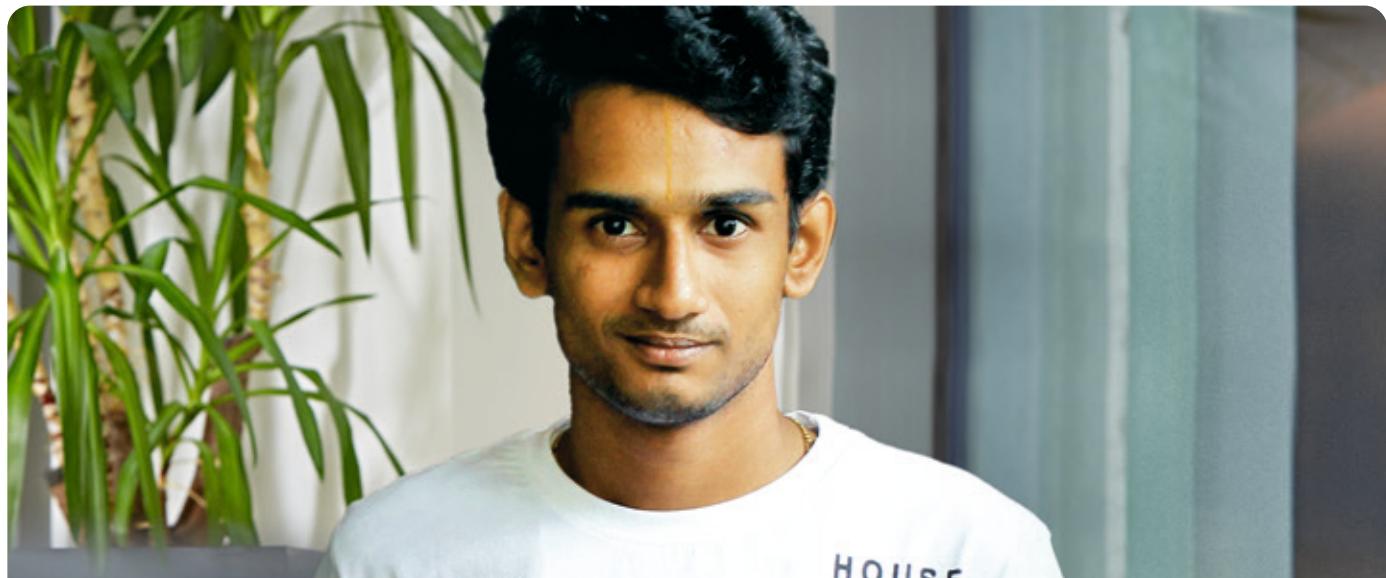
### 2022 priorities

The actions below will take the business to the next stage on its continual journey to become a great place to work:

- Create a plan of activity to progress the Group's employer of choice programme.
- Create and implement an employee volunteering scheme.
- Deliver unconscious bias training to all employees.

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### Case study



#### What ESG means to me

##### **Koushik Narayanan**

##### **Software Engineer in Test**

Last year I was admitted to hospital locally here in Chennai for a severe medical condition and I was unable to work for two months. During this time, EMIS really supported me with hospitalisation leave, insurance benefits and a post-discharge recovery period. The further support from the admin and HR teams were very helpful and reflected the core value of EMIS supporting and caring for employees.

I have also observed the support extended to employees affected by Covid-19 over the last two years. My colleagues have been supported with sick leave and offered a phased return to work, which really helped aid a comfortable recovery.

I've been with EMIS for over three years and I'm very proud to be part of a business that cares and prioritises its employees' wellbeing.

# Governance

## Committed to good governance

Good governance is instrumental in how EMIS operates, whether this is clinical safety of EMIS products, data governance to ensure patient records are secure or corporate governance to ensure that the Group operates effectively. Good governance requires effective leadership, having the right culture and robust systems and processes in place so everyone knows what to do and how to go about it in the right way. The corporate governance statement can be found on pages 53 to 58 for further detail on how the Group operates.

### Diversity and inclusion

EMIS is committed to a diversity and inclusion agenda that influences every part of the employee cycle, including recruitment and induction, ongoing personal development and two-way employee engagement.

The Group aims to have at least 33% female representation on the Board by the end of 2023 and 40% in the senior employee group by the end of 2025.

In 2021 EMIS published data on its gender pay gap for 2020, showing a mean gap of 6.4% for the Group (a 16% reduction from the previous year). During 2021 there was a continued focus on reducing the gender pay gap by identifying potential areas of disparity during reviews and by supporting female candidates within recruitment campaigns for senior roles. Gender pay gap data for 2021 has recently been calculated showing a slight increase in the mean gap from the previous year to 7.6%, as a result of a small number of senior female resignations which affected the statistics. This data will be published in April 2022 in line with guidelines. Work continues over time to further address the gender pay gap by reviewing salaries at levels where a gap exists and seeking to ensure that EMIS is an attractive employer to all, regardless of gender or background.

During the year EMIS undertook the first review of its ethnicity pay gap, showing a mean gap of 17.5%, a reduction of 1.8% from the previous year. Actions are underway to understand the detail behind the gap and the Group has set a target to reduce it to 16% or below in 2022.

### Embedding diversity and inclusion into EMIS culture

EMIS has had a strong focus on diversity and inclusion for a long time and formalised this in 2020 with the creation of three diversity and inclusion groups, chosen by employees. During 2021 the focus was on education, celebration and development, with a number of specific education events throughout the year on topics including Eid, Pride and black history to celebrate diversity and the strength this brings to EMIS's culture. The groups are employee-led and supported by HR and the senior leadership team.

To further increase diversity and inclusion, during 2021 the recruitment team adopted a proactive search policy for applications from women for roles in areas of the business where they are underrepresented. This included use of a gender de-coder in recruitment adverts to identify and remove gender-weighted language that could be an inadvertent deterrent for applicants.

### Equal opportunities

EMIS strives to build an inclusive culture that encourages, supports and celebrates the diverse voices of its employees. The Group is committed to ensuring that its employees and prospective employees are treated fairly and equitably. EMIS is focussed on providing a working environment that operates on equality of opportunity and freedom from harassment or unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age, or sexual orientation; EMIS's dignity at work policy sets out this commitment. All employees are treated fairly and equally.

The Group treats applications for employment from disabled persons equally with those of other applicants having regard to their ability, experience and the requirements of the job. Where existing employees become disabled, appropriate efforts are made to provide them with continuing suitable work within the Group and to provide retraining if necessary.

### ESG committee

The committee was formed to provide a governance framework for the implementation and oversight of ESG matters. It has 13 members from across the Group and is led by the Group Chief Executive Officer of EMIS Health and Enterprise, assisted by the Company Secretary. The committee updates the Board to inform their regular discussions on ESG matters. The Board will continue to monitor progress during the forthcoming year.

### Clinical governance

Clinical safety is EMIS Group's number one priority. The Group Chief Medical Officer and a network of experienced working clinicians and Clinical Safety Officers have overall responsibility for clinical safety at EMIS. They work across the organisation and input into development, support and product management processes to ensure clinical safety is embedded in every part of the creation and delivery of healthcare technology. The 121-strong clinical team includes clinicians from a wide range of settings, from primary care to A&E to community pharmacy, to bring real-life clinical experience into the culture of the organisation and educate the rest of the business on the reality of front line healthcare. The team ensures that clinical governance is built into all new software developments by design, right from the very beginning.

It's a core part of EMIS culture that everyone has responsibility for clinical governance. The business has an open communication policy when it comes to sharing and escalating concerns. Employees are empowered and encouraged to take ownership of EMIS's high standards of clinical governance at every level of the organisation.

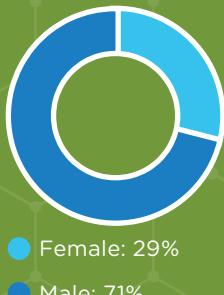
The Group's regulatory compliance team ensures that all software solutions are compliant with relevant directives pertaining to medical devices, enabling EMIS to safely bring innovative technology to the market such as algorithms and AI.

### Data governance

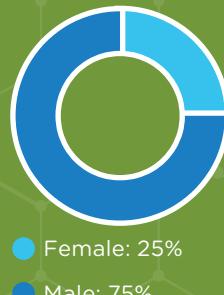
The Group has a responsibility to maintain the highest data governance standards to securely look after the data it holds. EMIS ensures that its data governance processes and policies are kept front of mind for all employees through regular company updates and internal communications.

### Gender diversity

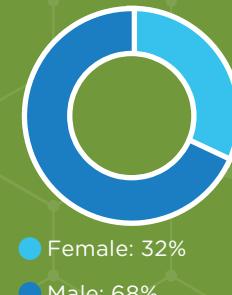
#### Board



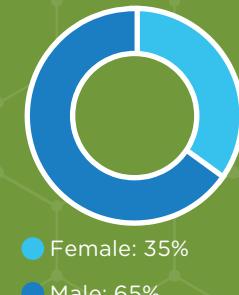
#### GXT



#### Senior leadership



#### All employees



EMIS's data governance policy and set of overarching golden rules mandate that anyone processing any personal data (patient, customer, consumer or employee) must have relevant approval before they can proceed. During 2021 EMIS launched a new compliance hub, which provides monthly prompts for regular mandatory governance training to all employees. Management dashboards ensure that training is completed and 99% of staff had completed their governance training by year-end.

Employees are empowered to know exactly what they should be doing, with the right checks and balances in place, to drive the business forwards within the governance framework.

The Group's ISO 20001 accreditation provides external validation to customers that EMIS's processes and policies meet international standards.

### Cyber security

Cyber security is a top priority to keep EMIS's systems and data secure. The Group has deployed new security and monitoring tools in response to the fast evolving cyber threat landscape and has upskilled employees by raising security awareness and promoting good security hygiene. The Group will continue to invest in cyber defences in order to keep pace with evolving threats and will adjust the security strategy and plans accordingly, aligned to the business strategy.

### Governance and risk management

EMIS Group has strong governance processes in place, overseen by the Chief Financial Officer. The Group portfolio management office provides governance of all key initiatives, to ensure that EMIS is investing in the right strategic programmes and projects and is delivering them as efficiently and effectively as possible. The operational executive team is a cross-functional senior management group to ensure the business meets its KPIs and delivers on key objectives. The RMC proactively manages and mitigates risk across the business, with regular meetings and an action-driven approach to reducing risk and maximising opportunities.

More information on how EMIS Group mitigates risk in the areas of data and clinical security and the role of the RMC can be found on pages 32 to 37. Details on EMIS Group's corporate governance and compliance with the Code can be found on pages 52 to 58.

### 2022 priorities

The actions below will ensure the Group continues to uphold its commitment to high standards of governance during 2022:

- Update the procurement and contracting process to include clear measures that support the ESG strategy.
- Review recruitment processes to attract candidates from under-represented groups.
- Review the current gender and ethnicity pay gaps and introduce corrective measures.

The strategic report on pages 2 to 49 is signed on behalf of the Board.

**Andy Thorburn**  
**Chief Executive Officer**  
24 March 2022

### Case study

#### What ESG means to me

**Pankaj Mistry**  
**Chief Information Security Officer (CISO)**



At EMIS we are serious about the responsibility of keeping patient data safe. We deploy a range of technical and non-technical measures to protect these valuable assets. This is embedded into our culture.

Personally as CISO I am motivated to keep us safe from cyber threats because it is important to safeguard the health of our nation. By keeping the data safe and secure we can deliver the services our clinicians rely on daily to care for their patients.

At EMIS we are proud that we have a progressive security culture amongst staff, colleagues and our partners. Together we continually work to improve everyone's security awareness through continued communication, education and training.

6

Essential major ISO and National Cyber Security Centre (NCSC CE+) accreditations

**Our ambition:**  
**continue commitment to high standards of governance in every area**

## Board of Directors



**Patrick De Smedt**  
Non-executive Chair

**APPOINTED**  
January 2020

**BOARD COMMITTEES**

(R) (N)

**SKILLS AND EXPERIENCE**  
International business experience including a diverse portfolio of main board-level appointments in public and private equity-backed companies varying in size up to multi-billion pound turnover.

Entire executive career spent in the software sector, primarily with Microsoft, across a range of largely general management roles throughout Europe.

Experience in manufacturing, construction, recruitment and financial services sectors.

Expertise in driving innovation and growth, bringing focus to customer centricity and development of successful go-to-market strategies.

**EXTERNAL APPOINTMENTS**

**CURRENT**

Senior independent director, PageGroup plc.

Non-executive director and chair, Nasstar Holdings Limited.

Non-executive director and chair, Bytes Technology Group plc.

**PREVIOUS**

Chair of Microsoft Europe, Middle East and Africa, vice president of Microsoft Western Europe, general manager (founder) of Microsoft Benelux, non-executive director of Kodak Alaris Holdings Ltd, non-executive director and chair of the remuneration committee of Victrex plc, senior independent director and chair of the remuneration committee of Morgan Sindall Group plc, senior independent director and chair of the remuneration committee of Anite plc and non-executive interim chair of KCOM Group plc.



**Andy Thorburn**  
Chief Executive Officer

**APPOINTED**  
May 2017

**BOARD COMMITTEES**

None

**SKILLS AND EXPERIENCE**  
Over 20 years' experience in the software industry in the UK and internationally.

Ability to drive significant growth in revenues and profitability for companies through organic growth as well as mergers and acquisitions.

Track record in creating value in software and communications industries.

Over 30 years' experience in senior management and executive positions.

**EXTERNAL APPOINTMENTS**

**CURRENT**

None.

**PREVIOUS**

Group chief operating officer of Digicel Group, chief executive officer of Digicel Caribbean and Central America, chief executive officer of Digicel Jamaica, chief executive officer/president roles at Intec Telecom Systems plc, Chronicle Solutions Ltd and a number of Benchmark Capital Portfolio companies (including Kalido Inc. and Orchestra Ltd) and a managing director within BT Group.



**Peter Southby**  
Chief Financial Officer

**APPOINTED**  
October 2012

**BOARD COMMITTEES**

None

**SKILLS AND EXPERIENCE**  
Over 25 years' experience in finance, mainly in a public company environment, with over half of this at board level.

Strong track record in corporate transactions, including fundraising, acquisitions and disposals.

Detailed knowledge of strategy across multiple industry sectors, with a focus on support services.

Institute of Chartered Accountants in England and Wales (Fellow).

**EXTERNAL APPOINTMENTS**

**CURRENT**

None.

**PREVIOUS**

Finance director at ENER-G plc and Augean plc, senior financial positions at White Young Green plc and Leeds United plc having trained with Arthur Andersen as audit manager.



**Kevin Boyd**  
Senior Independent  
Non-executive Director

**APPOINTED**  
May 2014

**BOARD COMMITTEES**

(A) (R) (N)

**SKILLS AND EXPERIENCE**  
Considerable senior management and listed company experience.

Real-time financial experience and software systems knowledge.

Experience of running complex business and corporate transactions.

Institute of Chartered Accountants in England and Wales (Fellow).

Institution of Engineering and Technology (Fellow).

**EXTERNAL APPOINTMENTS**

**CURRENT**

Non-executive director and audit chair, Genuit Group plc.

Non-executive director, Bodycote plc.

**PREVIOUS**

Group chief financial officer, Spirax-Sarco Engineering plc, Oxford Instruments plc and Radstone Technology plc.



**Jen Byrne**  
Independent  
Non-executive Director

APPOINTED  
May 2019

#### BOARD COMMITTEES

(A) (R) (N)

#### SKILLS AND EXPERIENCE

Extensive commercial experience in the global software sector.

Strong track record in using technical insight to deliver challenging and technically complex engineering programmes.

In-depth knowledge of finance and engineering.

A strategic thinker with experience of companies in a growth phase.

Strong leadership skills.

#### EXTERNAL APPOINTMENTS

##### CURRENT

Chief operating officer, G-Research.  
Non-executive director, RUAG Holding AG.

##### PREVIOUS

23 years at the Lockheed Martin Corporation. Latterly as vice president, Space and Missiles Systems.



**JP Rangaswami**  
Independent  
Non-executive Director

APPOINTED  
March 2021

#### BOARD COMMITTEES

(A) (R) (N)

#### SKILLS AND EXPERIENCE

Insightful, independent-minded and a creative technology leader.

Highly experienced in the data analytics sector from both operational and strategic data-focussed, technology roles.

Specialist experience in data governance, standards, best practices and techniques.

Strong understanding of the challenges of working in a regulated environment.

#### EXTERNAL APPOINTMENTS

##### CURRENT

Non-executive director, Allfunds Bank SAU.  
Non-executive director, Allfunds Group plc.

Non-executive director, DMGT plc.

Non-executive director, Admiral Group plc.

Non-executive director, National Bank of Greece.

Trustee, Cumberland Lodge.

Trustee, Web Science Trust.

##### PREVIOUS

Chief data officer and group head of innovation, Deutsche Bank, chief scientist, Salesforce.com, chief scientist, managing director and chief information officer, BT Group, head of alternative market models and global chief information officer, Dresdner Kleinwort, various roles with multinational hardware, software, services and consulting organisations.



**Denise Collis**  
Independent  
Non-executive Director

APPOINTED  
October 2021

#### BOARD COMMITTEES

(A) (R<sup>1</sup>) (N)

#### SKILLS AND EXPERIENCE

Breadth and depth of international, senior executive and non-executive director experience across various sectors.

Expertise in all aspects of human resources, including people strategy, leadership, organisation development, talent management, recruitment, retention and reward.

Strong strategic perspective.

Passionate advocate of the criticality of the people agenda in driving commercial success.

#### EXTERNAL APPOINTMENTS

##### CURRENT

Non-executive director, senior independent director and chair of the remuneration committee, SThree plc.

Non-executive director and chair of the remuneration committee, Smiths News plc.

Chair of the remuneration and people committee, British Heart Foundation.

Fellow, Chartered Institute of Personnel and Development.

##### PREVIOUS

Chief people officer, Bupa, group HR director, 3i Group plc, partner and head of HR for the UK, Middle East and Africa, EY LLP, various HR director roles across the financial and business services industries, vice chair, international advisory board, Leeds University Business School, advisory board member, Exeter University Business School.

#### Board of Directors key

Executive

Non-executive

#### Committee membership

(A) Audit committee

(N) Nomination committee

(R) Remuneration committee

Chair of committee

<sup>1</sup> Appointed as Chair of the remuneration committee in October 2021.

# Good corporate governance



## Dear Shareholder

On behalf of the Board I am pleased to present the EMIS Group plc corporate governance report for the year ended 31 December 2021.

The Board recognises the value and importance of good corporate governance and the framework in place underpins the Group's ability to achieve its strategic goals. Governance arrangements are reviewed on an ongoing basis to ensure that they remain fit for purpose. As the Group operates within the healthcare sector, it is particularly important the focus remains on the safety and security of the Group's products as well as balancing the interests of all our stakeholders. As an AIM-quoted company we have chosen to apply the UK Corporate Governance Code 2018 ("the Code") voluntarily as best practice.

The governance section of the 2021 annual report and accounts, including the corporate governance statement, the audit committee report, the nomination committee report and the Directors' remuneration report, describes how the Group has applied the main principles contained within the Code. Our statement of compliance, required for AIM-quoted companies, can also be found on our website at [www.emisgroupplc.com/investors/corporate-governance](http://www.emisgroupplc.com/investors/corporate-governance).

Good corporate governance is important in achieving effective leadership and sustainable corporate behaviour. It means ensuring that there is an effective framework of internal controls, practices, policies and systems that together define clear levels of accountability and authority for decision making, enabling management to take appropriate levels of risk within a culture of openness, ethics and values.

A good Board is formed of a diverse group of individuals, each contributing different experiences, skills and backgrounds, which enables independent and effective leadership. Inclusion and diversity is a priority for us as a Board and for the wider company.

**Patrick De Smedt**

**Chair**

24 March 2022

## COMPLIANCE STATEMENT

This corporate governance statement has been prepared in accordance with the principles of the "Code". During the year, the Group was compliant with the Code except for Provision 38 – pension alignment and Provision 41 – employee engagement to explain how executive remuneration aligns with the wider company pay policy, which are explained in more detail on page 53.

### 1. Board leadership and company purpose

- Led by strong and experienced Chair
- Alignment of purpose, strategy and values with Group culture
- Effective engagement with stakeholders

Read more on pages 55 to 56

### 2. Division of responsibilities

- Majority of independent Directors
- Regular dialogue between Board and management
- Policies, processes, information, time and resources for effective leadership in place

Read more on pages 56 to 57

# Corporate governance statement

## Introduction

This statement explains the key features of the Group's governance structure and how it complies with the Code. The Code is published by the Financial Reporting Council (FRC) and is available at [www.frc.org.uk](http://www.frc.org.uk).

## Compliance with the Code

The Group is committed to achieving and maintaining the highest standards of corporate governance. During 2021, the Group was compliant with the Code except for:

- Provision 38 – the Group did not comply with the requirement that pension contribution rates for Executive Directors, or payments in lieu of pension, are aligned with those available to the workforce. Employer pension contributions for UK-based EMIS Group staff range from 6% to 10% of base salary (dependent on seniority) and are set at 15% for Executive Directors. In 2021 and 2022 this is capped at the 2020 base salary and as of 1 January 2023, employer pension contributions for Executive Directors as a percentage of salary will be aligned to the wider UK workforce, currently at 6% of salary. Pension contributions for any new Executive Directors will be aligned to the UK workforce. Provision 41 – the Group did not fully comply with employee engagement to explain how Executive remuneration aligns with the wider company pay policy. Although there is a great deal of employee engagement and overall benefits and remuneration are discussed with employees, Executive remuneration has not been raised or discussed explicitly at the employee forums. During 2022, the Group intends to conduct a review of its engagement around all aspects of remuneration, including Executive remuneration.

Details and explanations of the application of the principles of corporate governance are set out in the following sections of this corporate governance statement.

## 2021 MEMBERSHIP AND BOARD ATTENDANCE

The attendance record for Board members during the year ended 31 December 2021 is set out below. There were seven scheduled meetings during the year.



● Attended

○ Not attended

1 JP Rangaswami joined the Board on 1 March 2021.

2 Denise Collis joined the Board on 1 October 2021.

3 Andy McKeon retired from the Board on 28 February 2022.

### 3. Composition, succession and evaluation

- Board with wide experience and relevant skills
- Internal Board evaluation to assess the Board's effectiveness
- Regular review of succession plans

Read more on pages 57 to 58

### 4. Audit, risk and internal control

- Oversight of internal audits and risk reviews
- Formal and transparent policies and procedures in place
- Annual review and challenge of the principal and emerging risks in the context of the strategy

Read more on page 58

### 5. Remuneration

- Remuneration policy consistent with the Code and supporting strategy
- Executive remuneration aligned to the Group's purpose and values
- Alignment of outcomes with interests of shareholders

Read more on page 58

## Corporate governance statement continued

### STANDING AGENDA ITEMS

At each meeting comprehensive Board packs are provided and the following standing items are discussed:

- Strategy;
- Financial results and KPIs;
- Sales pipeline and forecasts;
- Management accounts and commentary;
- Reports from the Chief Executive Officer on operational matters and the Chief Financial Officer on financial matters;
- Mergers and acquisitions;
- Regular presentations from members of the Group executive team (GXT);
- Progress reports on major projects;
- Analysts' forecasts;
- Board committee updates;
- Investor relations engagement;
- Legal, governance and regulatory matters; and
- Implementation of actions agreed at previous meetings.

### KEY TOPICS CONSIDERED BY THE BOARD IN 2021

#### Financial

- Financial results announcements, presentations, report and accounts and market updates (annual and half year).
- Banking facilities.
- 2022 Group budget.
- The Group's viability statement and capital allocation policy, including dividends.

#### Strategic

- Review, debate and challenge of the corporate strategy and plan.
- ESG matters.
- Review and consideration given to M&A targets and approval of the acquisition of Edenbridge Healthcare Limited.

#### Governance

- Approval of appointment of Denise Collis.
- Employee engagement and culture.
- Risk management and internal controls.
- Investor engagement.
- Board evaluation.

#### Operational

- Presentations on product roadmap, information security, EMIS-X Analytics, service performance and customer service satisfaction strategy.
- Group operating model.
- Management information and KPIs.
- Operational efficiency, including service level reporting.
- Group restructuring.
- Examined the output and associated management action plans regarding an external cyber security review performed by Deloitte LLP.

## Board leadership and Company purpose

### Role of the Board

The Board's principal role is to provide effective leadership of the Group and establish and align the Group's purpose, strategy, values and culture. It is responsible to shareholders for delivering shareholder value by developing the overall strategy and supporting the development of the direction of the Group. The Board is also responsible for overseeing the Group's external financial and other reporting and for ensuring that appropriate risk management and internal control systems are implemented and maintained. These responsibilities are largely exercised through the audit committee, which reports on its activities on pages 59 to 63.

The business model on pages 10 and 11 explains the basis on which the Group generates and preserves value over the longer term. The strategy of the Group and its achievements in 2021 are outlined on pages 18 to 19.

The Board recognises the importance of establishing the right culture and communicating this message throughout the organisation. For more information on the Group's culture see page 46. It is important that the Board provides strong and effective leadership and constructive challenge and, along with the GXT, the Board accepts collective accountability for the long-term sustainable success of the Group. In so doing, the Board will continue to drive and deliver its strategy in the best interests of all the Group's stakeholders.

### Board operation

The Board meets as often as necessary to discharge its duties.

The number of Board meetings held during 2021, together with the Directors' attendance records, is set out on page 53. Details on the number of committee meetings held during the year, together with the Directors' attendance records, can be found in the committee reports on pages 59, 64 and 66. Historically, the location for Board meetings was rotated around the Group's principal sites, providing opportunities for the Board to meet management and employees and develop a better understanding of the Group's operations and culture. The majority of meetings in 2021 were conducted remotely because of the pandemic but going forward, the Board will adopt a hybrid approach taking protective measures and environmental issues into account. Employee engagement remains a priority for the Board as outlined on page 46.

The Directors have access to the advice and services of the Company Secretary, Christine Benson, who is responsible for ensuring that the Board and its committees' procedures and applicable rules and regulations are met. The Directors all have access to the Group's key advisers. If required in the performance of their duties, Directors may take independent professional advice at the Company's expense. Appropriate insurance cover is in place in respect of legal action against the Directors. The Group has adopted and maintained a share dealing code for Directors and employees in accordance with the Market Abuse Regulations.

Board and committee papers are circulated one week in advance of meetings to enable the Board to review and consider the materials provided.

The Chair ensures that input is sought and obtained from any Director who is unable to attend a Board meeting and he provides a verbal update following the meeting to complement the minutes. There is ongoing contact between the Chair, Executive Directors and Non-executive Directors between Board meetings.

A topical Board calendar is prepared on an annual basis with senior leadership members regularly invited to present an update on their areas of the business. This is highly valuable in providing further detail to support strategic decisions. In addition, the Board meets on an ad hoc basis as necessary to consider specific issues, such as potential corporate activity, supported by detailed Board papers circulated in advance analysing relevant aspects of the topic under discussion.



### TENURE (BOARD)

- 0-3 years: 4
- 4-6 years: 1
- 7+ years: 2

### Stakeholder engagement

The Board recognises its responsibility to take into consideration the needs and concerns of the Group's stakeholders as it discusses matters and makes decisions.

### Relations with shareholders

Communication between the Group and its shareholders is an essential element of a sound governance framework.

The Chief Executive Officer and Chief Financial Officer are the main day-to-day point of engagement with shareholders and prospective investors. During the year, formal programmes of meetings with analysts and institutional shareholders took place immediately after the results announcements, supplemented by ad hoc meetings and calls at other times.

Feedback from these meetings, and regular market updates prepared by the Group's broker, are presented to the Board to ensure the Directors have a good understanding of shareholders' views. The Chair and the Senior Independent Director are also available separately to shareholders to discuss strategy and governance issues. Feedback from any such communications is provided to the Board at the next scheduled meeting. The Chair and Chair of the remuneration committee consulted with a number of shareholders in 2021 to seek views on strategy and remuneration matters. A number of shareholders were also interviewed as part of the materiality assessment on environmental, social and governance (ESG) priorities.

The Group has a dedicated investors section on its website, [www.emisgroupplc.com/investors](http://www.emisgroupplc.com/investors), together with a wide range of information on the Group's activities, including all regulatory announcements.

The Annual General Meeting (AGM) will be held at 9.00 am on Thursday 5 May 2022 at the offices of Pinsent Masons, 1 Park Row, Leeds LS1 5AB. The notice of the AGM is available on the Group's website and sets out the business of the meeting and an explanatory note. In line with good governance, voting on all resolutions at this year's AGM will be conducted by way of a poll.

## Corporate governance statement continued

### Board leadership and Company purpose continued

#### Workforce engagement

Local and national employee forums continued to operate throughout 2021 with colleagues encouraged to share their views and ideas. Regular updates on engagement are provided to the Board. Jen Byrne was the designated Non-executive Director during the year and attended the national forums, providing updates to the Board. In 2021, the network was extended further with an employee forum set up in India representing employees based in Chennai.

The employee forums continue to be an important channel of communication, with a focus on listening to and learning from employee feedback. The forums also provide a sounding board for new ideas and initiatives, ensuring that the business hears and acts on employee insights and viewpoints.

From 2022 the UK local forums will merge into one national forum, with employees representing each part of the business rather than geographic locations. This new approach reflects both the matrix structure of the Group as well as the new hybrid way of working between home and the EMIS collaboration hubs.

The Group's engagement strategy will be reviewed in early 2022, moving away from a designated Non-executive Director role. Further information on the new approach will be disclosed in the 2022 report.

Further information on workforce engagement can be found in the ESG report on page 46 and more detail on how the Group has engaged with its various different stakeholders can be found in the stakeholder engagement section on pages 12 and 15.

#### Whistleblowing

A whistleblowing policy is in place where employees can raise concerns to an independent organisation on a confidential basis. Reports on the use of the service, any significant concerns that have been received, details of investigations carried out and any actions arising as a result are reported to the audit committee on a regular basis. No material issues were raised during the year.

#### Conflicts of interest

Directors have a legal duty to avoid conflicts of interest. Prior to appointment, conflicts of interest are disclosed and assessed to ensure that there are no matters which would prevent that person from taking on the appointment. If any potential conflict arises subsequently, the Articles of Association permit the Board to authorise the conflict, subject to such conditions or limitations as the Board may determine. In situations where a potential conflict arises, the Director concerned will not be permitted to remain present in any meeting or discussion concerning that conflict, and all material in relation to that matter will be restricted, including Board papers and minutes.

#### Division of responsibilities

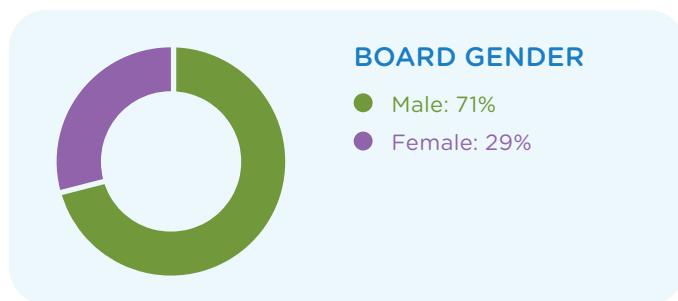
##### Board structure

JP Rangaswami was appointed to the Board on 1 March 2021 as a Non-executive Director. Denise Collis was appointed to the Board on 1 October 2021 as a Non-executive Director and as Chair of the remuneration committee, taking over the role from Andy McKeon who retired from the Board on 28 February 2022. Biographies of each Director are provided on pages 50 and 51. Their respective Board and committee responsibilities are outlined below and in the committee reports.

Appointments to the Board are led by the nomination committee. Further information on succession planning can be found in the nomination committee's report on pages 64 and 65.

The Board delegates certain responsibilities to the three principal Board committees: the audit committee, the remuneration committee and the nomination committee. These responsibilities are set out in formal terms of reference for each committee, which are available on the Group's website, [www.emisgroupplc.com/investors/corporate-governance](http://www.emisgroupplc.com/investors/corporate-governance), and which are reviewed annually.

The Chair of each committee reports to the Board in relation to the committee's activities and recommendations. Members of the Board who are not members of individual committees may be invited to attend meetings of those committees at the discretion of the respective committee's Chair; however, they are not permitted to vote in respect of committee business.



#### Chair

The roles of the Chair and the Chief Executive Officer are separate and defined in writing. This provides a clear division of responsibilities between the running of the Board and the executive responsibility for running the business. The key responsibilities of the Chair, the Chief Executive Officer and Non-executive Directors are set out below:

Patrick De Smedt, as Chair, is responsible for the leadership and effectiveness of the Board.

The Chair's responsibilities include:

- Chairing the Board, the nomination committee and shareholder meetings (including the AGM);
- Providing leadership of the Board and ensuring the effectiveness of all aspects of the Board's role;
- Offering challenge to the Executive Directors and working closely with the Chief Executive Officer on key strategic decisions;
- Maintaining a dialogue with major shareholders on governance and other strategic matters, as appropriate;
- Setting the Board agenda and ensuring all Directors have the opportunity to maximise their contribution to the Board by encouraging open and honest debate and constructive challenge of the Executive Directors; and
- Undertaking the annual evaluation of the Board and the Directors and building an effective Board.

On his appointment, Patrick De Smedt met the Code's requirement for independence. There have been no significant changes to his other commitments during the year which could impact his ability to perform his duties for the Group.

## Chief Executive Officer

The Chief Executive Officer, Andy Thorburn, is responsible for the implementation of the approved strategic and financial objectives of the Group. To assist in this, the Chief Executive Officer leads the GXT, which consists of the Chief Financial Officer, the Group Chief Operating Officer, the Chief Executive Officer of EMIS Health and Enterprise, the Group HR Director, the Group Chief Medical Officer, the Group Chief Technology Officer and the Group Business Development Director. The GXT has a monthly call with a focus on cross-group integration and operational performance. Beneath the GXT is the operational executive team and during 2021 members of the team met regularly to discuss and collaborate on important operational matters arising that week. This included status updates on priority projects and product enhancements, material sales and delivery issues and opportunities, and key people changes. In addition, monthly business reviews were held to discuss performance across all key areas of the Group ensuring everyone was up to date and able to prioritise effectively based on a thorough understanding of the interdependencies and risks between areas. This open and collaborative forum contributed to our success in 2021.

The Chief Executive Officer's responsibilities include:

- Day-to-day running of the business, accountable to the Board for the Group's financial and operational performance;
- Developing and reviewing the Group strategy;
- With the Chief Financial Officer, maintaining close contact with the UK government, shareholders and major customers;
- With the Chief Financial Officer, approving the divisional budgets;
- Chairing the GXT to direct and co-ordinate the management of the Group's business generally;
- Monitoring the performance of senior managers; and
- Monitoring the Group's principal risks.

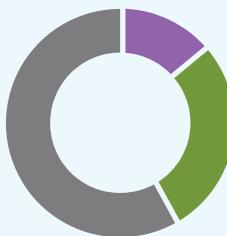
## Senior Independent Director

The Senior Independent Director acts as a sounding board for the other Directors and conducts the Chair's annual evaluation. He is also available to Directors and shareholders should a situation arise where it is necessary for concerns to be referred to the Board other than through the Chair or the Chief Executive Officer. Andy McKeon was the Senior Independent Director during 2021 but retired from the Board on 28 February 2022, having served nine years. Kevin Boyd took on the role of Senior Independent Director upon Andy McKeon's retirement.

## Non-executive Directors

The Non-executive Directors provide independent, constructive challenge and insight to the executive team forming an integral part of the Board's decision-making process together with the monitoring of management and business performance.

The Non-executive Directors play a key role in developing and reviewing proposals on strategy, actively participating in the annual strategy forum. They strengthen governance through leading and participating in the Board committees, providing a wide range of experience and independence. This aids the Board in developing a broader understanding and in evaluating the implications, risks and consequences of decisions.



## BOARD - EXECUTIVE/ NON-EXECUTIVE MEMBERSHIP

- Chair - Non-executive: 1
- Executive Directors: 2
- Non-executive Directors: 4

## Independence

Patrick De Smedt, Kevin Boyd, Jen Byrne, JP Rangaswami and Denise Collis were considered by the Board to be independent at the time of their appointments. Each Non-executive Director is considered to be independent as to character and judgement and to be free of relationships and other circumstances that might impact their independence. The Chair and Non-executive Directors meet at least annually without the Executive Directors present.

Appointments of Non-executive Directors are for specific terms (initially for three years) and are subject to statutory provisions relating to the removal of a Director.

## Time commitments

The amount of time that Non-executive Directors are expected to commit to discharge their duties is agreed on an individual basis at the time of appointment and reviewed periodically thereafter. The time commitment agreed takes into account whether the appointee is the Chair or a member of a Board committee and whether the Director has any external executive responsibilities. Typically this equates to circa two days per month for a Non-executive Director and four days per month for the Chair. As part of the Chair's annual review of Directors' performance it was confirmed that each of the Non-executive Directors continues to allocate sufficient time to discharge responsibilities effectively and did so throughout the year.

## Composition, succession and evaluation Nomination committee and diversity

The nomination committee is responsible for leading the Board appointments process and for considering the size, structure and composition of the Board. Full details of the work of the committee are set out in the nomination committee report on pages 64 and 65.

The Board is satisfied that the size of the Board and its committees and the balance of Executive and Non-executive members is such that no individual or small group of individuals can unduly influence its decisions. The Board is made up of a majority of independent Non-executive Directors. As at the date of this report, the Board comprised the Chair, four independent Non-executive Directors and two Executive Directors who collectively possess an appropriate balance of expertise appropriate to lead the Group's business. The Non-executive Directors have a broad range of UK and international business knowledge and experience, as well as specific skills in the areas of the NHS, healthcare, digital technology, finance, corporate transactions and risk management.

The Executive Directors do not hold any external directorships.

## Corporate governance statement continued

### Composition, succession and evaluation continued

#### Annual re-election of Directors

Directors are subject to election or re-election by shareholders at each AGM. The nomination committee considers that all the Directors continue to be effective and demonstrate an appropriate commitment to their roles. As Denise Collis joined the Board on 1 October 2021, she will stand for election at the AGM on 5 May 2022.

#### Board and committee effectiveness

The Board has extensive operational experience and many years of detailed knowledge of the healthcare sector, both in the UK and overseas. The Board also benefits from significant financial, transactional, risk management and public company expertise.

When considering Board appointments, a wide variety of factors is taken into account, including the balance of skills, experience, independence, knowledge of the Group and diversity, including gender.

The 2021 Board evaluation was conducted by way of an internal evaluation. A tailored questionnaire was circulated for completion by members and regular attendees of the board and of each principal committee, covering all aspects of good governance. Directors were required to assess their satisfaction with the operation of the Board and its committees, as well as effectiveness of these bodies in fulfilling the key responsibilities set out in their respective terms of reference. The findings of the evaluation were discussed by the Board and it was concluded that the Board meets its regulatory requirements and that appropriate processes are in place for setting the strategic direction of the Group. Board discussions are open and constructive, and members are encouraged to express their views in an independent fashion.

Each committee also concluded that it continued to be effective and all members are considered to have made valuable contributions.

Further details of the effectiveness of each committee are outlined in their individual reports.

#### Appointment and induction

The process for the appointment of new Directors is rigorous and transparent. All new Directors undergo a comprehensive induction and development programme which is designed to help Directors to contribute effectively to the Board as quickly as possible. Further information on appointments and induction is contained in the report of the nomination committee on pages 64 and 65.

#### Audit, risk and internal control

Audit, risk and internal control are addressed separately in the principal risks and uncertainties on pages 32 to 37 and in the report of the audit committee on pages 59 to 63.

#### Remuneration

Remuneration is addressed separately in the report of the remuneration committee and the Directors' remuneration report on pages 66 to 81.

#### Christine Benson

#### Company Secretary

24 March 2022

# Oversight of the financial reporting process

## Dear Shareholder

I am pleased to present the report of the audit committee for the financial year ended 31 December 2021.

The audit committee provided oversight of the financial reporting process to ensure that the information provided to the shareholders is fair, balanced and understandable and allows accurate assessment of the Group's position, performance, business model and strategy.

During the year the committee also continued to oversee the risk management and internal control systems and was satisfied that the controls over the accuracy and consistency of information presented are robust.



## 2021 MEMBERSHIP AND ATTENDANCE

	Number of meetings
Kevin Boyd (Chair)	● ● ● ●
Andy McKeon	● ● ● ●
Jen Byrne	● ● ● ●
JP Rangaswami <sup>1</sup>	● ● ● ●
Denise Collis <sup>2</sup>	●
Andy McKeon <sup>3</sup>	● ● ● ●

● Attended

○ Not attended

1 JP Rangaswami became a member of the committee from the date of his appointment to the Board on 1 March 2021.

2 Denise Collis became a member of the committee from the date of her appointment to the Board on 1 October 2021.

3 Andy McKeon retired from the Board on 28 February 2022.

- Other regular attendees by invitation are the Chair of the Board, Chief Executive Officer, Chief Financial Officer, Group Finance Directors, Director of Group Risk and Internal Audit, Head of Internal Audit, representatives from KPMG (external auditor) and the Company Secretary.
- The committee meets at least four times a year; it met four times in 2021.
- All committee members were considered independent upon their appointment.
- Kevin Boyd is considered to have recent and relevant financial experience.
- The committee as a whole has significant experience relevant to the industry sector the Group operates in.
- The committee Chair provided a verbal update to the Board following each committee meeting.

## KEY RESPONSIBILITIES

The committee reviews its terms of reference annually. These describe the committee's responsibilities in detail and they are available on the Group's website.

The committee assists the Board in meeting its responsibilities relating to financial reporting and internal control and risk management. It provides oversight and ensures that formal and transparent arrangements are in place in the following areas:

- Financial reporting, which includes responsibility for reviewing the year-end and half year financial reports;
- Oversight of the external audit process and management of the relationship with the Group's external auditor;
- Risk management and related controls and compliance;
- Internal audit, including monitoring of the Group's internal audit function, its processes and findings; and
- Provision of whistleblowing facilities and prevention of bribery and other types of fraud and corruption.

The committee acknowledges and embraces its role in protecting the interests of shareholders. It also considers the interests of other stakeholders and it is committed to monitoring the integrity of the Group's reporting.

## Report of the audit committee continued

### KEY ACTIVITIES IN 2021

#### Financial reporting

- Reviewed the full year results including the annual report and accounts, the preliminary results announcement and the report from the external auditor.
- Reviewed the half year results statement.
- Provided assurance to the Board that the annual report and accounts is fair, balanced and understandable.
- Reviewed the going concern assumption when considering the half year and final results statement and also considered longer-term viability.
- Considered the appropriateness of accounting policies, critical accounting judgements and key sources of estimation of uncertainty.

#### External audit

- Reviewed and approved the 2021 audit plan and strategy including fees.
- Assessed the effectiveness of the external audit process.
- Agreed the appropriateness of remuneration in respect of audit and non-audit services.

#### Internal audit

- Reviewed the key findings from internal audit reports conducted during 2021 and management's progress in addressing internal audit findings.
- Monitored progress against the 2021 approved internal audit plan.
- Reviewed and approved the scope and areas of focus for the two-year internal audit plan covering 2022 and 2023.
- Reviewed and approved additional resource to further strengthen the internal audit team.

#### Risk and internal control

- Monitored and assessed the Group's risk management process.
- Approved the Group's risk appetite.
- Monitored developments in the Group's risk management processes by reviewing outputs from the fortnightly risk management committee (RMC) meetings and reviewing risk KPIs.
- Assisted the Board in its assessment of the Group's principal risks, emerging risks and its review of the effectiveness of risk management and internal control processes.
- Reviewed the results of the Group's control and risk self-assessment process.
- Ensured information security updates were reviewed regularly by the Board.
- Received regular progress reports from senior management in respect of key internal projects, including the Group's ERP replacement project.
- Monitored and reviewed the effectiveness of the Group's internal audit and finance functions.

#### Other matters

- Reviewed the Group's whistleblowing arrangements, confirming that they are operating effectively.
- Monitored training and policy acceptance results for key governance policies, including anti-bribery and corruption.
- Reviewed and approved the Group's treasury policy.
- Reviewed the committee's terms of reference.
- Reviewed the outputs from the committee evaluation.

## Composition and governance

JP Rangaswami and Denise Collis were appointed as Non-executive Directors and members of the committee on 1 March and 1 October 2021 respectively. The Board evaluates committee membership on an annual basis. Biographical details of the Directors are set out on pages 50 and 51.

The Board believes that the current members have sufficient skills, qualifications and experience to discharge their duties in accordance with the committee's terms of reference and that collectively as a committee the members have an appropriately deep understanding of the sector within which the Group operates.

All Board members attend each committee meeting. The committee meets with KPMG at least twice a year without Executive management present, to discuss matters relating to its remit and any issues relating to the audit. I also meet regularly with the Chief Financial Officer, the Director of Risk and Internal Audit and the lead KPMG partner outside the formal meetings to ensure that any areas for discussion are dealt with on a timely basis.

## Committee evaluation

The audit committee undertakes an annual evaluation of its performance and effectiveness. For 2021 an internal evaluation was carried out by way of a questionnaire which was circulated for completion by members and regular attendees. The findings were discussed by the committee and it was concluded that the committee had performed effectively and that the skills and experience of the members remained relevant. No significant areas of concern were highlighted during this review although it was agreed that a number of improvements could be made, including the provision of greater clarity on different sources of assurance, particularly in looking ahead to likely future corporate governance changes.

## Financial reporting

During the year, the committee reviewed the full year results including the annual report and accounts, the preliminary results announcement and the report from the external auditor. In reviewing the statements and determining whether they were fair, balanced and understandable, the committee considered the work and recommendations of management as well as the report from the external auditor. The committee also reviewed the half year results statement.

The committee considered the appropriateness of accounting policies, critical accounting judgements and sources of estimation uncertainty. To do this, the committee reviewed information provided by the Chief Financial Officer and reports from the external auditor setting out its views on the accounting treatments and judgements in the 2021 financial statements. In preparing the 2021 financial statements, no judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations, that could have a material effect on the amounts recognised in the financial statements. These estimations are detailed below.

## Sources of estimation uncertainty

In applying the Group's accounting policies, various estimates are made in arriving at the amounts recognised in the financial statements.

A key source of estimation uncertainty that has a significant risk of resulting in a material change to the carrying value of assets within the next financial year arises in respect of goodwill within the Acute Medicines Management CGU. The carrying value of goodwill is determined with reference to forecast future cashflows which are sensitive to certain key assumptions, each requiring a significant level of

estimation. The committee has reviewed the future forecasts, including specific consideration of the key assumptions and is satisfied that these are reasonable, and that the carrying value of the Group's goodwill is supportable.

Another source of estimation uncertainty is in respect of capitalised development costs. The committee is updated at least twice a year on the carrying value, including detail on projects underway and projects completed. The committee is satisfied that an asset is only recognised when the criteria of IAS 38 are met, including the demonstration of technical feasibility, the existence of a market and the availability of resources to complete the project. Based on their knowledge of the products, and the markets in which EMIS Group operates, the committee is in agreement with the estimates of Useful Economic Life (UEL) over which capitalised development expenditure is amortised. The UEL is different for each unique product and reviewed every six months for appropriateness. Amortisation is accelerated if there is no longer a market for the product.

Further details are set out in note 2 to the accounts.

## Going concern

The committee reviewed papers from management on going concern assumptions when considering half year and final results statements and on long-term viability when considering the final results statement. Internal financial projections and the results of stress testing the financial models were taken into account.

As part of its review, the committee took into consideration updates provided on the Group's principal and emerging risks.

## External audit

In accordance with its terms of reference, the committee annually reviews the audit requirements of the Group and the effectiveness and independence of the incumbent external auditor prior to any decision to reappoint.

The committee meets regularly with the external auditor, both with and without management present.

The committee is responsible for ensuring that the independence of the Group's external auditor is not compromised or put at risk of compromise. The committee reviews, challenges and approves both the annual audit plan and output from the audit process as part of assessing the auditor's expertise and performance.

## External auditor effectiveness review

The auditor is considered to be effective in the performance of its duties. The committee uses an annual questionnaire-based approach to gather the opinions of Directors and senior management, with findings (and areas for improvement) shared with the auditor. The external auditor regularly provides information relevant to assuring us about its own independence, objectivity and compliance with regulatory and ethical standards.

## Provision of non-audit services by the external auditor

The audit committee monitors the nature and extent of non-audit services provided by the external auditor. The committee is consulted prior to engagement of the external auditor for non-audit work and formally approves all non-audit services. Consideration is given to any perceived threat to independence prior to the procurement of non-audit services from the external auditor, with other external advisers used where appropriate.

## Report of the audit committee continued



A summary of fees paid to KPMG for audit and non-audit services during the year ended 31 December 2021 is provided in note 6 to the financial statements on page 104. Fees for non-audit services continue to be considerably below the 70% cap of the average audit fees for the preceding three-year period as required by regulated EU audit legislation.

### Internal audit

EMIS Group operates an in-house internal audit function, co-sourced with an external audit services provider, which objectively reviews the Group's internal control processes in accordance with the Audit Charter. The Charter was reviewed and approved by the committee in 2018 and it remained in place and relevant in 2021.

The committee previously approved a three-year risk-based audit plan to run from 2019 through to 2021. The final year of this plan covering 2021 was reviewed, amended as required and approved during the year. A shorter two-year internal audit plan covering 2022 and 2023 has been formulated utilising input from the Board and committee members, the Group's external auditor, internal audit co-source partner and using output from the risk management process. The plan remains flexible and includes time for ad hoc investigations and other high-risk assurance work as it arises and as agreed by the committee. The audit plan for 2022 includes key risk areas such as cyber security, business continuity planning, change management, clinical safety, talent retention, cloud security, software development and ESG focus areas along with a range of financial risk areas such as procurement and month-end reporting at all locations across the Group including India.

Internal audit's resources are reviewed regularly, and the current combination of internal resources (which were increased during the year) and a co-sourced internal audit agreement with Deloitte was felt to be appropriate and sufficient to obtain adequate assurance over the Group's internal controls and key risks. The co-source arrangement ensures enhanced audit coverage of technical and specialist areas, such as clinical safety, data governance and cyber security.

During 2020, the Group introduced a control and risk self-assessment process to further embed awareness and responsibility for control and risk within the business. This annual assessment covers key business areas across the Group including functions such as finance, human resources, clinical safety, software development and support operations. The results of the second assessment were reported to the committee in December 2021. This showed improvement across the Group and a plan of action for continuous improvement was approved, supported by internal audit reviews continuing in 2022.

The Director of Group Risk and Internal Audit maintains independence through direct access to me, without the need to refer to Executive management. He attends audit committee meetings by invitation and regularly reports to the committee on internal audit, risk management and corporate governance matters. The committee and I periodically meet with him without management being present.

### Risk management

The committee is responsible for monitoring and developing the effectiveness of risk management and internal control systems on behalf of the Board.

The Group has a Board-approved risk management policy and operates a structured risk management process with oversight from the RMC, which meets regularly and is chaired by the Chief Financial Officer. The committee reviews action plans and output from RMC meetings.

During the year, the committee continued to monitor the Group's risk appetite, which remains unchanged.

The committee reviewed the Group's principal risks to ensure they are being adequately captured and reported to the Board and that the risk disclosures in the annual report and accounts are appropriate. The RMC is the recognised forum for identifying, assessing and reporting on any significant emerging risks facing the Group. Emerging risks are defined as particularly uncertain and difficult to quantify but have the potential to become more significant over time. They usually have longer expected timelines than principal risks, or other risks detailed in the risk registers, and the potential impact can increase quickly.

For full details of the risk management process, principal risks and risk appetite statements of the Group, see pages 32 to 37.

### Internal control effectiveness

On behalf of the Board, the committee reviews the Group's internal control arrangements through policies and seeking assurance on the design and effective operation of internal controls. Such arrangements guide and direct the activities of the Group to support delivery of its strategic, financial, operational and other objectives and to safeguard shareholders' investment and the Group's assets. The Board recognises that a system of internal control reduces, but cannot eliminate, the likelihood and impact of poor judgement in decision making, human error, deliberate circumvention of control processes by employees and others, management override of controls and the occurrence of unforeseeable circumstances. The Board sets policies and seeks and obtains on an

## Auditor rotation timeline

The Company is excluded from the provisions of the retained EU Audit Directive and Regulation on the grounds that it is an AIM-quoted company. However, we aim to voluntarily meet the regulatory requirements as a matter of good practice. KPMG has been the Group's external auditor since 2013, with the current partner, Fran Simpson, appointed in 2018. Under the EU Audit Directive and Regulation, the Company would not be required to put the external audit out to tender until 2023.



ongoing basis, both directly and through the audit committee, assurance regarding the existence and operation of appropriate internal controls to mitigate key strategic, financial, operational, compliance and reputational risks. Any significant matters raised in reports from management, the external auditor or the Director of Group Risk and Internal Audit are escalated to the committee and subsequently the Board, both of which monitor the progress of remedial actions.

The committee is satisfied that appropriate actions have been taken to remedy any significant weaknesses or failures identified as a result of these or other review processes and has reported such to the Board.

The key components of the Group's overall control frameworks, all of which effectively remained in place throughout 2021 and up to the date of approval of this report, are set out below.

- Delegated limits of authority in place;
- An appropriate finance function across the Group with suitably qualified and experienced professionals;
- A comprehensive weekly and monthly financial and operational performance reporting system which covers, amongst other things, operating results, cash flow, balance sheet information, forecasts and comparisons against budgets;
- Letters of representation signed by all senior management and senior Group finance officers in respect of key risks, internal controls, business relationships and financial controls for the financial year under review;
- A control and risk self-assessment process, which provides a mechanism for management to assess compliance with key controls across various business areas and against which Group internal audit independently validate management's assessment;
- Appropriate project management frameworks including the Group project management office and associated investment committee to manage change and validate key investment decisions;
- A comprehensive suite of policies and procedures along with monitoring of mandatory training and policy acknowledgement across key areas such as ethics, data governance, IT security, whistleblowing and anti-bribery and corruption;
- The RMC meets regularly to review and monitor risk and mitigating controls across the Group; and
- Regular updates to the Board from management on property, insurance, litigation, human resources, corporate social responsibility and health and safety matters.

Segregation of duties, authorisation limits and other key internal controls are designed into both system-based and manual processes. These arrangements are reviewed periodically by management, internal quality assurance functions and internal audit to ensure they remain appropriate.

The Group has extensive internal quality assurance processes in critical areas of the business and there are functions within the Group that provide assurance and advice covering specialist areas, such as information security and clinical safety.

In addition, the Group's businesses hold eight ISO certifications against the following five standards: ISO 27001: Information Security, ISO 9001: Quality, ISO 20000: Service Management, ISO 14001: Environmental and

ISO 22301: Business Continuity. A single management system covers all five standards and five of the eight certifications.

Throughout 2021, the Group maintained the ISO certifications both in the UK and India. The Group continues to review and make improvements to the implementation of these standards. In addition, the Group also maintained the Cyber Essentials Plus certification during 2021.

In 2022, the Group plans to consolidate and update the ISO certifications, including bringing Pinnacle and Community Pharmacy under the scope of the EMIS Group ISO 27001 certification and Community Pharmacy under the scope of EMIS Group ISO 9001 certification.

## Other matters

The programme to define, create and embed Group-wide policies in key areas continued throughout 2021 and a number of these are available on the Group's website.

The Group whistleblowing procedures include a confidential reporting hotline operated by an external, independent whistleblowing service provider. The policy and the reporting hotline continue to be internally promoted and all employees were required to acknowledge that they have read and understood the policy and procedures in place during the year. The results of these along with all other mandatory training and policy acknowledgement have been reviewed by the committee regularly.

## The committee's action plan for 2022

Looking ahead to 2022, the committee's focus will remain on the key audit and assurance areas of the business, and on its oversight of financial and other regulatory requirements. The action plan for 2022 will focus on:

- Reviewing and making recommendations in relation to the statutory, preliminary and half year financial results;
- Overseeing key financial policies and practices;
- Assessing the effectiveness of the internal audit function and monitoring its annual plan;
- Reviewing corporate governance policy and procedure including the whistleblowing and anti-bribery and corruption policies and procedures;
- Undertaking a thorough review of the annual report and accounts and ensuring that the narrative messages are consistent and accurately reflect the financial statements and that the information as a whole is fair, balanced and understandable;
- Assessing the appropriateness and effectiveness of the risk management process, including overseeing management letters of representation and control and risk self-assessment; and
- Developing the Group's integrated assurance and internal control models in conjunction with expected changes arising from the BEIS consultation on audit and corporate governance reform.

**Kevin Boyd**  
**Chair of the Audit Committee**

24 March 2022

## Report of the nomination committee

# A robust, sustainable and diverse Board

### Dear Shareholder

I am pleased to present our report for the year ended 31 December 2021, which summarises our membership and activities during the year.

### Board composition and succession planning

The committee continues its focus on Board composition and succession planning, including a review of the skills and experience needed to ensure a robust and sustainable leadership model for the Board, its committees and the wider management team.

The committee plays a vital role in ensuring the effectiveness of the Board and its ability to deliver long-term success for the business, including having the appropriate balance of skills, experience and knowledge on the Board to both reflect the changing needs of the business and anticipate and prepare for the future.

### 2021 MEMBERSHIP AND ATTENDANCE

	Number of meetings
Patrick De Smedt (Chair)	● ●
Kevin Boyd	● ●
Jen Byrne	● ●
JP Rangaswami <sup>1</sup>	○ ●
Denise Collis <sup>2</sup>	
Andy McKeon <sup>3</sup>	● ●

● Attended

○ Not attended

- 1 JP Rangaswami joined the Board on 1 March 2021.
- 2 Denise Collis joined the Board on 1 October 2021.
- 3 Andy McKeon retired from the Board on 22 February 2022.

- Other regular attendees by invitation are the Chief Executive Officer, Chief Financial Officer and Company Secretary.
- The committee meets at least twice a year; it met twice in 2021.
- All committee members were considered independent upon their appointment.
- The committee Chair provided a verbal update to the Board following each committee meeting.
- Non-executive Directors are appointed by a letter of appointment and details of their terms and those of the Executive Directors are set out in the Directors' remuneration report.

### KEY RESPONSIBILITIES

The committee's responsibilities are set out in its terms of reference, which are reviewed annually. The terms of reference can be found on the Group's website at [www.emisgroupplc.com](http://www.emisgroupplc.com).

The committee is responsible for:

- Ensuring that the balance of Directors on the Board remains appropriate as the Group develops to ensure that the business can compete effectively in the marketplace;
- Identifying and nominating candidates to fill Board vacancies as and when they arise;
- Evaluation of the balance of skills, knowledge, experience and diversity of the Board to ensure the optimum mix; and
- Consideration of the succession planning for Directors and senior managers to ensure that there is a pipeline of high-calibre candidates and that succession is managed smoothly.



## KEY ACTIVITIES IN 2021

### Succession planning

- Review of succession plans for Executive Directors, GXT and critical positions.
- Review of personality assessments and development plans for Executive Directors and GXT.

### Board and committee composition

- Review of Board and committee composition and in particular the skills and experience required for new Non-executive Directors.
- Search process undertaken for an additional Non-executive Director to be appointed as Chair of the remuneration committee.
- Recommended the appointment of Denise Collis as a Non-executive Director and Chair of the remuneration committee.

### Governance

- Reviewed the committee's terms of reference.
- Reviewed the time commitment required for Non-executive Directors.
- Carried out an internal committee evaluation.

### Non-executive Director appointment and retirement

Having reviewed the balance of skills and pipeline of the Board, it was agreed that a search for a new Non-executive Director be undertaken, as a successor to Andy McKeon as Chair of the remuneration committee. Spencer Stuart was engaged to assist with the search for an additional Non-executive Director and the committee prepared a description of the role and the capability required.

A detailed search and selection process then followed. A wide range of candidates with gender and ethnically diverse characteristics was assessed against the agreed criteria. A thorough process resulted in a shortlist of preferred candidates, which was given final consideration by the committee. The committee subsequently made recommendations to the Board, culminating with the appointment of Denise Collis as a Non-executive Director and also as Chair of the remuneration committee with effect from 1 October 2021, subject to election by shareholders at the forthcoming AGM on 5 May 2022.

As noted in the 2020 annual report and accounts, a similar recruitment process was undertaken in 2020 and JP Rangaswami was appointed to the Board on 1 March 2021. Details of the experience and skills that Denise Collis and JP Rangaswami bring to the Board can be found on page 51.

Andy McKeon retired from the Board as Senior Independent Director on 28 February 2022, having served nine years on the Board. Kevin Boyd took on the role of Senior Independent Director on Andy McKeon's retirement.

### Diversity

The committee recognises the importance of a diverse Board and is mindful of the issue of Board diversity in its succession plans. It also acknowledges the importance of ensuring that the selection of Directors and, in a wider context, employees throughout the Group should be based upon a range of factors including skills, experience, qualifications, background and values. Accordingly, all vacancies are filled taking into account these wider factors and are not based to a disproportionate extent on any one factor such as gender or ethnicity.

Diversity of the Board was a key consideration for the committee during the year and will be a focus for the committee going forwards.

In line with the Hampton-Alexander review for FTSE 350 boards, our aim is to have at least 33% female representation on the Board by the end of 2023.

Diversity remains a key factor in determining appropriate nominations both for the Board and the Group as a whole, as it helps to promote creativity, innovation, debate, understanding and ultimately better overall decision making.

### Director induction process

Following the appointment of any new Director, a full, formal and customised induction to the Group is delivered. On appointment, the Company Secretary provides information on the Group's business, including:

- Board and relevant committee minutes and Board papers from at least the last six months;
- Key policies, procedures and governance information about the Group, including the whistleblowing policy, anti-bribery and corruption policy, code of ethics and standards of business policy and share dealing code;
- Analysis of the Company's key shareholders and share capital;
- Guidance for Directors on their legal and regulatory responsibilities in an AIM-quoted company;
- Guidance on corporate governance and Board effectiveness; and
- Relevant information about the healthcare technology market.

As part of the induction process, the new Director:

- Attends business briefings with the Chief Executive Officer and the Chief Financial Officer;
- Attends meetings with other members of the GXT;
- Attends meetings with individuals from around the Group to gain a better understanding of the business and its culture; and
- Visits all principal UK sites when appropriate to do so.

Further to the appointments of JP Rangaswami and Denise Collis, full, formal and customised inductions were carried out.

### Board evaluation

The nomination committee undertakes an annual evaluation of its performance and effectiveness. In 2021 an internal evaluation of the committee's own performance was carried out using a questionnaire. The results of the evaluation were discussed by the Board and although nothing significant was raised, recommendations were made to improve the committee's effectiveness.

**Patrick De Smedt**  
**Chair of the nomination committee**

24 March 2022

## Report of the remuneration committee

# Committed to best practice

### Dear Shareholder

On behalf of the Board I am pleased to present the Directors' remuneration report for the year ended 31 December 2021. It includes my letter, the approved 2021 remuneration policy and the annual report on remuneration, showing how our current policy was applied during the year, outcomes for our Executive Directors and our intentions for 2022.

I am also pleased to report that at our 2021 AGM, the advisory vote on our remuneration report received 99.95% support, which reinforces our view that our pay policy and its application continue to reflect our business strategy, with remuneration payments that are strongly linked to performance.

The Directors' remuneration report will be presented at the AGM on 5 May 2022 by way of an advisory vote.

### Corporate performance

It has been a strong year for EMIS Group with revenue and adjusted operating profit above expectations for 2021. Trading has returned to a more normal pattern in EMIS Health. EMIS Enterprise has seen double-digit growth, which is expected to continue during 2022.

The committee has taken overall Group performance including the experience of shareholders and other stakeholders into consideration when determining remuneration matters for 2021 and 2022.



### 2021 MEMBERSHIP AND ATTENDANCE

Number of meetings

Denise Collis <sup>1</sup>	●
Patrick De Smedt	● ●
Kevin Boyd	● ● ●
Jen Byrne	● ● ●
JP Rangaswami <sup>2</sup>	● ●
Andy McKeon <sup>3</sup>	● ● ●

● Attended

○ Not attended

1 Denise Collis became Chair on her appointment to the Board on 1 October 2021.

2 JP Rangaswami became a member on his appointment to the Board on 1 March 2021.

3 Andy McKeon stepped down as Chair to the committee on 1 October 2021 and retired from the Board on 28 February 2022.

- Other attendees to committee meetings by invitation include the Chief Executive Officer, Chief Financial Officer, Group HR Director and Company Secretary.
- Representatives from Mercer Limited, EMIS Group's independent remuneration adviser, attend on invitation.
- The committee meets at least twice a year; it met three times in 2021.
- All committee members were considered independent upon their appointment.
- The committee chair provided a verbal update to the board following each committee meeting.

### KEY RESPONSIBILITIES

The committee is responsible for:

- Oversight of overall remuneration policy issues for the Group, including gender pay reporting and adherence to legal obligations such as the national minimum wage;
- Determining the policy for Executive Director remuneration and setting remuneration for the Chair of the Board, Executive Directors and senior management;
- Determining the policy for, and scope of, pension and benefits arrangements for each Executive Director and senior management;
- Approving the design of, and determining targets for, any performance-related pay schemes operated by the Group and approving the total annual payments made under such schemes;
- Reviewing the design of all share incentive plans for approval by the Board and shareholders and determining each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used;
- Reviewing and noting annually the remuneration arrangements, policies and trends across the Group; and
- Reviewing annually the committee's terms of reference.

## Remuneration for 2021

Executive Directors were eligible to receive a bonus depending primarily on the level of Group adjusted operating profit achieved. Performance targets also included other financial and strategic measures. Performance exceeded the on-target levels and the remuneration committee therefore approved the payment of bonuses of 135.5% of salary to Andy Thorburn and Peter Southby (being 90.4% of maximum opportunity).

In 2021 the Group granted Long-Term Incentive Plan (LTIP) awards to support and incentivise effective implementation of our published strategy. The structure, amounts and performance targets for these awards were included in last year's Directors' remuneration report.

The 2019 LTIP performance conditions were partially met, which will result in a vesting of 70.48% of the total award on the third anniversary of the award, followed by a two-year holding period.

Pension contributions were capped in 2021 for the Executive Directors at the 2020 base salary. As of 1 January 2023, employer pension contributions for Executive Directors as a percentage of salary will be aligned to the wider UK workforce, currently 6% of salary. Further details of our plans to align pension contributions are set out of page 81.

Further details about the variable pay awards are set out in the Directors' remuneration report on pages 76 to 81.

## Discretion

The committee has considered whether the formula-driven payouts under the incentive plans and resultant total remuneration for Directors are appropriate, looking at the broader context within which performance has been delivered. Following this review, the committee has not deemed it necessary to make use of its discretionary powers for 2021 outturns.

## Implementation of policy for 2022

Andy Thorburn and Peter Southby will be awarded a salary increase of 3.5% from 1 April 2022, below the budgeted increase for the UK workforce. Pension contributions for the Executive Directors will be capped as noted above.

We have reviewed the bonus arrangements for Executive Directors and the senior management team, taking into consideration the Group's strategy and the need to keep our Executives incentivised in line with market expectations. The committee decided to set bonus levels for 2022 at 150% of salary for Executive Directors in line with 2021, while continuing primarily to set targets according to adjusted profit, to incorporate other financial and strategic performance measures including an ESG measure. Adjusted profit and other financial measures will account for 82% of the bonus opportunity. Target bonus levels remain at 50% of maximum and the maximum bonus will only be paid in the event of extremely high levels of performance.

An ordinary LTIP award of 150% of salary for Andy Thorburn and 100% for Peter Southby will be granted in 2022. The award will vest in three years' time subject to the achievement of performance conditions, which are in line with those awarded in 2021. Targets and further details of the 2022 awards are set out on page 81.

Non-executive Directors' fees and Chair fees will increase by 2% from 1 April 2022. An additional fee of £8,160 will also be implemented for the Senior Independent Director from 1 April 2022.

There will be a free share award to all eligible UK employees in April 2022, for those with more than six months' service, including the Executive Directors. This award is to recognise employees' contribution to the Group's success in the last financial year.

## UK Corporate Governance Code

The Company is quoted on AIM and adopts the Code. We remain committed to best practice in designing our remuneration policy and have clearly defined terms of reference which are reviewed annually and listed on our website at [www.emisgroupplc.com/investors](http://www.emisgroupplc.com/investors). The committee reviewed its compliance with the Code and concluded that the remuneration arrangements complied with the Code other than on two aspects, namely Provision 38 pension alignment and Provision 41 employee engagement to explain how executive remuneration aligns with the wider company pay policy. Although there is a great deal of employee engagement and overall workforce benefits and remuneration are discussed with employees, executive remuneration specifically has not been raised or discussed at the employee forums. We intend to conduct a review of our engagement around all aspects of remuneration, including executive remuneration, during 2022. As noted above, pension contributions will be reduced and aligned to the wider UK workforce from 1 January 2023.

## Shareholder engagement

In February 2021 we engaged with our major shareholders on executive remuneration, including plans for pension alignment, 2021 bonus opportunity and structure and the implementation of a post-employment shareholding guideline. The general feedback from shareholders was in agreement with the proposed remuneration plans.

## Gender and ethnicity pay reporting

Data on the gender pay gap for 2020 was published in 2021 and showed a mean gap of 6.4% (a 16% reduction from the previous year) for EMIS Group. In 2021, there has been a continued focus on reducing the gender pay gap through comparing salaries in any pay reviews and by supporting female candidates within recruitment campaigns for senior roles. Gender pay gap data for 2021 has recently been calculated showing a slight increase of the mean gap from the previous year to 7.6% as a result of a small number of senior female resignations which disproportionately affected the statistics. This data will be published in April 2022 in line with the guidelines. Work is continuing over time to address the gender pay gap further by a review of salaries at all levels where there is a gap, and through seeking to ensure that EMIS is an attractive employer to all, regardless of gender or background.

During the year a review was undertaken for the first time on the ethnicity pay gap and this showed a mean gap of 17.5%. As data was also available for the previous year, we can see that year on year this had reduced by 1.8%. Steps are now underway to understand the detail behind the gap and we will be setting a target to reduce it in 2022 and beyond.

## Committee effectiveness

An internal annual effectiveness review was carried out in 2021 by way of a questionnaire which was circulated for completion by members and regular attendees. The findings were discussed at the committee meeting in January 2022, which concluded that the committee continued to operate effectively. No areas of concern were highlighted during the review, although it was agreed that there would be a review of engagement around reward and a fair pay remuneration committee meeting will be scheduled later in the year.

The committee appreciates the support received from shareholders to date on its executive remuneration and governance approach and looks forward to this continued support for the resolution to approve the annual report on remuneration at the AGM in May 2022.

**Denise Collis**  
**Chair of the remuneration committee**

24 March 2022

## Report of the remuneration committee continued

## KEY ACTIVITIES IN 2021

**Directors' remuneration**

- Reviewed and approved Directors' remuneration.
- Reviewed the 2020 Directors' remuneration report prior to its approval by the Board and subsequent approval by shareholders at the 2021 AGM.
- Considered pension contributions and alignment across the Group.

**Executive remuneration**

- Reviewed the GXT's remuneration packages and wider remuneration across the Group with the aim of recognising best practice, aligning with shareholder objectives and encouraging behaviours to maintain the long-term success of the business.
- Reviewed Group performance against the 2020 annual bonus plan targets and set metrics to apply to the 2021 bonus plan.
- Reviewed LTIP criteria and targets and approved the 2021-2023 awards.
- Reviewed performance and approved the outcome of the 2018-2020 LTIP awards.

**Human resources and policy**

- Reviewed the gender pay gap and ethnicity pay gap analysis.
- Reviewed the policies and incentives implemented across the Group in the last twelve months.
- Reviewed the national minimum wage and agreed actions to maintain compliance.

**Governance**

- Reviewed compliance with the Code.
- Reviewed the committee's terms of reference.
- Carried out an internal committee evaluation.
- Considered changes to the LTIP plan rules for issuance of restricted stock below Executive Director level.

# Directors' remuneration report

## Directors' remuneration policy

The remuneration policy aims to ensure that members of the Board and Executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the Group. The policy outlined on pages 69 to 72 was disclosed in the 2020 annual report and accounts and presented to the AGM on 6 May 2021 as part of the advisory vote on the whole remuneration report, which received 99.95% support. There are no changes proposed for 2022.

### Policy table

The policy table below summarises the key components of remuneration for Executive Directors:

Element	Operation	Opportunity	Performance metrics
<b>Base salary</b>			
To recognise the individual's skills and experience and provide a competitive base reward to attract and retain Executive Directors.	Base salaries are usually reviewed annually, taking into account the individual's performance, responsibility, skills and experience; Group performance and market conditions; salary levels for similar roles at relevant comparators (including companies of a similar size and sector); and pay levels and percentage salary increases across the wider employee population. There is no set maximum. Any changes will normally take effect from 1 April each year.	While there is no maximum salary, any increase will typically be in line with those awarded to the wider employee population. The committee has discretion to award higher increases in circumstances that it considers appropriate, such as: <ul style="list-style-type: none"><li>• A material change in the size or complexity of the business or responsibility of the role;</li><li>• Development in the role;</li><li>• Changes in market practice; and</li><li>• Moving the salary of a newly appointed Executive Director to be aligned with a market competitive range over time.</li></ul> Details of salary changes will be disclosed in the annual report and accounts in the relevant year.	None.
<b>Pension</b>			
To provide a market competitive retirement benefit.	The Group makes contributions to the private pension schemes or other appropriate arrangements for the Executive Directors. The committee has discretion to authorise cash payments in lieu of pension contribution. Such a payment would not count for bonus or LTIP purposes.	Executive Directors receive a contribution or cash payment in lieu of up to 15% of their 2020 base salary. This is capped for 2021 and 2022 and thereafter employer pension contributions will be aligned to the UK workforce. Pension contributions for any new Executive Directors will be aligned to the UK workforce.	None.
<b>Share Incentive Plan (SIP)</b>			
To provide market competitive benefits.	Open to all UK tax resident employees of participating Group companies with at least six months' service.  The plan is an HMRC tax qualifying plan that allows an employee to purchase shares using gross pay. If an employee agrees to purchase shares, the Group matches purchased shares with an award of matching shares which are subject to continued employment for three years. Dividends accrue on purchased shares and matching shares and are reinvested into additional shares.  From time to time, EMIS Group may offer all employees free share awards up to the HMRC approved limits.	Participants can purchase shares up to the limits allowed by the legislation from time to time (currently up to £1,800 per tax year).  Matching shares may be awarded up to the limits allowed by the legislation from time to time.  The Company currently offers to match purchases made through the plan at the rate of one matching share for every two shares purchased.	None.

## Directors' remuneration report continued

Directors' remuneration policy continued

## Policy table continued

Element	Operation	Opportunity	Performance metrics
<b>Benefits</b>			
To provide market competitive benefits.	<p>Benefits may include, but are not limited to, a car allowance and life insurance.</p> <p>Executive Directors are eligible for any benefits offered to the wider workforce in their geography.</p> <p>In certain circumstances, the committee may also approve the provision of additional allowances relating to the relocation of an Executive Director and other expatriate benefits to perform his or her role.</p>	<p>While no maximum level of benefits has been set, the value of benefits provided is set at a level which the committee considers to be appropriately positioned taking into account the role and individual circumstances; benefits provided are reviewed periodically.</p> <p>Benefits in respect of the year under review are disclosed in the annual report on remuneration.</p>	None.
<b>Annual bonus</b>			
To provide an incentive to drive the Executive Directors to deliver stretching performance and growth.	<p>Performance measures, targets and weightings are set by the committee at the start of the bonus period.</p> <p>At the end of each bonus period, the committee determines the extent to which targets have been achieved. The committee has the discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards to ensure that payments accurately reflect business performance over the performance period, e.g. in the event of unforeseen circumstances outside of management control.</p> <p>At the discretion of the committee, Executive Directors may be required to invest up to 40% of any after tax amount in shares, to be held until the minimum shareholding requirement is met.</p> <p>Bonuses are subject to clawback for a period of one year after award.</p>	<p>For Executive Directors, the maximum annual bonus opportunity is up to 150% of base salary.</p> <p>For target performance, the bonus level is up to 50% of the maximum payable for the year. Threshold payments are no more than 25% of the maximum payable for the year.</p>	<p>Performance is usually assessed on an annual basis, using a combination of the Group's main KPIs for the year. Measures may include financial and non-financial metrics as well as the achievement of strategic and personal objectives. A minimum of 80% of the bonus will be determined by financial objectives. The principal financial performance measure currently assessed is Group adjusted operating profit; however, the committee has the discretion to adjust performance measures and weightings to ensure that they continue to be linked to the delivery of Group strategy.</p> <p>The range of performance required under each measure is calibrated with reference to external expectations and the Group's internal budgets. Any personal element is based on the strength of the Executive Director's personal performance over the course of the year against agreed objectives.</p>

Element	Operation	Opportunity	Performance metrics
<b>LTIP</b>			
To drive sustained business performance, aid retention and align the interest of Executive Directors with shareholders.	<p>Awards are made in the form of conditional share awards, or nil-cost options which vest subject to the achievement of pre-defined performance conditions normally measured over a three-year period.</p> <p>At the start of each performance period, the committee reviews the award levels and performance conditions to ensure they remain appropriate and sets performance targets that it considers to be appropriately stretching.</p> <p>Following the end of the performance period, and the vesting of any awards, a two-year "holding period" applies.</p> <p>This may be structured as either: (1) a requirement that the Executive Directors retain for the holding period the shares they acquire, subject to being permitted to dispose of shares to meet any resultant tax liability; or (2) a restriction that prevents the Executive Directors from exercising any vested share awards until the end of the holding period. Where the holding period is operated on the latter basis, the committee may make additional payment (in cash or additional shares) in respect of shares that vest to reflect the value of dividends which would have been paid on these shares during the period beginning with the date of vesting and ending with the date on which the share award may be exercised (and this payment may assume that the dividends were reinvested in additional shares on such basis as the committee may determine). Where awards vest over a longer period than three years, the holding period will be reduced so that the maximum period between an award and the right to dispose of shares will be five years. During the holding period the shares are not subject to performance conditions.</p> <p>LTIP awards are subject to clawback for a period of up to two years following vesting.</p>	<p>Ordinarily a single award of up to 200% of base salary which normally vests after three years may be awarded. In respect of 2022, this award will be 150% of salary for the Chief Executive Officer and 100% for the Chief Financial Officer. Each year the committee determines the maximum LTIP opportunity, the measurement period and the threshold level. Threshold performance will result in up to 25% of maximum vesting for the period set, rising to full vesting for maximum levels of performance in accordance with the targets set by the committee for the period in question.</p>	<p>Awards vest subject to performance measure(s) based on key financial metrics which may include, for example, measures based on earnings per share (EPS) and absolute or relative growth in share price.</p> <p>The committee has discretion to adjust the choice of performance measures and weightings to ensure that they continue to be linked to the delivery of Group strategy.</p> <p>The committee has the discretion to adjust formulaic LTIP outcomes to ensure that payments accurately reflect business performance over the performance period.</p>
<b>Share ownership requirements</b>			
To ensure alignment of the long-term interests of Executive Directors and shareholders.	<p>Executive Directors are required to acquire a minimum shareholding equivalent to 200% of base salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer.</p> <p>Executive Directors are required to retain shares acquired under the LTIP (subject to sales to cover tax liabilities) until they have satisfied the guideline.</p>	Not applicable.	None.

## GOVERNANCE

### Directors' remuneration report continued

Directors' remuneration policy continued

#### Policy table continued

Element	Operation	Opportunity	Performance metrics
<b>Post-employment share ownership requirements</b>			
To ensure alignment of the long-term interests of EMIS and its shareholders post-employment.	Executive Directors are required to hold the lower of their share ownership requirement or their shareholding at the date of leaving. This applies for a period of one year post-employment. The requirement applies to shares vesting (net of tax) from awards granted from 2021 onwards only.	Not applicable.	None.

#### Notes to the policy table

##### Performance measurement selection

The aim of the bonus plan is to reward key Executives over and above base salary for the achievement of business objectives. The bonus criteria are selected annually to reflect the Group's main KPIs for the year and are designed to encourage continuous performance improvement for the Group. Group financial performance targets relating to the bonus plan are set with reference to the Group's annual budget, which is reviewed and signed off by the Group Board prior to the start of each financial year. Adjusted operating profit is currently used as the principal KPI for the annual bonus plan because it is a clear measure of the underlying financial performance of the Group.

LTIP awards are based on EPS growth and Total Shareholder Return (TSR) performance, normally over three years.

Targets applying to the bonus and LTIP are reviewed regularly, based on a number of internal and external reference points. Performance targets are set to be stretching but achievable, with regard to the particular strategic priorities and economic environment in a given year.

The committee retains the ability to adjust performance measures or targets if events occur (such as a change in Group strategy, a material acquisition and/or a divestment of a Group business or a change in prevailing market conditions) which cause the committee to determine that measures are no longer appropriate and that an amendment is required so that they achieve their original purpose.

Awards under the LTIP and deferred share awards may be adjusted in the event of a variation of the Company's share capital or other relevant event in accordance with the terms of the awards.

##### Malus and clawback provisions

Clawback applies if the figures on which awards were based are shown to be inaccurate or there is misconduct by the individual or action which has damaged EMIS Group's reputation or, in the case of LTIPs, if there is significant deterioration in financial performance. These provisions apply for one year after the award of a bonus and during the two-year retention period for an LTIP.

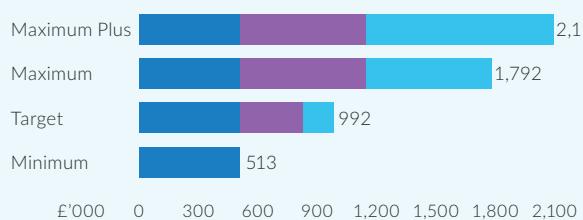
##### Remuneration policy for other employees

The approach to annual salary reviews is consistent across the Group, with consideration given to individual performance, skills, experience and responsibility, Group performance and market conditions, and salary levels for similar roles in relevant comparators. Opportunities and specific performance conditions vary by organisational level with business area-specific metrics incorporated where appropriate. A management group of approximately 200 individuals is eligible to participate in the LTIP and restricted stock. Award sizes vary by organisational level. Specific cash incentives are also in place to motivate, reward and retain staff below Board level. All UK-based employees are eligible to participate in the Company's SIP scheme on the same terms.

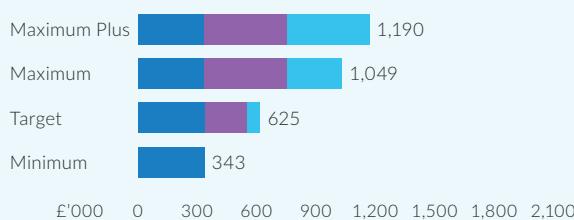
##### Pay scenario charts for Executive Directors

The charts below provide estimates of the potential future reward opportunity for each of the two current Executive Directors for 2022 and the potential split between different elements of remuneration under four different scenarios: "minimum", "target", "maximum" and "maximum plus 50% share price appreciation" performance.

##### CHIEF EXECUTIVE OFFICER – ANDY THORBURN



##### CHIEF FINANCIAL OFFICER – PETER SOUTHBY



■ Basic salary and benefits   ■ Bonus   ■ Long-term Incentives

Potential reward opportunities illustrated on page 72 are based on the remuneration policy, applied to the base salary as at 1 April 2022. It should be noted that LTIP awards granted in a year normally vest following the end of a three-year performance period and the projected value of LTIP amounts excludes the impact of share price movement over the vesting period, except for the "maximum plus 50% share price appreciation" scenario. All other elements of actual pay delivered, however, will be determined by the following factors:

	Component	"Minimum"	"Target"	"Maximum"	"Maximum plus 50% share price appreciation"
Fixed	Base salary	Salary as of 1 April 2022 - Chief Executive Officer £426,420 and Chief Financial Officer £282,412			
	Pension	Contribution rate applied to 2020 salary <sup>1</sup>			
	Other benefits	Benefits as provided in the single figure table on page 76			
Annual bonus		No bonus payable	50% of maximum (75% of salary)	150% of salary	As per maximum
LTIP		No LTIP vesting	25% of maximum (37.5% and 25% of salary for Chief Executive Officer and Chief Financial Officer respectively)	150% and 100% of salary for Chief Executive Officer and Chief Financial Officer respectively	As per maximum with additional 50% share price appreciation

<sup>1</sup> Pension contributions capped at the 2020 salary level (i.e. 2020 salary: Chief Executive Officer £412,000 and Chief Financial Officer £272,862).

### Approach to recruitment remuneration – Executive Directors

When hiring or appointing a new Executive Director, the committee may make use of any or all of the existing components of remuneration, as follows:

Component	Approach	Maximum value
Base salary	The base salaries of new appointees will be determined by reference to the individual's role, responsibilities, experience and skills, relevant market data, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market rate, any shortfall may be managed with phased increases over a period of years subject to their development in the role.	Not applicable.
Pension	New appointees will be eligible to receive a pension contribution in line with existing policy.	
SIP	New appointees will be eligible to participate in the Company's HMRC tax qualifying all-employee share scheme, in line with the policy and the eligibility criteria.	
Benefits	New appointees will be eligible to receive benefits in line with the policy.	
Annual bonus	The annual bonus described in the policy table will apply to new appointees with the relevant maximum ordinarily being pro-rated to reflect the proportion of employment over the bonus period. Targets for the individual element will be tailored to the Executive.	Up to 150% of salary p.a.
LTIP	New appointees will be eligible for awards under the LTIP which will normally be on the same terms as awards made to other Executive Directors, as described in the policy table.	Up to 200% of salary p.a.

In determining appropriate remuneration for a new Executive Director, the committee will take into consideration all relevant factors (including the quantum, nature of remuneration and jurisdiction from which the candidate was recruited) to ensure that the pay arrangements are in the best interests of the Group and its shareholders.

The committee may include additional elements of pay which it considers appropriate in circumstances which may include: interim appointments; Non-executive Directors taking on an Executive function on a short-term basis; and where the timing of the recruitment means that it would be inappropriate to provide a bonus or LTIP opportunity for the year, in which case the quantum in respect of the opportunity for the year of recruitment may be transferred to the subsequent year in order that reward is provided on a fair and appropriate basis. However, the committee's discretion is not uncapped. As noted above, salary, pension and benefits will be provided in line with the existing policy and non-performance-related incentives (such as a "golden hello") will not be offered. The committee may alter the performance measures and vesting periods of incentive remuneration and the deferral arrangements for the bonus or holding period for the LTIP to reflect the circumstances of the recruitment. The rationale for any exercise of this discretion will be explained in the following Directors' remuneration report.

In addition to the above elements of remuneration, the committee may consider it appropriate to grant an award under a different structure in order to facilitate the recruitment of an individual, to replace remuneration, benefits and/or incentive arrangements forfeited on leaving a previous employer.

Any "buyout awards" would typically have a fair value no higher than and be receivable no sooner than the awards forfeited. 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 proportion of the vesting period remaining. Such awards would typically be subject to clawback.

In the event of the appointment of a new Executive Director by way of internal promotion, the remuneration committee will be consistent with the policy for external appointees detailed above. Where an individual has contractual commitments made prior to their promotion to Executive Director level, the Company will continue to honour these arrangements.

## Directors' remuneration report continued

Directors' remuneration policy continued

### Approach to recruitment remuneration – Executive Directors continued

#### External appointments

It is the Board's policy to allow each Executive Director to take up one non-executive position on the board of another company, subject to the prior approval of the Board. Any fee earned in relation to outside appointments is retained by the Executive Director. No such positions were taken and so no such fees were paid during the financial year.

#### Service contracts/letters of appointment

The Executive Directors are employed under contracts of employment with the Group.

The Non-executive Directors including the Chair are appointed under letters of appointment, usually for a term of three years.

Executive Directors' contracts and Non-executive Directors' letters of appointment and reappointment are available to view at the Company's Registered Office.

	Executive Directors			Non-executive Directors			
	Andy Thorburn	Peter Southby	Patrick De Smedt	Kevin Boyd	Denise Collis	JP Rangaswami	Jen Byrne
<b>Date of contract/appointment</b>	May 2017	October 2012	January 2020	May 2014 (renewed in 2017 and 2020)	October 2021	March 2021	May 2019
<b>Notice period in months</b>	12	12	3	3	3	3	3
Company Director	12	12	3	3	3	3	3

#### Remuneration policy for the Chair and the Non-executive Directors

The Board determines the remuneration policy and level of fees for the Non-executive Directors, within the limits set out in the Articles of Association. The remuneration committee recommends the remuneration policy and level of fees for the Chair of the Board.

The policy table below summarises the key components of remuneration for the Chair and Non-executive Directors.

Element	Operation	Opportunity	Performance metrics
<b>Fees</b>			
To reflect market competitive rates for the role, as well as individual performance and contribution.	<p>The Chair and Non-executive Directors receive a basic fee for their respective roles. Additional fees may be paid to Non-executive Directors for additional services such as chairing a Board committee or acting as the Senior Independent Non-executive Director. Expenses related to the Non-executive Directors' duties, such as travel and accommodation or secretarial support, may also be reimbursed.</p> <p>Fees are reviewed annually with reference to information provided by remuneration surveys, the extent of the duties performed, time commitment and the size and complexity of the Group.</p> <p>Fee levels are benchmarked against sector comparators and appropriate listed companies of similar size and complexity.</p>	<p>Fee increases are applied in line with the outcome of the annual review. Fees for the year commencing 1 January 2022 are set out in the annual report on remuneration.</p> <p>There is no prescribed maximum fee. It is expected that increases to Non-executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.</p>	None.

## Non-executive Directors' remuneration

In the case of hiring or appointing a new Non-executive Director, the committee will follow the policy as set out in the table on page 74. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for additional services, such as chairing a Board committee.

## Exit payment policy

The Company's policy is to limit any payment made to a departing Director to contractual arrangements and to honour any pre-established commitments. A payment in lieu of notice (consisting of salary, benefits and pension contributions for the relevant portion of the notice period) may be made. As part of this process, the committee will take into consideration the Executive Director's duty to mitigate their loss.

The table below summarises how the awards under the bonus scheme and LTIP are typically treated in different leaver scenarios and a change of control. Whilst the committee retains overall discretion on determining "good leaver" status, it typically defines a "good leaver" in circumstances such as ill health, disability, death, redundancy, or any other reason as the committee decides. Final treatment is subject to the committee's discretion. The holding period that applies to vested LTIP awards ceases when an individual leaves, subject to any post-employment shareholding requirements that may apply.

Reason for leaving	Timing of vesting	Treatment of awards
<b>Annual bonus</b>		
"Good leaver"	Usually paid at the same time as continuing employees.  Pro rata payments may also be made early on compassionate grounds to a "good leaver".	Eligible for an award to the extent that performance targets are satisfied and the award is pro-rated for the proportion of the financial year served.
"Bad leaver"	No annual bonus payable.	Not applicable.
Change of control	Paid immediately on the effective date of change of control.	Eligible for an award to the extent that performance targets are satisfied up to the change of control and the award is pro-rated for the proportion of the financial year served to the effective date of change of control.
<b>LTIP</b>		
"Good leaver" - awards which are still subject to performance conditions	Continue until the normal vesting date or vest immediately, at the discretion of the committee. In the event of the death of a participant, the award would vest immediately.	Outstanding awards vest to the extent the performance conditions are or are reasonably considered to be likely to be satisfied and the awards are pro-rated to reflect the length of the performance period served unless the remuneration committee decides otherwise. In the event of the death of a participant during the performance period, the award would vest in full.
"Bad leaver"	Outstanding awards are forfeited.	Not applicable.
Change of control	Vest immediately on the effective date of change of control.	Outstanding awards vest subject to the satisfaction of performance conditions as at the effective date of change of control, and the award is pro-rated for the proportion of the performance period served to the effective date of change of control unless the remuneration committee decides otherwise.

## Directors' remuneration report continued

### Annual report on remuneration

The following section provides details of how the remuneration policy was implemented during the financial year ended 31 December 2021.

#### Remuneration committee membership in 2021

The members of the committee and their attendance record at meetings during the year are set out on page 66. JP Rangaswami joined the committee on his appointment to the Board on 1 March 2021. Denise Collis took over as Chair of the committee on her appointment to the Board on 1 October 2021.

During the year, the committee sought internal support from the Chief Executive Officer, the Chief Financial Officer and the Group HR Director, who attend committee meetings by invitation from the Chair, to advise on specific questions raised by the committee and on matters relating to the performance and remuneration of senior managers where it was considered that their attendance would make a significant contribution. None of these officers were present for any discussions that related directly to their own remuneration. The Company Secretary attended each meeting as Secretary to the committee.

#### Independent advice

In undertaking its responsibilities, the committee seeks independent external advice as necessary. Since June 2019, Mercer Limited has acted as the independent remuneration adviser to the committee. Mercer Limited is available to provide advice on a wide range of remuneration matters including current market practice, benchmarking of executive pay, LTIP performance measures, the remuneration policy and incentive scheme design. Total adviser fees to the committee during 2021 were £34,000.

Mercer Limited is subject to periodic performance evaluation in common with other advisers to the Group.

The committee is satisfied that Mercer Limited provides independent remuneration advice to the committee. Mercer Limited is a member and signatory of the Remuneration Consultants Group and voluntarily operates under its Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com).

#### Summary of shareholder voting at the 2021 AGM

There was an advisory vote on the Directors' remuneration report at the AGM in 2021. Of the 36,428,338 votes cast, 36,405,381 (99.95%) of the votes were in favour of the resolution, with 18,674 (0.05%) against and 4,283 votes withheld. The results of the votes were published on the website after the meeting.

#### Single total figure of remuneration for Executive Directors – audited

The table below sets out a single figure for the total remuneration received by each Executive Director for the year ended 31 December 2021 and the prior year:

	Andy Thorburn £'000		Peter Southby £'000	
	2021	2020	2021	2020
Base salary	<b>412</b>	409	<b>273</b>	271
Taxable benefits <sup>1</sup>	<b>24</b>	21	<b>19</b>	17
Pension <sup>2</sup>	<b>62</b>	61	<b>41</b>	41
Annual bonus <sup>3</sup>	<b>558</b>	205	<b>370</b>	135
Share schemes <sup>4</sup>	<b>500</b>	480	<b>223</b>	190
<b>Total</b>	<b>1,556</b>	1,176	<b>926</b>	654
Split into:				
Total fixed pay	<b>498</b>	491	<b>333</b>	329
Total variable pay	<b>1,058</b>	685	<b>593</b>	325

1 Taxable benefits consist primarily of a car allowance or company car, private medical insurance, business travel and subsistence (where taxable).

2 During the year the Executive Directors received 15% of 2020 base salary as employer contributions. At the request of Peter Southby £37,000 (2020: £35,000) of employer pension contributions were commuted to a cash payment in accordance with the remuneration policy.

3 This is the total bonus earned in respect of performance during the relevant year. Annual bonuses are received in cash. Further details of annual bonus awards for 2021 can be found in the annual report on remuneration on pages 77 to 78.

4 The amounts shown reflect the value of matching shares awarded under the SIP, the value of the free share award made under the SIP and the expected value of the 2019–2021 LTIP awards that will vest in April 2022 (calculated using the three-month average share price to 31 December 2021). For the Chief Executive Officer, £77,000 of the value is attributable to share price appreciation and for the Chief Financial Officer £34,000. Further details can be found on page 78. The values shown for 2020 have been restated from those shown in last year's annual report on remuneration to reflect the share price that applied on the date of vesting (1224p on 20 April 2021), for the 2018–2021 LTIP award which vested at 41.8% of the maximum. For the Chief Executive Officer, £96,000 of the value is attributable to share price appreciation and for the Chief Financial Officer £38,000.

## Single total figure of remuneration for Non-executive Directors – audited

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

	Board fee £'000		Committee Chair fee £'000		Fees £'000	
	2021	2020	2021	2020	2021	2020
Patrick De Smedt <sup>1</sup>	160	121	—	—	160	121
Andy McKeon	45	45	6	8	51	53
Kevin Boyd	45	45	8	8	53	53
Jen Byrne	45	45	—	—	45	45
JP Rangaswami <sup>2</sup>	38	—	—	—	38	—
Denise Collis <sup>3</sup>	11	—	2	—	13	—
Mike O'Leary <sup>4</sup>	—	42	—	—	—	42

1 Patrick De Smedt was appointed to the Board on 1 January 2020 and appointed as Chair on 6 May 2021.

3 Denise Collis was appointed to the Board on 1 October 2021.

2 JP Rangaswami was appointed to the Board on 1 March 2021.

4 Mike O'Leary retired from the Board on 6 May 2020.

## Incentive outcomes for the year ended 31 December 2021

### Bonus

During the year ended 31 December 2021, Executive Directors were eligible to receive a bonus of up to 150% of salary, depending on the level of Group adjusted operating profit achieved and certain other financial and strategic targets. Target performance was calibrated to deliver a bonus of 50% of maximum. Bonuses are paid entirely in cash and are subject to clawback. Corporate targets set by the committee require Executive Directors to deliver significant stretch performance to achieve maximum bonus.

The targets and actual performance for 2021 were as follows:

Performance metric and weighting (% of maximum opportunity)	Performance targets	Actual performance
Group adjusted operating profit (66.6% weighting)	<ul style="list-style-type: none"> <li>• &lt;£38.5m: no payment;</li> <li>• £40.7m: 25% of maximum bonus; and</li> <li>• ≥£44.3m: 66.6% of maximum bonus.</li> </ul> <p>Performance between points results in a pro rata bonus payment calculated on a straight-line basis.</p>	57.8%
Overall revenue growth (6.7% weighting)	<ul style="list-style-type: none"> <li>• &lt;£160m: no payment;</li> <li>• £160m: 2% of maximum bonus;</li> <li>• £165m: 5% of maximum bonus; and</li> <li>• ≥£171m: 6.7% of maximum bonus.</li> </ul> <p>Performance between points results in a pro rata bonus payment calculated on a straight-line basis.</p>	5.9%
Revenue growth for Enterprise (6.7% weighting)	<ul style="list-style-type: none"> <li>• &lt;5% growth: no payment;</li> <li>• 5% growth: 4% of maximum bonus;</li> <li>• 10% growth: 5% of maximum bonus; and</li> <li>• ≥15% growth: 6.7% of maximum bonus.</li> </ul> <p>Performance between points results in a pro rata bonus payment calculated on a straight-line basis.</p>	6.7%

## GOVERNANCE

### Directors' remuneration report continued

Annual report on remuneration continued

#### Incentive outcomes for the year ended 31 December 2021 continued

Bonus continued

Performance metric and weighting (% of maximum opportunity)	Performance targets	Actual performance
Non-financial targets <sup>1</sup> (20% weighting)	<p>Customer satisfaction average contact response time:</p> <ul style="list-style-type: none"> <li>More than 120 seconds: no payment;</li> <li>No more than 120 seconds: 3.3% of maximum bonus;</li> <li>No more than 80 seconds: 4.7% of maximum bonus; and</li> <li>Response in ≤60 seconds: 6.7% of maximum bonus.</li> </ul> <p>Performance between points results in a pro rata bonus payment calculated on a straight-line basis.</p>	6.7%
	<p>Employee engagement based on the proportion of employees answering agree or strongly agree on two questions:</p> <p>1. I have regular meetings with my manager which include good two-way dialogue; and 2. As part of a mainly remote workforce, I feel engaged with the business and my colleagues:</p> <ul style="list-style-type: none"> <li>Less than 70% strongly agree or agree: no payment;</li> <li>70% strongly agree or agree: 3.3% of maximum bonus;</li> <li>75% strongly agree or agree: 4.7% of maximum bonus; and</li> <li>≥80% strongly agree or agree: 6.7% of maximum bonus.</li> </ul> <p>Performance between points results in a pro rata bonus payment calculated on a straight-line basis.</p>	6.7%
	<p>Technology transformation programme delivery:</p> <ul style="list-style-type: none"> <li>May result in a bonus payment between 2% and 3.3% of maximum bonus depending on targets reached.</li> </ul>	3.3%
	<p>Pinnacle (successful scaling up of support for the Covid-19 vaccination programme) acceleration:</p> <ul style="list-style-type: none"> <li>May result in a bonus payment of up to 3.3% of maximum bonus for scaling up to match the vaccination programme.</li> </ul>	3.3%
<b>TOTAL</b>	90.4% of maximum opportunity.	(135.5% of salary for the Chief Executive Officer and Chief Financial Officer).

The committee determined that a total bonus of 135.5% of salary was achieved.

#### Long-term incentive awards vesting (audited)

For the 2019–2021 LTIP awards, there were two elements. The first, based on EPS growth over the three years to 31 December 2021 with a weighting of 80% of the award, was partly met, resulting in 50.48% vesting of this element. The second element, based on TSR performance with a weighting of 20% of the award, was fully met, resulting in 100% vesting of this element. Overall therefore, 70.48% of the total award will vest in April 2022, subject to continued employment. Awards will be subject to a two-year holding period. The performance targets for this award were as follows:

Performance level	EPS growth	% award to vest	TSR	% award to vest
Below base target	Below 5% p.a.	0%	Below median	0%
Base target	5% p.a.	20%	Equal to median	5%
Maximum target	10% p.a.	80%	Upper quartile	20%

#### Vesting value of awards vesting in 2021 (audited)

	On grant		At the end of the performance period				
	Number of shares awarded	% of salary granted	Dividend equivalent accrued during performance period	Number of vesting shares	Number of shares lapsing	Impact of share price performance £'000	Total vesting of award £'000
Andy Thorburn	53,475	150%	0	37,690	15,785	77	499
Peter Southby	23,610	100%	0	16,641	6,969	34	220

## Scheme interests awarded in 2021 (audited)

### Long-Term Incentive Plan

In 2021, the following awards were granted under the LTIP:

Executive Director	Date of grant	Awards made during the year	Market price at date of award	Normal vesting date	Face value at date of award £'000
Andy Thorburn	7 April 2021	54,210	1140p	7 April 2024	618
Peter Southby	7 April 2021	23,935	1140p	7 April 2024	273

### Performance conditions for 2021 awards

The ordinary annual awards granted in April 2021 include two performance targets. 75% of the award is subject to a performance target based on compound annual EPS growth and 25% of the award is subject to a performance target comparing the Company's TSR against the FTSE SmallCap. Both performance targets are measured over three financial years, 2021 to 2023.

#### Ordinary annual award

Performance level	EPS growth	% award to vest	TSR	% award to vest
Below base target	Below 5% p.a.	0%	Below median	0%
Base target	5% p.a.	18.75%	Equal to median	6.25%
Maximum target	10% p.a.	75.00%	Upper quartile	25.00%

To the extent that base target is exceeded, the percentage of award shares vesting increases pro rata between the base target and maximum target.

### SIP awards

During the year under review, Peter Southby was awarded matching shares under the SIP as a result of his own personal contributions in acquiring partnership shares. The value of these was less than £1,000. There were no performance conditions attached to the SIP awards. Peter Southby participates in the SIP to the maximum extent permitted by HMRC. Andy Thorburn and Peter Southby received dividend shares on their SIP holding during the year, with the value of these being less than £1,000 each. In April 2021, Andy Thorburn and Peter Southby received a free share award under the SIP, both receiving 50 shares. The value of these was less than £1,000.

Executive Directors participate in the SIP on the same terms as other UK employees.

### Ad hoc payments

There were no ad hoc payments to any Directors for the year ended 31 December 2021 (2020: nil).

### Loss of office payments (audited)

There were no loss of office payments for the year ended 31 December 2021 (2020: nil).

### Payments to past Directors (audited)

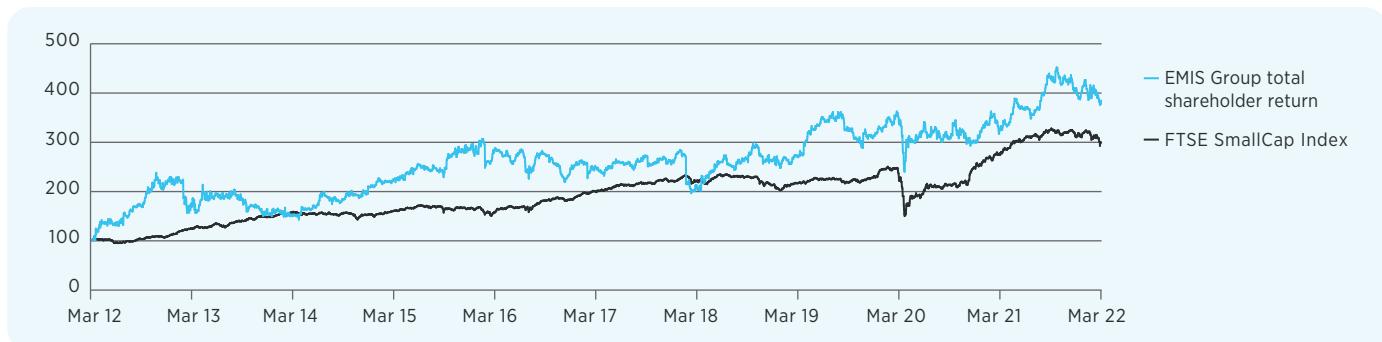
There were no payments to past Directors for the year ended 31 December 2021 (2020: nil).

### Relative importance of spend on pay

The table below shows the Group's expenditure on shareholder distributions (including dividends) and total employee pay expenditure for the financial years ended 31 December 2020 and 31 December 2021.

	Total employee expenditure	Distributions to shareholders
<b>2021</b>		
2020	£70.0m	£20.1m
% change	9%	10%

### TSR performance



The graph above compares the value of £100 invested in EMIS Group plc shares, including reinvested dividends, with the FTSE SmallCap Index in the last ten years. This index was selected because it is considered to be the most appropriate against which the TSR of the Group should be measured.

## GOVERNANCE

### Directors' remuneration report continued

Annual report on remuneration continued

#### Historical Chief Executive Officer pay

The table below details the Chief Executive Officer's single total figure of remuneration and incentive outcomes over the relevant financial year:

	2015	2016	2017	2018	2019	2020	2021
<b>Andy Thorburn</b> (from 1 May 2017)							
Chief Executive Officer single figure (£'000)	n/a	n/a	358	922	814	1,098	<b>1,552</b>
Annual bonus (% of max)	n/a	n/a	0%	72%	63%	50%	<b>90%</b>
LTIP vesting (% of max)	n/a	n/a	n/a	n/a	10%	42%	<b>70%</b>
<b>Chris Spencer</b> (retired 30 April 2017)							
Chief Executive Officer single figure (£'000)	388	607	238	n/a	n/a	n/a	<b>n/a</b>
Annual bonus (% of max)	0%	0%	0%	n/a	n/a	n/a	<b>n/a</b>
LTIP vesting (% of max)	51%	48%	0%	n/a	n/a	n/a	<b>n/a</b>

#### Percentage change in Directors' remuneration

The table below sets out the annual percentage change in salary, benefits and bonus for each Director compared with that of the average full-time equivalent total reward for all colleagues in the UK.

Director	% change 2020–2021		
	Base salary/fees	Benefits	Annual bonus
Andy Thorburn	1%	16%	173%
Peter Southby	1%	13%	173%
Patrick De Smedt <sup>1</sup>	32%	0%	n/a
Andy McKeon	-4%	0%	n/a
Kevin Boyd	0%	n/a	n/a
Jen Byrne	0%	n/a	n/a
JP Rangaswami	n/a	n/a	n/a
Denise Collis	n/a	n/a	n/a
Colleagues (average FTE)	5%	-4%	186%

1. Patrick De Smedt was appointed to the Board on 1 January 2020 as a Non-executive Director. His fee increased as at 6 May 2021 when he became Chair.

#### Directors' interests (audited)

The beneficial interests of the Executive Directors in the ordinary shares of the Company, including those acquired through the SIP, as at 31 December 2021 were as follows:

Executive Director	Ordinary shares at 31 December 2021		
	Fully owned and vested shares	Unvested with performance conditions (at maximum)	SIP (unvested without performance conditions)
Andy Thorburn	<b>66,510</b>	<b>303,196</b>	<b>416</b>
Peter Southby	<b>32,708</b>	<b>124,730</b>	<b>1,565</b>

Since the year end, SIP shares have continued to be awarded each month, for which monthly Regulatory Information Service announcements have been made. This has resulted in Peter Southby holding an additional 54 shares, which include matching shares awarded under the SIP which may be subject to forfeiture in certain circumstances.

The Executive Directors have a share ownership requirement of 200% of salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer. As of 31 December 2021, the Chief Executive Officer had achieved a shareholding of 217% of salary and the Chief Financial Officer 171% of salary and therefore both Executive Directors met the share ownership requirement. Executives are also subject to post-employment shareholding guidelines as detailed in the remuneration policy.

The beneficial interests of the Non-executive Directors in the ordinary shares of the Company as at 31 December 2021 were as follows:

Non-executive Director	Ordinary shares at 31 December 2021
Patrick De Smedt	<b>10,000</b>
Kevin Boyd	<b>7,000</b>
Jen Byrne	—
JP Rangaswami	—
Denise Collis	<b>1,441</b>
Andy McKeon	<b>4,947</b>

## Implementation of remuneration policy for 2022

The letter from the Chair of the remuneration committee on pages 66 and 67 includes further detail.

### Base salary

The base salaries for the Executive Directors in 2022 are set out in the table below. Increases for the Executive Directors are below the budgeted increase for the UK workforce.

Executive Director	Base salary from 1 April 2021 to 31 March 2022	Base salary from 1 April 2022 to 31 March 2023	Percentage increase
Andy Thorburn	£412,000	£426,420	3.5%
Peter Southby	£272,862	£282,412	3.5%

### Pension

For 2022, Executive Directors will continue to receive a contribution equivalent to 15% of their 2020 base salary. As of 1 January 2023, employer pension contributions for Executive Directors as a percentage of salary will be aligned to the wider UK workforce, currently 6% of salary.

### Annual bonus

The maximum bonus opportunity will be 150% of salary, with target set at 75% of base salary.

The specific targets are deemed commercially sensitive but will be published retrospectively in the annual report and accounts for 2022; 70% of maximum opportunity will be dependent on adjusted operating profit, 12% on financial measures important to EMIS's strategy and 18% on strategic performance measures.

Bonus payments will continue to be delivered in cash and will continue to be subject to the following conditions:

- Clawback for a period of one year after the award in the event that the remuneration committee becomes aware of any information on the basis of which it is reasonable for it to form the opinion that either inaccurate figures had been reported on which the bonus target had been calculated and based or bonus outcome calculated; or there had been misconduct; or there had been any action or omission that had resulted in significant damage to the Group's reputation; and
- The requirement to invest at least 40% of any net bonus payment in shares of the Company until the minimum shareholding level relevant to the Executive Director is met.

### LTIP

An award will be made in 2022 and will equate to 150% of salary for the Chief Executive Officer and 100% of salary for the Chief Financial Officer. The threshold vesting for EPS performance is 5% p.a. for this award. The performance metrics will be 75% based on EPS growth over the performance period and 25% based on relative TSR performance against the FTSE SmallCap. The measures and weightings are unchanged from 2021. To the extent that base target is exceeded, the percentage of award shares vesting increases pro rata between the base target and maximum target. In assessing performance against the EPS condition, the committee will take into account any material external changes that might impact EPS, including potential changes to the rate of corporation tax.

2022 award	EPS growth	% award to vest	TSR	% award to vest
Below base target	Below 5% p.a.	0%	Below median	0%
Base target	5% p.a.	18.75%	Equal to median	6.25%
Maximum target	10% p.a.	75.00%	Upper quartile	25.00%

Following the end of the performance period with a normal vesting period of three years, a two-year holding period applies to any vested shares. Executive Directors are subject to the requirement to retain shares after the holding period to add to their beneficial shareholding until the minimum shareholding level relevant to the Executive Director is met. LTIP awards are subject to clawback as explained in the policy.

### SIP

Executive Directors, subject to eligibility, will be able to continue to participate in the SIP on the same basis as in 2021.

### Chair and Non-executive Director fees

Fee levels for the Chair and Non-executive Directors are subject to annual review taking into account appropriate comparators and the level of time commitment required. It was agreed that there would be base and Chair fee increases of 2% from 1 April 2022. An additional annual fee of £8,160 will also be implemented for the Senior Independent Director from 1 April 2022.

### Denise Collis

#### Chair of the remuneration committee

24 March 2022

## Directors' report

This section contains the remaining matters on which the Directors are required to report each year.

The Company is incorporated in England and Wales and domiciled in the UK, Company number 06553923. The address of its Registered Office is Fulford Grange, Micklefield Lane, Rawdon, Leeds LS19 6BA.

### General information and principal activities

EMIS Group plc (the "Company" or the "parent company") is an AIM-quoted company. The Company is the parent of a number of trading subsidiary companies. The principal trading subsidiary is Egton Medical Information Systems Limited.

As part of a programme of corporate simplification within the EMIS Group plc group of companies during the year, Egton Medical Information Systems Limited acquired the trade and assets of Patient Platform Limited on 31 May 2021, the trade and assets of Ascribe Limited on 31 October 2021 and the trade and assets of Rx Systems Ltd on 31 December 2021.

EMIS Group is the UK leader in connected healthcare software and systems. Its solutions are widely used across every major UK healthcare setting. EMIS Group's aim is to be the leading provider of innovative healthcare technology that improves people's lives. This helps healthcare professionals to deliver better, more efficient healthcare, supporting longer and healthier lives.

EMIS Group has two core business segments: EMIS Health and EMIS Enterprise. EMIS Health is a supplier of innovative integrated care technology to the NHS market, including primary, community, acute and social care. EMIS Enterprise is focussed on growth in the B2B technology sector within the healthcare market, including management of medicines, partner businesses, patient-facing services, data and analytics, and research and life sciences.

EMIS Group's brands include:

- EMIS, the clinical software business, supplying essential technology to 10,000 healthcare organisations across every major UK health sector;
- Patient, the UK's leading independent provider of patient-centric medical and wellbeing information and digital front door services to the UK public;
- Pinnacle, a leading provider of service management solutions to the community pharmacy market;
- Edenbridge Healthcare, a leading provider of business intelligence tools for GP practices, federations and commissioners (acquired in January 2022); and
- FourteenFish, a specialist GP appraisals and training business (acquired in March 2022).

### Capital allocation policy

EMIS Group seeks to deliver high-quality visible earnings, future earnings growth and strong cash returns. The Board has adopted a clear capital allocation policy:

- Reinvestment for growth – the Group invests in the infrastructure, technology and intellectual capital to drive growth in its core markets, through constant product innovation and integration. At the current time, this is demonstrated by significant investment in the EMIS-X platform;
- Regular returns to shareholders – the Group pays a regular dividend to shareholders, representing over the medium-term around 50% of adjusted earnings, and has increased the proposed full year dividend for 2021 by 10%;

- Acquisition – the Group supplements its organic growth by acquiring companies with promising technologies and in markets adjacent to, and consistent with, current capabilities, such as the Edenbridge Healthcare acquisition that took place in January 2022 and the FourteenFish acquisition that took place in March 2022; and
- Balance sheet leverage and return of excess capital – the Group will maintain an appropriate balance sheet, consistent with its investment requirements and mindful of the preferences of both shareholders and customers. While the Group is prepared to take on additional debt if circumstances warrant, it aims to return excess capital to shareholders when appropriate.

### Dividends

Subject to shareholder approval at the AGM on 5 May 2022, the Board proposes paying a final dividend of 17.6p per ordinary share (2021: 16.0p) on 17 May 2022 to shareholders on the register at the close of business on 19 April 2022. This would make a total dividend of 35.2p per ordinary share for 2021 (2020: 32.0p).

### Directors

The Directors of the Company who served during the year ended 31 December 2021 and subsequently are as follows:

#### Patrick De Smedt

Chair

#### Andy Thorburn

Chief Executive Officer

#### Peter Southby

Chief Financial Officer

#### Kevin Boyd<sup>1</sup>

Senior Independent Non-executive Director

#### Jen Byrne

Independent Non-executive Director

#### JP Rangaswami<sup>2</sup>

Independent Non-executive Director

#### Denise Collis<sup>3</sup>

Independent Non-executive Director

#### Andy McKeon<sup>4</sup>

Senior Independent Non-executive Director

1 Kevin Boyd became Senior Independent Director on 28 February 2022.

2 JP Rangaswami was appointed as a Non-executive Director on 1 March 2021.

3 Denise Collis was appointed as a Non-executive Director and Chair of the remuneration committee on 1 October 2021.

4 Andy McKeon retired from the Board on 28 February 2022.

### Re-election of Directors

Directors are subject to annual re-election in line with best practice. As a new appointment since the 2021 AGM, Denise Collis will stand for election at the AGM on 5 May 2022.

### Directors' interests

Details of Directors' remuneration and interests in the share capital of the Company are given in the annual report on remuneration on pages 66 to 81. Details of Directors' service agreements are included in the remuneration policy on page 74. No Director has had any material interest in any contract of significance with the Company or any of its subsidiaries during the year under review.

## Substantial interests in shares

The Company has been notified of the following substantial interests in 3% or more in its ordinary shares:

Fund Manager	31 December 2021 %	28 February 2022 %
Liontrust Asset Management	11.39	<b>11.36</b>
Octopus Investments	9.09	<b>9.24</b>
Heronbridge Investment Management	4.64	<b>4.59</b>
Evenlode Investment	4.15	<b>4.10</b>
MN Services	3.57	<b>3.94</b>
Investec Wealth and Investment	3.61	<b>3.68</b>
NFU Mutual	3.20	<b>n/a</b>
Charles Stanley	3.10	<b>3.14</b>

## Research and development

Research and development expenditure in the year amounted to £21.3m (2020: £21.2m) of which £4.1m (2020: £6.6m) was capitalised.

## Share capital

As at 31 December 2021 and 16 March 2022, the Company had 63,311,396 (31 December 2020: 63,311,396) ordinary shares of 1p each in issue. The shares are traded on AIM, a market operated by the London Stock Exchange. The rights and obligations attached to the shares are set out in the Company's Articles of Association which are available on the Company's website.

The Company has previously established an Employee Benefit Trust (EBT) to hold shares in the Company to facilitate share-based emolument payments and the Group SIP. During the year, the EBT purchased 200,000 shares in the Company at a cost of £2.4m. As at 31 December 2021 the EBT held 317,906 (2020: 401,147) ordinary shares of 1p each. The EBT has waived its right to dividends.

Details of ordinary shares under option in respect of the Company's share schemes are shown in note 27 to the financial statements.

The rules of the LTIP and CSOP set out the procedure to be followed in the event of a change of control. Further information is given in the Directors' remuneration policy on page 75.

## Purchase of own shares

The Directors' authority to make purchases of the Company's shares on its behalf is given by resolution of the shareholders annually at the Company's AGM.

There were no share buybacks during the year.

## Directors' indemnities and liability insurance

As permitted by the Articles of Association, in accordance with Section 234 of the Companies Act 2006, the officers of the Company and its subsidiaries would be indemnified in respect of proceedings which might be brought by a third party. No cover is provided for Directors and officers in respect of any fraudulent or dishonest actions. The Company maintains Directors' and officers' liabilities insurance to provide appropriate cover for any legal action brought against its Directors.

## Employees

The Group strives to build an inclusive culture that encourages, supports and celebrates the diverse voices of its employees. The Group is committed to ensuring that all of its employees and prospective

employees are treated fairly and equitably. EMIS's Dignity at Work Policy sets out its commitment to provide a working environment that operates on equality of opportunity and freedom from harassment or unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age, or sexual orientation. All employees are treated fairly and equally.

For further information on EMIS Group employees see page 46.

## Ethical business practices

The Group has a zero tolerance approach to bribery and corruption and is committed to ensuring that it has effective processes and procedures in place to counter the risk of bribery and corruption. A formal anti-bribery policy is in place and training for all employees is undertaken annually. The policy and training results are reviewed on a regular basis by the audit committee.

The Group has a comprehensive code of ethics and standards of business conduct document, which provides instruction and guidance to employees on expected behaviour when dealing with a wide range of stakeholders.

The Group has a whistleblowing policy, which is reviewed annually by the audit committee, and an associated reporting hotline operated by an external provider.

Along with other important policies in place across the Group, all employees are required to acknowledge receipt of these three policies and to confirm that they have read and understood them.

In addition, the Group has an anti-fraud policy statement and fraud response plan which outlines the Group's definition and attitude towards fraud and the process to be followed in any suspected instances of such activity.

## Modern Slavery Act

The Group is committed to conducting business responsibly. It seeks to ensure that its supply chains operate to those same high standards, including in relation to employment practices, workplace conditions and, more specifically, the prevention of forced, bonded and trafficked labour. This is upheld through the Group's policies and processes, and is fully supported by the Board. The steps taken to help manage the risks outlined by the legislation are detailed in the Group's modern slavery statement which is published annually on the EMIS Group website and can be found at [www.emisgroupplc.com/investors/corporate-governance](http://www.emisgroupplc.com/investors/corporate-governance).

## Directors' report continued

### Political donations

No political donations were made in 2021 (2020: £nil).

### Going concern

The Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the strategic report on pages 16 to 19. A commentary on the revenue, trading results and cash flows is provided in the financial review on pages 24 to 27.

Note 3 to the financial statements sets out the Group's financial risks and the management of capital risks.

The Group is profitable and expects to continue to be so, with significant cash resources, a high and continuing level of recurring revenue and also high levels of cash conversion expected for the foreseeable future.

During the year the Group secured a new £30m revolving credit facility with Barclays and NatWest, with an accordion arrangement to increase it up to £60m if required. The facility is for an initial three-year period commencing 15 December 2021 with options to extend up to a maximum of five years. As at 31 December 2021, the facility was undrawn.

The Directors considered the going concern assumption and after careful enquiry and review of available financial information, including detailed projections of profitability and cash flows for the next two years, the Directors believe that the Group has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the consolidated and Company financial statements.

### AGM notice

The notice convening the AGM to be held on 5 May 2022, together with an explanation of the resolutions to be proposed at the meeting, is contained in a separate circular to shareholders and on the Group's website at [www.emisgroupplc.com/investors/annual-general-meeting](http://www.emisgroupplc.com/investors/annual-general-meeting).

### Auditor and statement as to disclosure of information to the auditor

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The Directors have individually confirmed that they have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The auditor, KPMG LLP, has indicated its willingness to be reappointed and, in accordance with Section 489 of the Companies Act 2006, a resolution for reappointment will be proposed at the AGM.

### Corporate governance

The Company's statement on corporate governance can be found on pages 53 to 58 of this annual report and accounts.

The Directors' report, comprising the strategic report, the corporate governance report and the reports of audit, remuneration and nomination committees, has been approved by the Board and signed on its behalf by:

**Christine Benson**  
**Company Secretary**

24 March 2022

# Statement of Directors' responsibilities

in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company 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. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.

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 parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the Companies Act 2006, as if those requirements applied to the Company. The directors have also decided to prepare voluntarily a Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board

**Andy Thorburn**  
**Chief Executive Officer**  
24 March 2022

**Peter Southby**  
**Chief Financial Officer**  
24 March 2022

# Independent auditor's report

to the members of EMIS Group plc

## 1. Our opinion is unmodified

We have audited the financial statements of EMIS Group plc ("the Company") for the year ended 31 December 2021 which comprise the Group statement of comprehensive income, the Group and parent Company balance sheets, The Group and parent Company statements of cash flows, the Group and parent Company statements of changes in equity, and the related notes, including the accounting policies in note 1.

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 UK- adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Overview

	vs 2020
<b>Materiality:</b> group financial statements as a whole	£1.8m (2020: £1.6m) 5.0% (2020: 4.5%) of Group profit before tax (2020: Group profit before tax and exceptional items)
<b>Coverage</b>	80% (2020: 96%) of Group profit before tax (2020: Group profit before tax and exceptional items)
<b>Key audit matters</b>	
<b>New risk</b>	Goodwill impairment: carrying amount of Acute Medicines Management cash generating unit
<b>Recurring risks</b>	Revenue recognition  Recoverability of parent company's investment in subsidiaries 

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which 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 arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows.

	The risk	Our response
<b>Goodwill impairment: carrying amount of Acute Medicines Management cash generating unit</b> (Acute Medicines Management Goodwill: £6.6 million; 2020: £6.6million)  Refer to page 98 (accounting policy) and page 108 (financial disclosures)	<p><b>Forecast-based assessment:</b> The carrying value of goodwill is significant for the Group. The estimated recoverable amount of goodwill for each of the Group's cash generating units, assessed with reference to value in use calculations, is subjective due to the inherent uncertainty involved in forecasting and discounting future cash flows.</p> <p>The impairment test for Acute Medicines Management indicates that the headroom for this cash generating unit is sensitive to small changes in the assumptions and estimates applied in the value in use calculations.</p> <p>The risk is greater in this cash generating unit due to this business not achieving its budgeted performance for FY21.</p> <p>The effect of these matters is that, as an update to our original risk assessment, we determined that the value in use impairment assessment for the Acute Medicines Management cash generating unit has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.</p> <p>The financial statements (note 2) disclose the relevant estimates involved in assessing the cash generating unit for impairment. The financial statements (note 13) disclose the sensitivity estimated by the Group.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• <b>Assessing methodology:</b> Obtaining the discounted value in use cash flow model and assessing the methodology, principles and integrity of the model;</li> <li>• <b>Benchmarking assumptions:</b> Comparing the Group's assumptions to externally derived data in relation to key inputs such as projected economic growth and discount rates;</li> <li>• <b>Historical comparisons:</b> Considering the Group's historical forecasting accuracy by assessing actual performance against budget;</li> <li>• <b>Tests of detail:</b> Assessing the achievability of management's FY22 budget and contracted revenues with reference to correspondence and contractual documentation with customers, and historic order book trends;</li> <li>• <b>Challenge key judgements:</b> Performing corroborative inquiries of key sales personnel outside of the Group finance team, to challenge the status and FY22 budget assumptions made in respect of non-recurring revenue projects;</li> <li>• <b>Sensitivity analysis:</b> Performing sensitivity analysis over the value in use impairment assessment by replacing key assumptions with alternative scenarios in order to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired; and</li> <li>• <b>Assessing transparency:</b> Assessing whether the Group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflect the risks inherent in the valuation of goodwill for the Acute Medicines Management cash generating unit.</li> </ul>

## Independent auditor's report continued

to the members of EMIS Group plc

## 2. Key audit matters: our assessment of risks of material misstatement continued

The risk	Our response
<b>Revenue recognition</b> (£168.2 million; 2020: £159.5 million)  Refer to page 98 (accounting policy) and page 104 (financial disclosures)	<b>Processing error</b> Revenue consists of fees earned on the sale of software, hardware and associated services. There are a high number of contracts and transactions and the process of recording accrued and deferred revenue is manual in nature.  The effect of this matter is that we have to spend a significant proportion of audit effort on this balance which is the most material number in the Group Statement of Comprehensive Income, and therefore we consider this to be an area that had the greatest effect on the audit.
<b>Recoverability of parent company's investment in subsidiaries</b>  Investment in subsidiaries: £112.2 million; 2020: £106.9 million  Refer to pages 98 and 101 (accounting policy) and page 110 (financial disclosures)	<b>Low risk, high value:</b> The carrying amount of the parent company's investments in subsidiaries represents 66% (2020: 70%) of the Company's total assets.  Their recoverability is not at a high risk of significant misstatement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our overall parent company audit.

### 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £1.8m (2020: £1.6m), determined with reference to a benchmark of Group profit before tax of which it represents 5.0% (2020: 4.5% of Group profit before tax and exceptional items).

Materiality for the parent company financial statements as a whole was set at £1.3m (2020: £1.2m), determined with reference to a benchmark of parent company net assets of which it represents 1.2% (2020: 1.0%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £1.35m (2020: £1.2m) for the Group and £1.0m (2020: £0.9m) for the parent company.

We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.09m (2020: £0.08m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 22 (2020: 22) reporting components, we subjected 4 (2020: 5) to full scope audits for group purposes.

The components within the scope of our work accounted for the percentages illustrated opposite. The remaining 4% (2020: 1%) of total group revenue, 20% (2020: 4%) of group profit before tax (2020: group profit before tax and exceptional items) and 8% (2020: 5%) of total group assets is represented by 18 (2020: 17) reporting components. One residual component experienced an increase in revenue in the period which also resulted in an increased level of profit before tax. We determined that our scoping remained appropriate as no significant risk of material misstatement was identified for this component and the revenue from this component was not significant in the context of total group revenues. This component represented 4.4% (2020: 1.4%) of total group revenues, 10.7% (2020: 1.6%) of group profit before tax and 2.3% (2020: 1.1%) of total group assets.

For the remaining residual components, none individually represented more than 7.2% (2020: 8.1%) of any of total group revenue, group profit before tax (2020: group profit before tax and exceptional items) or total group assets. For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The work on all components subject to full scope audits for Group purposes, including the audit of the parent Company, was performed by the Group team using component materialities that ranged from £1.5 million to £0.3 million (2020: £1.36 million to £0.05 million), having regard to the mix of size and risk profile of the Group across the components.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting.

#### Group profit before tax

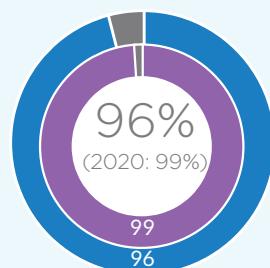
£36.1m (2020: £35.9m,  
Group profit before tax and  
exceptional items)

#### Group materiality

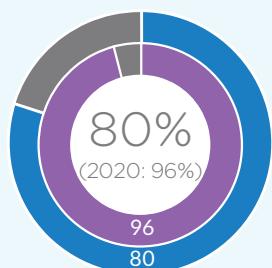
£1.8m (2020: £1.6m)



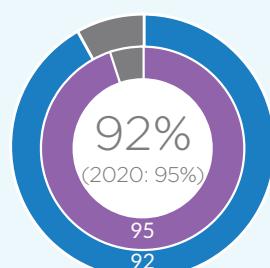
#### GROUP REVENUE



#### GROUP PROFIT BEFORE TAX (2020: GROUP PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS)



#### GROUP TOTAL ASSETS



- Full scope for group audit purposes 2021
- Full scope for group audit purposes 2020
- Residual components

## Independent auditor's report continued

to the members of EMIS Group plc

### 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's and Company's available financial resources over this period was lower than expected trading volumes.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash and facilities (a reverse stress test). We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### 5. Fraud and breaches of laws and regulations – ability to detect

#### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit committee and remuneration committee minutes.
- Considering remuneration incentive schemes and performance targets for directors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment we perform procedures to address the risk of management override of controls, and the risk of fraudulent revenue recognition in particular the risk that revenue is recorded in the wrong period from subscription fees and the risk that Group management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation for significant components. These included those posted to unusual accounts.
- Selecting a sample of accrued and deferred revenue entries across the Group and agreeing to supporting documentation to assess accounting treatment was in line with relevant accounting standards.

## 5. Fraud and breaches of laws and regulations – ability to detect continued

### Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, data protection, employment law and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. We have nothing to report on the other information in the annual report

The directors are responsible for the other information presented in the annual report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered 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.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

## Independent auditor's report continued

to the members of EMIS Group plc

### 6. We have nothing to report on the other information in the Annual Report continued

#### Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that 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 position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

### 7. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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 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.

We have nothing to report in these respects.

### 8. Respective responsibilities

#### Directors' responsibilities

As explained more fully in their statement set out on page 85, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they 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

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### 9. The purpose of our audit work and to whom we owe our responsibilities

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.

**Frances Simpson (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants**

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
24 March 2022

# Group statement of comprehensive income

for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
<b>Revenue</b>	5	<b>168,226</b>	159,453
<b>Costs:</b>			
Changes in inventories		(83)	(47)
Cost of goods and services		(16,172)	(20,288)
Staff costs	9	(72,303)	(63,374)
Other operating expenses <sup>1</sup>		(26,749)	(22,628)
Depreciation of property, plant and equipment		(4,196)	(5,089)
Amortisation of intangible assets	14	(12,938)	(12,251)
<b>Adjusted operating profit<sup>2</sup></b>		<b>43,533</b>	39,266
Development costs capitalised	9, 14	4,052	6,590
Amortisation of intangible assets <sup>3</sup>	14	(11,800)	(11,100)
Release of contingent acquisition consideration <sup>4</sup>		—	1,020
<b>Operating profit</b>	6	<b>35,785</b>	35,776
Finance income	7	50	89
Finance costs	8	(476)	(590)
Share of result of joint venture and associate	17, 18	727	858
Other income <sup>5</sup>		—	782
<b>Profit before taxation</b>		<b>36,086</b>	36,915
Income tax expense	10	(7,010)	(6,794)
<b>Profit for the period</b>		<b>29,076</b>	30,121
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Currency translation differences		(55)	(41)
<b>Other comprehensive income</b>		<b>(55)</b>	(41)
<b>Total comprehensive income for the year</b>		<b>29,021</b>	30,080
<b>Attributable to:</b>			
– equity holders of the parent		<b>29,021</b>	30,207
– non-controlling interest in subsidiary company		—	(127)
<b>Total comprehensive income for the year</b>		<b>29,021</b>	30,080
<b>Earnings per share attributable to equity holders of the parent</b>		<b>Pence</b>	Pence
Basic	11	<b>46.2</b>	48.1
Basic diluted	11	<b>45.6</b>	47.6
Adjusted	11	<b>56.1</b>	51.0
Adjusted diluted	11	<b>55.5</b>	50.4

1 Including an exceptional credit from release of contingent acquisition consideration of £nil (2020: £1,020,000).

2 For an explanation of the alternative performance measures used in this report, please refer to page 22.

3 Excluding amortisation of computer software used internally of £1,138,000 (2020: £1,151,000).

4 During the prior year the Group released £1,020,000 of contingent acquisition consideration in respect of the Dovetail acquisition resulting in a corresponding credit to the Group statement of comprehensive income.

5 During the prior year the Group received £782,000 of previously unrecognised additional consideration in relation to the 2019 disposal of the Specialist & Care business.

The notes on pages 97 to 118 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS

Group and parent company balance sheets

as at 31 December 2021

	Notes	Group		Company	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
<b>Non-current assets</b>					
Goodwill	13	<b>52,177</b>	52,177	—	—
Other intangible assets	14	<b>24,358</b>	33,118	<b>722</b>	1,466
Property, plant and equipment	15	<b>18,694</b>	19,870	—	—
Investments	16	—	—	<b>112,157</b>	106,872
Amounts owed by subsidiary companies		—	—	—	10,759
Investment in joint venture and associate	17, 18	<b>355</b>	353	—	—
		<b>95,584</b>	105,518	<b>112,879</b>	119,097
<b>Current assets</b>					
Inventories		<b>530</b>	613	—	—
Current tax assets		<b>4,730</b>	3,556	—	—
Trade and other receivables	19	<b>32,057</b>	29,993	<b>6,542</b>	5,195
Cash and cash equivalents		<b>64,042</b>	53,008	<b>49,471</b>	29,113
		<b>101,359</b>	87,170	<b>56,013</b>	34,308
<b>Total assets</b>		<b>196,943</b>	192,688	<b>168,892</b>	153,405
<b>Current liabilities</b>					
Trade and other payables	21	<b>(29,180)</b>	(31,219)	<b>(337)</b>	(1,443)
Deferred income		<b>(29,582)</b>	(29,161)	—	—
Other financial liabilities	25	<b>(2,000)</b>	(2,000)	<b>(2,000)</b>	(2,000)
Lease liabilities	28	<b>(903)</b>	(990)	—	—
Amounts owed to subsidiary companies		—	—	<b>(62,103)</b>	(44,779)
		<b>(61,665)</b>	(63,370)	<b>(64,440)</b>	(48,222)
<b>Non-current liabilities</b>					
Deferred tax liability	24	<b>(1,788)</b>	(2,289)	—	—
Other financial liabilities	25	—	(2,000)	—	(2,000)
Lease liabilities	28	<b>(5,013)</b>	(5,891)	—	—
		<b>(6,801)</b>	(10,180)	—	(2,000)
<b>Total liabilities</b>		<b>(68,466)</b>	(73,550)	<b>(64,440)</b>	(50,222)
<b>Net assets</b>		<b>128,477</b>	119,138	<b>104,452</b>	103,183
<b>Equity</b>					
Ordinary share capital	26	<b>633</b>	633	<b>633</b>	633
Share premium	26	<b>51,045</b>	51,045	<b>51,045</b>	51,045
Own shares held in trust		<b>(4,639)</b>	(3,594)	—	—
Retained earnings		<b>79,699</b>	69,260	<b>50,555</b>	49,286
Other reserve		<b>1,739</b>	1,794	<b>2,219</b>	2,219
<b>Total equity</b>		<b>128,477</b>	119,138	<b>104,452</b>	103,183

The notes on pages 97 to 118 are an integral part of these consolidated financial statements.

The financial statements on pages 93 to 118 were approved by the Board of Directors and authorised for issue on 16 March 2022 and are signed on its behalf by:

**Andy Thorburn**  
Chief Executive Officer

**Peter Southby**  
Chief Financial Officer

Company number 06553923 (England and Wales)

# Group and parent company statements of cash flows

for the year ended 31 December 2021

Notes	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Profit before taxation	<b>36,086</b>	36,915	<b>19,456</b>	23,039
Finance income	(50)	(89)	(88)	(256)
Finance costs	<b>476</b>	590	<b>123</b>	160
Share of result of joint venture	(727)	(858)	—	—
Other income	—	(782)	—	(782)
Dividends received	—	—	<b>(21,198)</b>	(22,650)
Operating profit/(loss)	<b>35,785</b>	35,776	<b>(1,707)</b>	(489)
<b>Adjustment for non-cash items</b>				
Amortisation of intangible assets	<b>12,938</b>	12,251	<b>744</b>	745
Depreciation of property, plant and equipment	<b>4,196</b>	5,089	—	—
Release of contingent acquisition consideration	—	(1,020)	—	(1,020)
(Profit)/loss on disposal of property, plant and equipment	(9)	43	—	—
Share-based payments	<b>1,788</b>	1,440	—	—
Operating cash flow before changes in working capital	<b>54,698</b>	53,579	<b>(963)</b>	(764)
<b>Changes in working capital</b>				
Decrease in inventory	<b>83</b>	47	—	—
(Increase)/decrease in trade and other receivables	(2,136)	3,197	<b>47</b>	(211)
(Decrease)/increase in trade and other payables	(3,007)	7,751	<b>(989)</b>	211
Increase/(decrease) in deferred income	<b>421</b>	(436)	—	—
<b>Adjusted cash generated from/(used in) operations</b>	<b>46,007</b>	58,851	<b>(1,905)</b>	(764)
Development costs capitalised	<b>4,052</b>	6,590	—	—
Cash cost of exceptional items	—	(1,303)	—	—
<b>Cash generated from/(used in) operations</b>	<b>50,059</b>	64,138	<b>(1,905)</b>	(764)
Finance costs	(90)	(141)	(110)	(115)
Finance income	<b>26</b>	87	<b>88</b>	256
Tax paid	(7,483)	(11,684)	—	—
<b>Net cash generated from/(used in) operating activities</b>	<b>42,512</b>	52,400	<b>(1,927)</b>	(623)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(2,227)	(2,449)	—	—
Proceeds from sale of property, plant and equipment	<b>10</b>	2,500	—	—
Development costs capitalised	(4,052)	(6,590)	—	—
Purchase of software	(126)	(452)	—	—
Dividends received	<b>725</b>	850	<b>21,198</b>	22,650
Business combination	—	(2,880)	—	(3,753)
Disposal of discontinued operation, net of cash disposed of	—	782	—	782
<b>Net cash (used in)/generated from investing activities</b>	<b>(5,670)</b>	(8,239)	<b>21,198</b>	19,679
<b>Cash flows from financing activities</b>				
Transactions in own shares held in trust	(1,505)	474	<b>412</b>	—
Payment of lease liabilities	(1,157)	(1,511)	—	—
Deferred contingent consideration	25	(2,000)	(2,000)	(800)
Dividends paid	12	(21,146)	(21,146)	(19,860)
Acquisition of non-controlling interest	—	(555)	—	(555)
Increase in loan from subsidiary companies	—	—	<b>41,728</b>	9,467
Decrease in loan from subsidiary companies	—	—	(16,500)	—
(Increase)/decrease in loan to Employee Benefit Trust	—	—	(1,407)	953
<b>Net cash (used in)/generated from financing activities</b>	<b>(25,808)</b>	(22,252)	<b>1,087</b>	(10,795)
<b>Net increase in cash and cash equivalents</b>	<b>11,034</b>	21,909	<b>20,358</b>	8,261
Cash and cash equivalents at beginning of year	<b>53,008</b>	31,099	<b>29,113</b>	20,852
<b>Cash and cash equivalents at end of year</b>	<b>64,042</b>	53,008	<b>49,471</b>	29,113

The notes on pages 97 to 118 are an integral part of these consolidated financial statements.

## FINANCIAL STATEMENTS

### Group and parent company statements of changes in equity

for the year ended 31 December 2021

Group	Share capital £'000	Share premium £'000	Own shares held in trust £'000	Retained earnings £'000	Other reserve £'000	Non-controlling interest £'000	Total equity £'000
At 1 January 2020	633	51,045	(5,021)	57,118	147	276	104,198
Profit for the year	—	—	—	30,248	—	(127)	30,121
<b>Changes in ownership interest</b>							
Non-controlling interest acquisition	—	—	—	(406)	—	(149)	(555)
<b>Transactions with owners</b>							
Share acquisitions less sales	—	—	1,427	—	—	—	1,427
Share-based payments	—	—	—	1,440	—	—	1,440
Deferred tax in relation to share-based payments	—	—	—	40	—	—	40
Dividends paid (note 12)	—	—	—	(19,860)	—	—	(19,860)
Contingent acquisition consideration	—	—	—	680	(1,000)	—	(320)
Option over non-controlling interest	—	—	—	—	2,688	—	2,688
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	(41)	—	(41)
At 31 December 2020	633	51,045	(3,594)	69,260	1,794	—	119,138
Profit for the year	—	—	—	29,076	—	—	29,076
<b>Transactions with owners</b>							
Share acquisitions less sales	—	—	(1,045)	—	—	—	(1,045)
Share-based payments	—	—	—	1,788	—	—	1,788
Deferred tax in relation to share-based payments	—	—	—	721	—	—	721
Dividends paid (note 12)	—	—	—	(21,146)	—	—	(21,146)
<b>Other comprehensive income</b>							
Currency translation differences	—	—	—	—	(55)	—	(55)
<b>At 31 December 2021</b>	<b>633</b>	<b>51,045</b>	<b>(4,639)</b>	<b>79,699</b>	<b>1,739</b>	<b>—</b>	<b>128,477</b>

Company	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserve £'000	Total equity £'000
At 1 January 2020	633	51,045	43,703	531	95,912
Profit for the year	—	—	23,323	—	23,323
<b>Transactions with owners</b>					
Share-based payments	—	—	1,440	—	1,440
Dividends paid (note 12)	—	—	(19,860)	—	(19,860)
Contingent acquisition consideration	—	—	680	(1,000)	(320)
Option over non-controlling interest	—	—	—	2,688	2,688
At 31 December 2020	633	51,045	49,286	2,219	103,183
Profit for the year	—	—	19,720	—	19,720
<b>Transactions with owners</b>					
Share-based payments	—	—	1,788	—	1,788
Dividends paid (note 12)	—	—	(21,146)	—	(21,146)
Share acquisitions less sales	—	—	907	—	907
<b>At 31 December 2021</b>	<b>633</b>	<b>51,045</b>	<b>50,555</b>	<b>2,219</b>	<b>104,452</b>

The notes on pages 97 to 118 are an integral part of these consolidated financial statements.

# Notes to the financial statements

for the year ended 31 December 2021

## 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all periods presented.

### 1.1 Basis of preparation

The financial statements of the Group and parent company have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 ("adopted IFRS").

For the Group statement of comprehensive income, in addition to the results presented in accordance with adopted IFRS, the Board has also disclosed information on what it regards as the underlying performance of the business. Further details on these alternative performance measures (APMs) are provided on page 22.

The preparation of financial statements in conformity with adopted IFRS requires the use of accounting estimates and judgements that affect the reported amounts of assets and liabilities and of revenues and expenses. It also requires management to exercise its judgement in the application of accounting policies. The critical accounting judgements and key sources of estimation uncertainty in the 2021 financial statements are set out in note 2.

### Going concern

The Group is profitable and it is anticipated that this will continue. There is a high and continuing level of recurring revenue and high cash conversion. The Group has an undrawn committed £30m bank facility in place until December 2024.

The Directors have prepared cash flow forecasts covering a period of at least twelve months from the date of approval of these financial statements. These forecasts, including consideration of severe but plausible downside scenarios linked to the principal risks and uncertainties set out in the strategic report, show the Group continuing to operate with significant cash reserves and not needing to draw on the £30m bank facility in place (see note 22). Based on this assessment, the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in existence for at least twelve months from the date of approval of these financial statements and therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### 1.2 Parent company statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the parent company has not presented its own statement of comprehensive income. The profit of the parent company for the year was £19,720,000 (2020: £23,323,000).

### 1.3 Changes in accounting policy and disclosure

#### (a) New and amended standards adopted by the Group

The Group has adopted the following new standards, amendments or interpretations in these financial statements:

- Covid-19 related Rent Concessions beyond 30 June 2021 – amendment to IFRS 16
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Extension of the Temporary Exemption from applying IFRS 9 - amendment to IFRS 4

None of these standards has had a material impact on the financial statements.

#### (b) Adopted IFRS not yet applied

A number of new standards, amendments or interpretations have been issued but are not mandatory for the year ended 31 December 2021 and consequently have not been applied by the Group in these financial statements. These standards are not expected to have a material impact on the Group's results.

- Annual Improvements to IFRS Standards 2018-2020 Cycle
- Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting policies
- Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current
- Amendments to IFRS 17 - Insurance Contracts

### 1.4 Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 December 2021.

### Subsidiaries

Subsidiaries are entities over which the Company has power, to which the Company has exposure or rights to variable returns and where the Company has an ability to use its power to affect those returns. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets on an acquisition-by-acquisition basis.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the separable identifiable net assets acquired and liabilities incurred or assumed at the acquisition date is recorded as purchased goodwill. Provision is made for any impairment. Accounting policies previously applied by acquired subsidiaries are changed as necessary to comply with accounting policies adopted by the Group.

# Notes to the financial statements continued

for the year ended 31 December 2021

## 1. Summary of significant accounting policies continued

### 1.4 Basis of consolidation continued

#### **Subsidiaries** continued

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

In the parent company balance sheet, investments in subsidiaries are recorded at cost and are tested for impairment when there are indicators of impairment. Any such impairment losses are recognised in the income statement in the period in which they occur.

The EMIS Group plc Employee Benefit Trust is treated as a separate legal entity within the Group consolidation.

#### **Joint ventures and associates**

A joint venture is a contractual arrangement whereby the Group and other parties undertake economic activities that are subject to "joint control", which means that the strategic financial and operating policy decisions relating to the relevant activities require the unanimous consent of the parties sharing control. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Investments in joint ventures and associates are recognised in the Group financial statements using the equity method of accounting and initially carried on the balance sheet at cost, including any transaction costs. The carrying value of investments (including any goodwill) is tested for impairment when there is objective evidence of impairment and is stated net of any impairment loss. The Group's share of post-acquisition profits or losses is recognised in the Group statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. Where necessary, adjustments are made to bring the accounting policies used into line with those used by the Group.

### 1.5 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the main Board.

### 1.6 Revenue recognition

Revenue is recognised at the fair value of the right to the consideration received or receivable for goods sold and services provided in the normal course of business during the year. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when (or as) control of goods or services passes to the customer in accordance with when distinct performance obligations are met, and at the amount to which the Group is entitled. Specific criteria in respect of the Group's revenue categories are described below:

- Revenue from subscription fees that contain a right to access software (non-perpetual licences for which the underlying software is not controlled by the customer), maintenance and software support and other support services is recognised on a straight-line basis as performance obligations are met over the period of supply. Advertising revenue generated in the Patient business is recognised as advertisements are displayed.
- Revenue from training, consultancy and system implementations, and revenue from granting a right of use of software (perpetual licences which grant the customer control of the software), is recognised at the point in time that delivery to a customer has occurred with no significant vendor obligations remaining and where the collection of the resulting receivable is considered probable. For long-term software installation contracts (principally within Acute Care), revenue is recognised according to the stage of completion which is measured based on delivery of certain milestones with observable acceptance criteria.
- In determining whether a right of use or a right of access to software has been granted, the Group considers whether the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the software to which the customer has rights, whether those activities would impact the customer, and whether those activities would result in a transfer of a service to the customer as they occur. If all these criteria are met, the Group deems there to have been a grant of a right of access to software and revenue is therefore recognised over the period of supply.
- Revenue from interface and connectivity services is recognised over time, as the performance obligations are delivered. Progress is measured using either an input method (where there are significant upfront requirements in order for the Group to deliver obligations under the contract) or on a straight-line basis over the contract term.
- Revenue from hardware sales is recognised at the point in time when ownership passes.
- Other services revenue includes Digitisation projects for which revenue is recognised based on successful delivery of agreed milestones for both scanning and upload activities, and Managed Service revenues which are recognised over time on a straight line basis as performance obligations are delivered over the period of supply.

Where invoices are raised in advance of the performance obligations being satisfied, these are recorded on the balance sheet as deferred income. This deferred income relates predominantly to services which are recognised on a straight-line basis over the period of supply. These services are typically invoiced at the beginning of the provision of service and the associated revenue is recognised over this period. These are captured within current liabilities on the basis that they are expected to be recognised in revenue over the next twelve months.

Where Group recognition criteria have been met but no invoice to the customer has been raised at the reporting date, revenue is recognised and included as accrued income, within trade and other receivables.

## 1.7 Intangible assets

### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition of a subsidiary compared with the fair value at the date of acquisition of the identifiable net assets acquired. Goodwill does not have a finite life and is not subject to amortisation. It is reviewed annually for impairment and whenever there is an indication that there may be impairment.

Any impairment is recognised immediately in the statement of comprehensive income and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to those cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination and which represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. A CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups thereof.

## 1. Summary of significant accounting policies continued

### 1.7 Intangible assets continued

#### (b) Computer software developed for external sale

Expenditure on software development is capitalised as an intangible asset if it meets the recognition criteria set out in IAS 38 Intangible Assets, requiring it to be probable that the expenditure will generate future economic benefits and can be measured reliably. To meet these criteria, it is necessary to be able to demonstrate, among other things, the technical feasibility of completing the intangible asset so that it will be available for use or sale.

The costs incurred in the development stage for substantially new or enhanced products are assessed against the IAS 38 criteria and considered for recognition as an asset when they meet those criteria. These costs are generally incurred in developing the detailed product design, software configuration and interfaces, in the coding of software, in its integration with hardware, and in its testing. Development expenditure directed towards incremental improvements in existing products, remedial work and other maintenance activity does not qualify for recognition as an intangible asset.

Where a product is technically feasible, production and sales are intended, a market exists and sufficient resources are available to complete the project, directly attributable development costs (only direct employee costs are assessed as directly attributable) are capitalised and subsequently amortised on a straight-line basis over the estimated useful life, reflecting the pattern of the expected future economic benefits. Where these conditions are not met, development expenditure is recognised as an expense in the period in which it is incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. The estimated useful life for development expenditure is generally between four and six years, based on the anticipated conditions in the market from which economic benefits are expected to be derived for each unique software product.

Development expenditure is capitalised in accordance with the criteria of IAS 38 and for this reason is not regarded as a realised loss.

#### (c) Other intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value. Other intangible assets are initially recognised at cost. Intangible assets are subsequently stated at this value less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful life of the asset, as shown below:

Computer software used internally	4–6 years
Computer software acquired on business combinations	4–8 years
Customer relationships	10–15 years

#### 1.8 Property, plant and equipment

Property, plant and equipment acquired with subsidiary companies is recognised at fair value at the date of acquisition. Other additions are recognised at purchase cost. Depreciation is provided on all property, plant and equipment, other than freehold land, to write assets down to their residual value on a straight-line basis over their estimated useful lives, as shown below:

Freehold property	50 years
Leasehold property	Life of lease
Computer equipment	3–6 years
Fixtures, fittings and equipment	4–10 years
Motor vehicles	5 years

#### 1.9 Impairment of property, plant and equipment and intangible assets excluding goodwill

At each year-end, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets 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). An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds the asset's recoverable amount. Impairment losses are recognised as an expense in the Group statement of comprehensive income.

The recoverable amount of assets is the greater of fair value less costs to sell 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. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In the current financial year no impairment losses were recognised. In relation to one project, capitalised development costs with a carrying value of £870,000 are sensitive to future revenue forecasts, whereby a 1% reduction in future forecasted revenues would lead to a value in use reduction of approximately £253,000, and an equivalent impairment in the asset.

#### 1.10 Taxation

The taxation expense charged in the Group statement of comprehensive income represents the sum of the current tax expense and the deferred tax expense.

The current tax payable is based on the taxable profit for the year. Taxable profit differs from accounting profit as reported in the Group statement of comprehensive income because it includes or 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 liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

# Notes to the financial statements continued

for the year ended 31 December 2021

## 1. Summary of significant accounting policies continued

### 1.10 Taxation continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the Group statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either:

- the same taxable entity; or
- different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the deferred tax assets and liabilities are expected to be realised or settled.

### 1.11 Share-based payments

The Group operates equity-settled share schemes for certain employees. The cost of share-based payments is initially measured at fair value at the date of grant, factoring in the impact of any market-based performance conditions. Non-market-based and service-based vesting conditions are not taken into account when estimating fair value, but are factors in determining the number of share options that will eventually vest. The fair values are measured using the Black Scholes and Monte Carlo models. After initial measurement, fair values in relation to equity-settled schemes are not remeasured.

The cost of equity-settled share-based payments is recognised in the Group statement of comprehensive income on a straight-line basis over the vesting period with the corresponding amount credited to equity, based on an estimate of the number of shares that will eventually vest. The estimate of the level of vesting is reviewed annually and the charge is adjusted accordingly in respect of non-market-based vesting conditions.

### 1.12 Retirement benefit costs

Contributions payable by the Group during the period into its defined contribution pension plans are recognised in the Group statement of comprehensive income. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### 1.13 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve is reclassified to the statement of comprehensive income as part of the gain or loss on disposal.

### 1.14 Exceptional items

Exceptional items are items of income and expense which are material and, due to their nature or size, are presented separately on the face of the income statement in order to provide a better understanding of the Group's financial performance. Exceptional items are excluded from the Group's alternative performance measures (APMs), as defined on page 22.

### 1.15 Inventories

Inventories are stated at the lower of weighted average cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

### 1.16 Own shares held in trust

The shares in the Company held by the EMIS Group plc Employee Benefit Trust are treated as treasury shares, stated at weighted average cost and presented as a reduction of shareholders' equity (see note 26). Gains and losses on transactions in the Company's own shares are taken directly to equity.

### 1.17 Financial instruments

Financial assets and financial liabilities are recognised in the Group balance sheet when the Group becomes a party to the contractual provisions of the instrument.

#### (a) Financial assets

##### Trade receivables

Trade receivables are amounts due from customers for goods sold and services provided in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses. A provision for expected credit losses is established using the simplified approach under IFRS 9. Specific provisions are made against high-risk trade receivable balances, where balances are in dispute or where doubt exists about the customer's ability to pay.

## 1. Summary of significant accounting policies continued

### 1.17 Financial instruments continued

#### (a) Financial assets continued

##### Investments

Investments in subsidiaries, joint ventures and associates are recorded at cost in the Company balance sheet. They are tested for impairment when there is objective evidence of impairment. Any impairment losses are recognised in the income statement in the period they occur.

##### Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and at bank, and bank overdrafts. There are no bank deposits with maturity dates of more than one month.

##### Assets held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

#### (b) Financial liabilities

##### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, where this is different to the initial recognition value.

##### Bank borrowings

Bank loans are recorded initially at their fair value, net of issue costs. Issue costs are charged to the Group statement of comprehensive income over the term of the instrument at a constant rate on the carrying amount. Such instruments are subsequently carried at their amortised cost.

##### Equity instruments

Equity instruments issued by the Company are recorded at the fair value of the consideration received.

##### Contingent acquisition consideration

Consideration payable as part of the acquisition cost of a business combination is recognised at estimated fair value at the acquisition date. Subsequent changes in the measurement of cash-settled consideration are recognised in the statement of comprehensive income. Equity-settled consideration is not remeasured and subsequent settlement is accounted for in equity.

### 1.18 Dividends

Interim dividends are recognised as distributions in the accounts when paid. Final dividends are recognised in the accounts in the year in which they are approved by shareholders.

### 1.19 Leases

The Group leases property, office equipment and motor vehicles. The Group is not a lessor.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate adjusted to reflect factors specific to the lease such as the term and the type of asset leased.

The lease liability is measured at amortised cost using the effective interest method. In certain circumstances, the lease liability will be remeasured, such as when a change in the Group's assessment of whether it will exercise a purchase or termination option takes place. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment and lease liabilities on the face of the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In preparing the 2021 financial statements no significant judgements, apart from those involving estimations (which are dealt with below), have been made in the process of applying the Group's accounting policies.

### Carrying amount of goodwill

Goodwill is reviewed annually for impairment, and whenever there is an indication that there may be an impairment, by comparing the estimated recoverable amount of a CGU (see note 1.7 (a)) with its carrying value. The recoverable amounts of CGUs are derived from an estimated value in use, based on discounted cash flow forecasts which require significant estimates of both future operating cash flows and an appropriate risk adjusted discount rate. These forecasts use the following key assumptions: estimates of future non-recurring revenues, growth rates, and discount rates. The value in use, and therefore any potential impairment to the carrying value of goodwill is sensitive to these assumptions. In respect of the Acute Medicines Management CGU, given the relatively limited headroom of the estimated value in use over the carrying value, the assumptions used may have a significant risk of causing a material adjustment to the carrying amount of goodwill within this CGU within the next financial year and it is therefore deemed a key source of estimation uncertainty. Where the Directors believe a reasonably possible change in these assumptions would cause an impairment, such as in respect of Acute Medicines Management, this has been disclosed in note 13.

# Notes to the financial statements continued

for the year ended 31 December 2021

## **2. Critical accounting judgements and key sources of estimation uncertainty continued**

### **Carrying amount of computer software developed for external sale**

The carrying amount of Computer software developed for external sale is another source of estimation uncertainty. The carrying value of this asset is significant, with a net book value of £14,661,000 at 31 December 2021 (with the largest carrying values relating to the Group's EMIS-X, ProScript Connect and EMIS-X Analytics products). Estimates are required with regard to the period of time over which economic benefits are generated from it. If the useful economic life of all computer software developed for external sale was reduced by one year, the current year amortisation charge would increase by £1,209,000 (2020: £885,000), and assets with a cost equating to approximately 8% (2020: 44%) of the 31 December 2021 net book value have not yet commenced amortisation. There were no significant changes to estimated useful economic lives during the year. Products/software development projects are unique, with eligibility for capitalisation separately considered for each. Typically amortisation commences when the software has been installed and is available for use, and the asset is then amortised over the period for which software is expected to be used by the customers and markets it serves.

## **3. Financial risk management**

### **3.1 Financial risk factors**

The Group's activities expose it to financial risks including credit risk, liquidity risk, interest rate risk, price risk and foreign exchange risk. The Group manages these risks through a risk management programme that seeks to minimise potential adverse effects on the Group's performance.

Exposure to financial risks is monitored by the finance team under policies approved by the Board and audit committee. An assessment of the risks is provided to the Board at regular intervals and is discussed to ensure that the risk mitigation procedures are compliant with Group policy and that any new risks are appropriately managed.

#### **Credit risk**

The Group's credit risk is primarily attributable to its trade receivables, which are stated net of allowances for any estimated irrecoverable amounts. However, this risk is mitigated by payment being received in advance for a significant proportion of goods and services provided.

There is some concentration of risk, as the Group trades extensively with various parties within the National Health Service. However, the Group has long-standing relationships with these parties, which, in addition to the normal credit management processes, assist management in controlling its credit risk.

Credit risk also arises on cash and cash equivalents placed with the Group's banks. The Group monitors the financial standing of any institution with which it deposits cash and has a formal treasury policy in place covering the maximum amount of cash to be placed with any one institution and the minimum credit rating required.

#### **Liquidity risk**

Management controls and monitors the Group's cash flow on a regular basis, including forecasting future cash flows, to ensure that it has sufficient financial resources to meet the obligations of the Group as they fall due.

Details of the Group's borrowings and the maturity profile of the Group's financial liabilities are disclosed in notes 22 and 23.

#### **Interest rate risk**

The Group has limited exposure to interest rate risk with no borrowings at 31 December 2021. The Group has an undrawn £30,000,000 credit facility in place, further details of which are disclosed in note 22.

The Group's current assets include cash and cash equivalents at the year-end amounting to £64,042,000, on which interest received is subject to fluctuations in market rates.

#### **Price risk**

As a significant proportion of the Group's revenues are secured under framework agreements or other long-term contracts, it has only limited exposure to price risk other than at the point of renegotiation of these frameworks or contracts. Where these negotiations are material, the Group, including the Board, is fully engaged with the process in order to secure the best possible outcome.

#### **Foreign exchange risk**

The Group has limited transactional exposure arising from the purchase of services denominated in a currency other than the functional currency of the purchasing company. The Group also has translation risk arising from the consolidation of foreign operations with functional currency that is different to that of the Group.

### **3.2 Capital risk management**

The Group defines the capital that it manages as the Group's total equity, including non-controlling interests.

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns to investors and benefits for other stakeholders and to maintain an appropriate capital structure to reduce the cost of capital;
- to provide an adequate return to shareholders based on the level of risk assumed;
- to have financial resources available to allow the Group to invest in areas that may deliver future benefits and returns to shareholders and other stakeholders; and
- to maintain financial resources sufficient to mitigate against risks and unforeseen events.

The Group is profitable and has high cash conversion with no indebtedness. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

The Group's reserves include:

Own shares held in trust – an Employee Benefit Trust holds shares in the Company to facilitate share-based payments to employees and the operation of the Group's Share Incentive Plan.

Other reserve – comprises a translation reserve of foreign exchange differences from the translation of the financial statements of overseas operations, and other reserves related to merger reliefs taken under UK law.

#### 4. Operating segments

IFRS 8 Operating Segments provides for segmental information disclosure on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that this role is performed by the main Board.

The Directors have presented segmental information to reflect the Group's structure, activities and the markets being served. The Group has two operating and reportable segments, both involved with the supply and support of connected healthcare software and systems:

- EMIS Health; and
- EMIS Enterprise.

Each operating segment is assessed by the Board based on an adjusted measure of operating profit, as defined in the APM section on page 22. Group operating expenses, finance income and costs, cash and cash equivalents, and current and deferred tax are not allocated to segments, as income tax, group and financing activities are not segment-specific.

#### Segmental information

	2021			2020		
	EMIS Health £'000	EMIS Enterprise £'000	Total £'000	EMIS Health £'000	EMIS Enterprise £'000	Total £'000
<b>Segmental result</b>						
Revenue	<b>107,953</b>	<b>60,273</b>	<b>168,226</b>	107,773	51,680	159,453
Segmental operating profit as reported internally	<b>26,328</b>	<b>18,921</b>	<b>45,249</b>	25,088	15,688	40,776
Development costs capitalised	<b>2,674</b>	<b>1,378</b>	<b>4,052</b>	4,643	1,947	6,590
Amortisation of development costs	<b>(4,155)</b>	<b>(1,972)</b>	<b>(6,127)</b>	(2,559)	(1,717)	(4,276)
Amortisation of acquired intangible assets	<b>(2,787)</b>	<b>(2,886)</b>	<b>(5,673)</b>	(3,350)	(3,474)	(6,824)
Release of contingent acquisition consideration	—	—	—	—	1,020	1,020
Segmental operating profit	<b>22,060</b>	<b>15,441</b>	<b>37,501</b>	23,822	13,464	37,286
Group operating expenses			<b>(1,716)</b>			(1,510)
Operating profit			<b>35,785</b>			35,776
Net finance costs			<b>(426)</b>			(501)
Share of result of joint venture and associate			<b>727</b>			858
Other income			—			782
Profit before taxation			<b>36,086</b>			36,915
<b>Segmental assets and liabilities</b>						
Segmental assets as reported internally	<b>34,658</b>	<b>15,927</b>	<b>50,585</b>	35,012	14,608	49,620
Goodwill and other intangible assets	<b>48,564</b>	<b>27,971</b>	<b>76,535</b>	51,906	33,389	85,295
	<b>83,222</b>	<b>43,898</b>	<b>127,120</b>	86,918	47,997	134,915
Group assets			<b>5,426</b>			4,412
Investment in joint venture and associate			<b>355</b>			353
Group cash and cash equivalents			<b>64,042</b>			53,008
Total assets			<b>196,943</b>			192,688
Segmental liabilities as reported internally	<b>42,728</b>	<b>23,613</b>	<b>66,341</b>	44,061	25,692	69,753
Group liabilities			<b>2,125</b>			3,797
Total liabilities			<b>68,466</b>			73,550
<b>Other segmental information</b>						
Additions to property, plant and equipment	<b>2,292</b>	<b>906</b>	<b>3,198</b>	2,963	3,663	6,626
Depreciation of property, plant and equipment	<b>3,541</b>	<b>655</b>	<b>4,196</b>	3,412	1,677	5,089
Additions to computer software used internally	<b>100</b>	<b>26</b>	<b>126</b>	349	103	452
Amortisation of computer software used internally	<b>797</b>	<b>341</b>	<b>1,138</b>	823	328	1,151

Revenue excludes intra-group transactions on normal commercial terms from the EMIS Health segment to the EMIS Enterprise segment totalling £2,115,000 (2020: £3,017,000).

Revenue of £110,910,000 (2020: £112,711,000) is derived from the NHS and related bodies.

Revenue of £3,446,000 (2020: £3,990,000) is derived from customers outside the UK. Non-current assets held outside the UK total £817,000 (2020: £959,000).

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# Notes to the financial statements continued

for the year ended 31 December 2021

## 5. Revenue

Revenue is analysed as follows:

	2021			2020		
	EMIS Health £'000	EMIS Enterprise £'000	Total £'000	EMIS Health £'000	EMIS Enterprise £'000	Total £'000
Software subscription and support	79,024	25,479	104,503	77,032	22,456	99,488
Interface and connectivity charges	5,411	18,945	24,356	5,023	15,261	20,284
Other services	10,495	5,775	16,270	7,795	5,602	13,397
Perpetual licences, training, consultancy and implementation	7,272	5,150	12,422	5,124	3,859	8,983
Hardware and related services	5,751	4,924	10,675	12,799	4,502	17,301
	107,953	60,273	168,226	107,773	51,680	159,453

## 6. Operating profit

	2021 £'000	2020 £'000
The following have been charged/(credited) in arriving at operating profit:		
Research and development expenditure	21,288	21,166
Development costs capitalised:		
- Software for external sale	(4,052)	(6,590)
Depreciation of property, plant and equipment:		
- Depreciation of owned assets	3,169	3,636
- Depreciation of leased assets	1,027	1,453
Amortisation of intangible assets:		
- Computer software used internally	1,138	1,151
- Computer software developed for external sale	6,127	4,276
- Arising on business combinations	5,673	6,824
Exceptional release of contingent acquisition consideration	—	(1,020)
Operating lease rentals:		
- Land and buildings	92	193
- Plant, machinery and motor vehicles	74	75

The total research and development cost shown above of £21,288,000 (2020: £21,166,000) principally relates to relevant staff and directly related costs. Software development costs amounting to £4,052,000 (2020: £6,590,000) have been capitalised in accordance with the criteria set out in IAS 38.

Total fees payable by the Group during the year to KPMG LLP in respect of the audit and other services provided were as follows:

	2021 £'000	2020 £'000
Audit of these financial statements		
	231	40
Amounts payable to the Company's auditor and associated companies in respect of:		
- Audit of the financial statements of subsidiaries of the Company	100	200
- All other services (including half year review)	36	25
	367	265

## 7. Finance income

	2021 £'000	2020 £'000
Bank interest	26	88
Foreign exchange gain	24	1
	50	89

## 8. Finance costs

	2021 £'000	2020 £'000
Interest payable and bank fees	92	139
Interest on lease liabilities	351	386
Amortisation of bank loan issue costs	33	65
	476	590

## 9. Employees

The average monthly number of people (including Directors) employed by the Group during the year was as follows:

	2021 Number	2020 Number
Management and administration	90	92
Software support and development	1,051	1,138
Sales, maintenance and training	295	294
Others	72	55
	1,508	1,579

Staff costs were:

	2021 £'000	2020 £'000
Wages and salaries	63,916	59,701
Social security costs	7,590	6,123
Pension costs – defined contribution plans	2,893	2,600
Share Incentive Plan (note 27)	168	100
Share option expense (note 27)	1,788	1,440
	76,355	69,964
Dealt with as follows:		
Charged in Group statement of comprehensive income	72,303	63,374
Capitalised in the development of software for external sale	4,052	6,590
	76,355	69,964

## FINANCIAL STATEMENTS

# Notes to the financial statements continued

for the year ended 31 December 2021

## 10. Income tax expense

	2021 £'000	2020 £'000
<b>Income tax:</b>		
- UK current year tax charge	7,508	7,159
- Overseas current year tax charge	148	184
- Adjustment in respect of prior years	(452)	(656)
Total current tax	7,204	6,687
<b>Deferred tax:</b>		
- UK current year	(899)	(792)
- Adjustment in respect of prior years	441	685
- Deferred tax rate change	264	214
Total deferred tax	(194)	107
Total tax charge in Group statement of comprehensive income	7,010	6,794
<b>Factors affecting the tax charge for the year</b>		
Profit before taxation	36,086	36,915
Taxation at the average UK corporation tax rate of 19% (2020: 19%)	6,856	7,014
<b>Tax effects of:</b>		
- Expenses/(income) not allowable/(chargeable) in determining taxable profit	64	(315)
- Adjustment in respect of prior years	(11)	29
- Joint venture reported net of tax	(138)	(163)
- Effect of overseas tax rates	(25)	15
- Deferred tax rate change	264	214
Tax charge for the year	7,010	6,794

In March 2021 the UK government announced that the UK corporation tax rate for large companies would rise to 25% from 1 April 2023. Following the substantive enactment of the Finance Bill 2021 on 24 May 2021, this change resulted in a one-off deferred tax charge of £264,000 in the period, with a corresponding increase in the Group's net deferred tax liability.

## 11. Earnings per share (EPS)

The calculation of basic and diluted EPS is based on the following earnings and numbers of shares:

	2021 £'000	2020 £'000
<b>Earnings</b>		
Profit for the period	29,076	30,121
Total comprehensive income attributable to non-controlling interest	—	127
Basic earnings attributable to equity holders	29,076	30,248
Development costs capitalised	(4,052)	(6,590)
Amortisation of development costs and acquired intangible assets	11,800	11,100
Release of contingent acquisition consideration	—	(1,020)
Other income	—	(782)
Tax and non-controlling interest effect of above items	(1,472)	(925)
Adjusted earnings attributable to equity holders	35,352	32,031

	2021 Number '000	2020 Number '000
<b>Weighted average number of ordinary shares</b>		
Total shares in issue	63,311	63,311
Shares held by Employee Benefit Trust	(335)	(447)
For basic EPS calculations	62,976	62,864
Effect of potentially dilutive share options	745	634
For diluted EPS calculations	63,721	63,498

## 11. Earnings per share (EPS) continued

EPS	2021 Pence	2020 Pence
Basic	<b>46.2</b>	48.1
Basic diluted	<b>45.6</b>	47.6
Adjusted	<b>56.1</b>	51.0
Adjusted diluted	<b>55.5</b>	50.4

## 12. Dividends

	2021 £'000	2020 £'000
Final dividend for the year ended 31 December 2019 of 15.6p	—	9,798
Interim dividend for the year ended 31 December 2020 of 16.0p	—	10,062
Final dividend for the year ended 31 December 2020 of 16.0p	<b>10,066</b>	—
Interim dividend for the year ended 31 December 2021 of 17.6p	<b>11,080</b>	—
	<b>21,146</b>	19,860

A final dividend for the year ended 31 December 2021 of 17.6p amounting to approximately £11,082,000 will be proposed at the Annual General Meeting on 5 May 2022. If approved, this dividend will be paid on 17 May 2022 to shareholders on the register on 19 April 2022. The dividend is not accounted for as a liability in these financial statements and will be accounted for as an appropriation of distributable reserves in the year ending 31 December 2022.

## 13. Goodwill

Group	EMIS Health £'000	EMIS Enterprise £'000	Total Group £'000
<b>Cost</b>			
At 1 January 2020	41,810	22,342	64,152
Acquisition of business	—	4,208	4,208
At 31 December 2020	41,810	26,550	68,360
Reallocation	1,622	(1,622)	—
<b>At 31 December 2021</b>	<b>43,432</b>	<b>24,928</b>	<b>68,360</b>
<b>Accumulated impairment losses</b>			
<b>At 1 January 2020, 31 December 2020 and 31 December 2021</b>	<b>8,825</b>	<b>7,358</b>	<b>16,183</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>34,607</b>	<b>17,570</b>	<b>52,177</b>
At 31 December 2020	32,985	19,192	52,177
At 1 January 2020	32,985	14,984	47,969

During the year, in response to the Group's continuing technology development and investment in key areas such as interoperability, elite partners, data, and analytics, and reflecting both the matrix organisational structure and the programme of corporate simplification (see page 82), the Partners & Analytics CGU was combined with the Primary and Community CGU. At the point of transfer, Goodwill of £1,622,000 previously allocated to Partners & Analytics was tested for impairment. The result of this test was that no impairment was necessary.

### Impairment tests for goodwill

Goodwill relates predominantly to the value of synergies arising from business combinations and the experience of staff within acquired businesses. Goodwill is allocated to the Group's cash-generating units (CGUs) that are expected to benefit from that combination based on the relative carrying values of other acquired intangible assets.

## FINANCIAL STATEMENTS

# Notes to the financial statements continued

for the year ended 31 December 2021

## 13. Goodwill continued

The carrying amount of goodwill is allocated to CGUs as follows:

	2021 £'000	2020 £'000
Primary, Community, Partners & Analytics	<b>23,479</b>	23,479
Acute NHS	<b>11,128</b>	11,128
Community Pharmacy	<b>6,756</b>	6,756
Acute Medicines Management	<b>6,606</b>	6,606
Pinnacle	<b>4,208</b>	4,208
	<b>52,177</b>	52,177

Each allocation of goodwill is tested annually for impairment and, to confirm whether an impairment of the goodwill is necessary, management compares the carrying value to the value in use.

The value in use for each allocation of goodwill has been calculated using pre-tax cash flows from internal budgets for the year ending 31 December 2022 to forecast pre-tax cash flows from each CGU (with the key budget assumptions being in relation to revenue growth). These cash flows have then been extrapolated for a further four years assuming average annual growth rates of 3.5% (2020: 3.5%) until 31 December 2026 and then 1% into perpetuity (2020: 1%) for all CGUs. The pre-tax cash flows have been discounted back to 31 December 2021 using a discount rate of between 10.1% and 11.1% (2020: 10.1% to 11.1%). The exercise has confirmed that there has been no impairment in any CGU.

Management has determined the discount rates for each CGU by considering the specific risks relating to the relevant segment. Growth rates beyond the budget period are determined based on a prudent assessment of long-term growth rates.

The key assumptions underpinning the value in use calculation are discount rate, revenue growth and operating margins. Sensitivity analysis has been performed on the key assumptions which indicated that, with the exception of Acute Medicines Management, no reasonably possible change to these key assumptions would cause an impairment.

The carrying value of the Acute Medicines Management CGU is £7,031,000 (including £6,606,000 of Goodwill). The estimated recoverable amount exceeded the carrying value by £2,862,000 and therefore the Directors concluded no impairment was necessary. However, the recoverable amount is sensitive to reasonably possible changes in the forecast levels of non-recurring revenue, and the discount rate applied. If forecast non-recurring revenues for 2022 were reduced by 50%, to a level broadly consistent with 2021, with the impact of this reduction reflected in all subsequent years, and no related cost savings realised, an impairment of £2,954,000 would be required. It is expected that any deterioration in non-recurring revenues would also lead to a reduction in future costs. The expected future cost reduction has not been factored into the sensitivity analysis. If the discount rate was increased by 1% to 11.1%, and all other assumptions were unchanged, this would reduce the recoverable amount of the CGU by £985,000, and a discount rate of 13.8% would result in a recoverable amount which was comparable to its carrying value.

## 14. Other intangible assets

Group	Computer software used internally £'000	Computer software developed for external sale £'000	Computer software acquired on business combinations £'000	Customer relationships £'000	Total £'000
<b>Cost</b>					
At 1 January 2020	7,798	58,098	40,341	30,984	137,221
Additions	452	6,590	—	—	7,042
Acquisition of business	—	—	2,989	962	3,951
At 31 December 2020	8,250	64,688	43,330	31,946	148,214
Additions	126	4,052	—	—	4,178
<b>At 31 December 2021</b>	<b>8,376</b>	<b>68,740</b>	<b>43,330</b>	<b>31,946</b>	<b>152,392</b>
<b>Accumulated amortisation and impairment</b>					
At 1 January 2020	5,167	43,676	31,281	22,721	102,845
Charged in year	1,151	4,276	4,412	2,412	12,251
At 31 December 2020	6,318	47,952	35,693	25,133	115,096
Charged in year	1,138	6,127	3,566	2,107	12,938
<b>At 31 December 2021</b>	<b>7,456</b>	<b>54,079</b>	<b>39,259</b>	<b>27,240</b>	<b>128,034</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>	<b>920</b>	<b>14,661</b>	<b>4,071</b>	<b>4,706</b>	<b>24,358</b>
At 31 December 2020	1,932	16,736	7,637	6,813	33,118
At 1 January 2020	2,631	14,422	9,060	8,263	34,376

#### 14. Other intangible assets continued

The accounting policy for intangible assets is set out in note 1.7. The remaining average amortisation period for software developed for external sale is five years. At 31 December 2021 software acquired on business combinations had a remaining amortisation period of two years for Dovetail, and five years for Pinnacle. Customer relationships have a remaining amortisation period of two years with the exception of Indigo 4 Systems (three years) and Pinnacle (five years).

Company intangible assets comprise computer software developed for external sale with a cost of £3,729,000 (2020: £3,729,000) and accumulated amortisation of £3,007,000 (2020: £2,263,000).

#### 15. Property, plant and equipment

Group	Land and buildings £'000	Computer equipment £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
<b>At 1 January 2020</b>					
At 1 January 2020	10,816	16,907	3,653	1,487	32,863
Additions	3,651	1,805	479	691	6,626
Acquisition of business	151	—	31	22	204
Disposals	(1)	(1,299)	—	(28)	(1,328)
Effect of movements in exchange rates	(204)	(45)	(3)	—	(252)
<b>At 31 December 2020</b>					
At 31 December 2020	14,413	17,368	4,160	2,172	38,113
Additions	18	2,665	505	10	3,198
Remeasurement of lease asset	—	—	—	(142)	(142)
Disposals	(273)	(1,096)	(403)	(24)	(1,796)
Effect of movements in exchange rates	(43)	(10)	—	—	(53)
<b>At 31 December 2021</b>					
	<b>14,115</b>	<b>18,927</b>	<b>4,262</b>	<b>2,016</b>	<b>39,320</b>
<b>Accumulated depreciation and impairment</b>					
<b>At 1 January 2020</b>					
At 1 January 2020	1,510	11,033	1,324	597	14,464
Charged in period	1,320	2,700	495	574	5,089
On disposals	—	(1,251)	—	(9)	(1,260)
Effect of movements in exchange rates	(22)	(27)	(1)	—	(50)
<b>At 31 December 2020</b>					
At 31 December 2020	2,808	12,455	1,818	1,162	18,243
Charged in period	942	2,461	386	407	4,196
On disposals	(273)	(1,096)	(403)	(24)	(1,796)
Effect of movements in exchange rates	(13)	(4)	—	—	(17)
<b>At 31 December 2021</b>					
	<b>3,464</b>	<b>13,816</b>	<b>1,801</b>	<b>1,545</b>	<b>20,626</b>
<b>Net book value</b>					
<b>At 31 December 2021</b>					
At 31 December 2020	10,651	5,111	2,461	471	18,694
At 1 January 2020	11,605	4,913	2,342	1,010	19,870

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## 16. Investments

Company	£'000
At 1 January 2020	96,813
Acquisition of non-controlling interest	555
Capital contribution	1,751
Acquisition of business	7,753
At 31 December 2020	106,872
Capital contribution	5,285
<b>At 31 December 2021</b>	<b>112,157</b>

During the year the Company made a capital contribution to Patient Platform Limited in respect of the capitalisation of an intra-group receivable balance of £5,285,000. During the prior year the Company made a capital contribution to Dovetail Digital Limited in respect of the capitalisation of an intra-group receivable balance of £1,751,000.

Investments are tested for impairment annually, or when there is an indicator of impairment at the reporting date. Recoverable amount is calculated based on the value in use of the asset, which is assessed using estimated future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset. In the current financial year no impairment losses were recognised.

The undertakings whose results and financial position are consolidated within the Group financial statements for the year ended 31 December 2021 are as follows:

	Country of incorporation	% of issued ordinary shares held
ASC Computer Software (NZ) Limited	New Zealand	100
ASC Computer Software PTY Limited	Australia	100
Ascribe Group Limited	England & Wales	100 <sup>2</sup>
Ascribe Holdings Limited	England & Wales	100
Ascribe Limited	England & Wales	100
Ascribe Limited (Kenya) <sup>1</sup>	Kenya	100
Dovetail Digital Limited	England & Wales	100 <sup>2</sup>
Egton Limited <sup>1</sup>	England & Wales	100 <sup>2</sup>
Egton Medical Information Systems Limited	England & Wales	100 <sup>2</sup>
EMIS Health Community Pharmacy Limited <sup>1</sup>	England & Wales	100 <sup>2</sup>
EMIS Health India Private Limited	India	100 <sup>2</sup>
EMIS Health Limited <sup>1</sup>	England & Wales	100 <sup>2</sup>
Footman Walker Associates Limited <sup>1</sup>	England & Wales	100
Healthcare Gateway Limited	England & Wales	50
Patient Platform Limited	England & Wales	100 <sup>2</sup>
Protechnic Exeter Limited <sup>1</sup>	England & Wales	100
Rx Systems Limited	England & Wales	100 <sup>2</sup>
Pinnacle Systems Management Limited	England & Wales	100 <sup>2</sup>
Pinnacle Health Partnership LLP	England & Wales	100 <sup>2</sup>
Scroll Bidco Limited	England & Wales	100

1 Dormant.

2 Held directly by EMIS Group plc.

The above subsidiary undertakings which are not dormant are engaged in providing software and support services to the healthcare market, with the exception of Ascribe Group Limited, Scroll Bidco Limited and Ascribe Holdings Limited which are all holding companies.

All undertakings incorporated in England and Wales, with the exception of Healthcare Gateway Limited, have a Registered Office of Fulford Grange, Micklefield Lane, Rawdon, Leeds LS19 6BA. The Registered Office of Healthcare Gateway Limited is Unit 3 Rawdon Park, Green Lane, Leeds LS19 7BA.

Other Registered Offices are as follows: ASC Computer Software (NZ) Limited, Suite 6035, 17b Farnham Street, Parnell, Auckland 1052, New Zealand; ASC Computer Software PTY Limited, Level 22, 567 Collins Street, Melbourne, Victoria, Australia 3000; Ascribe Limited (Kenya), PO Box 40296 – 00100, Nairobi, Kenya; and EMIS Health India Private Limited, Unit No. A1, Level 3, Shriram The Gateway SEZ, No. 16, G.S.T. Road, Perungalathur, Chennai-600 063, India.

## 17. Investment in joint venture

Healthcare Gateway Limited (HGL) is a joint venture with In Practice Systems Limited. Its purpose is to enable the sharing of patient data via a medical interoperability gateway.

The Group has a 50% interest in the ordinary share capital of HGL, acquired on formation for £1.

Aggregate amounts relating to HGL are as follows:

	2021 £'000	2020 £'000
Revenues	<b>4,133</b>	4,391
Profit before taxation	<b>1,756</b>	2,119
<b>Profit after taxation</b>	<b>1,423</b>	1,716
Non-current assets	48	—
Current assets	<b>2,294</b>	2,328
Current liabilities	<b>(2,033)</b>	(1,992)
<b>Net assets</b>	<b>309</b>	336
Group's interest in net assets of investee at beginning of year	<b>163</b>	155
Share of total comprehensive income	<b>712</b>	858
Dividends received	<b>(725)</b>	(850)
<b>Group's interest in net assets of investee at end of year</b>	<b>150</b>	163

## 18. Investment in associate

On 20 May 2019 EMIS Group plc acquired a 10% shareholding in Adheradata Limited (Adhera), a privately owned organisation offering a complete dispensing business management solution. The shareholding is in line with the Group's strategy of identifying sustainable long-term market opportunities delivering connected healthcare systems. The Group's interest in Adhera has been accounted for as an associate because the Group has determined that it has significant influence due to having the right to meaningful representation on its board of directors.

The following table analyses the carrying amount and share of profit of Adhera:

	2021 £'000	2020 £'000
Carrying amount of investment in associate	<b>205</b>	190
Share of total comprehensive income	<b>15</b>	—

## 19. Trade and other receivables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables and other receivables	<b>18,108</b>	16,439	<b>55</b>	190
Accrued income	<b>7,310</b>	7,389	—	—
Prepayments	<b>6,639</b>	6,165	<b>641</b>	566
Loan to Employee Benefit Trust	—	—	<b>5,846</b>	4,439
	<b>32,057</b>	29,993	<b>6,542</b>	5,195

Prepayments include unamortised bank fees of £20,000 (2020: £37,000). The loan to the Employee Benefit Trust is non-interest-bearing and is repayable on demand.

## FINANCIAL STATEMENTS

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## 20. Credit quality of financial assets

The amounts of the maximum exposure to credit risk at the reporting date are as follows:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade receivables and other receivables	<b>18,108</b>	16,439	<b>55</b>	190
Cash at bank	<b>64,042</b>	53,008	<b>49,471</b>	29,113
	<b>82,150</b>	69,447	<b>49,526</b>	29,303

No collateral security is held.

### Trade receivables and other receivables

Reporting date balances fall within the following categories:

	Group	
	2021 £'000	2020 £'000
UK governmental health bodies	<b>11,542</b>	8,921
Community pharmacies and associated wholesalers	<b>3,660</b>	4,438
Other third party receivables	<b>3,894</b>	3,581
	<b>19,096</b>	16,940

Trade and other receivables are mainly due one month following the date of the invoice. At the reporting date the aged analysis of trade and other receivables (based on invoice date) is as follows:

	Group	
	2021 £'000	2020 £'000
December	<b>8,442</b>	8,857
November	<b>4,208</b>	3,506
October and earlier	<b>6,446</b>	4,577
Gross carrying amount	<b>19,096</b>	16,940
Impairment provision	<b>(988)</b>	(501)
Net carrying amount	<b>18,108</b>	16,439

During the year a provision for impairment of £487,000 was created (2020: £38,000), and utilisation of the provision amounted to £nil (2020: £180,000).

### Cash at bank

The Group's cash is held with a number of different banks. The Moody's long-term credit ratings of those banks and the respective balances held are as follows:

	Group	
	2021 £'000	2020 £'000
Aa3	<b>889</b>	627
A1	<b>60,369</b>	30,090
A3	—	19,972
Baa1	—	1,533
Baa2	<b>275</b>	786
Baa3	<b>2,509</b>	—
	<b>64,042</b>	53,008

## 21. Trade and other payables

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade payables	4,543	5,692	87	153
Accrued expenses	17,533	12,244	250	1,290
Other tax and social security	7,104	13,283	—	—
	29,180	31,219	337	1,443

## 22. Borrowings

At 31 December 2021, the Group had available undrawn bank facilities of £30,000,000 committed until December 2024. An accordion arrangement is in place to increase the quantum up to £60,000,000. Unamortised bank fees of £20,000 (2020: £37,000) have been presented within prepayments in trade and other receivables. The financial covenants in place for these facilities are adjusted EBITA interest cover and net debt to adjusted EBITDA leverage. All covenants were comfortably met during the year and are projected to be met for the remaining period of the facilities.

## 23. Liquidity risk

The following are the contractual maturities of the Group's financial liabilities, including estimated interest payments:

	Carrying amount £'000	Contractual cash flow £'000	Less than 1 year £'000	1-2 years £'000	2-5 years £'000	More than 5 years £'000
<b>At 31 December 2021</b>						
Trade and other payables due within one year	29,180	29,180	29,180	—	—	—
Contingent acquisition consideration	2,000	2,000	2,000	—	—	—
Lease liabilities	5,916	7,543	1,217	1,011	2,303	3,012
	37,096	38,723	32,397	1,011	2,303	3,012
At 31 December 2020						
Trade and other payables due within one year	31,219	31,219	31,219	—	—	—
Contingent acquisition consideration	4,000	4,000	2,000	2,000	—	—
Lease liabilities	6,881	8,903	1,347	1,149	2,627	3,780
	42,100	44,122	34,566	3,149	2,627	3,780

## 24. Deferred tax

Group	Property, plant and equipment £'000	Intangible assets £'000	Other temporary differences £'000	Total £'000
At 1 January 2020	1,121	(3,471)	883	(1,467)
Credited/(charged) to statement of comprehensive income	656	(443)	(320)	(107)
Credited to equity	—	—	40	40
Acquisition of business	—	(753)	—	(753)
Effect of movements in exchange rates	—	—	(2)	(2)
At 31 December 2020	1,777	(4,667)	601	(2,289)
(Charged)/credited to statement of comprehensive income	(906)	168	932	194
Credited to equity	—	—	721	721
Other Balance Sheet reclassification	(412)	—	—	(412)
Effect of movements in exchange rates	—	—	(2)	(2)
<b>At 31 December 2021</b>	<b>459</b>	<b>(4,499)</b>	<b>2,252</b>	<b>(1,788)</b>

## FINANCIAL STATEMENTS

# Notes to the financial statements continued

for the year ended 31 December 2021

## 24. Deferred tax continued

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes:

	2021 £'000	2020 £'000
Deferred tax liabilities	(4,499)	(4,667)
Deferred tax assets	2,711	2,378
<b>Net deferred tax liability</b>	<b>(1,788)</b>	(2,289)

## 25. Other financial liabilities

Company and Group	2021 £'000	2020 £'000
<b>Current</b>		
Contingent acquisition consideration – Pinnacle	2,000	2,000
<b>Non-current</b>		
Contingent acquisition consideration – Pinnacle	—	2,000

The current contingent consideration liability in respect of the Pinnacle acquisition is due for cash settlement in 2022 following the achievement of specified profit targets. Estimated fair value has been measured based on the expected future amounts payable, as the impact of discounting is not material. This has been categorised as a level 3 fair value measurement under IFRS 13, as the inputs to the valuation, such as the performance of Pinnacle, are not based on observable market data.

During the year a payment of £2,000,000 was made, and a liability of £2,000,000 was reclassified from non-current to current liabilities.

## 26. Share capital and share premium

Company and Group	Ordinary shares of 1p each		Share premium £'000
	Number	£'000	
<b>At 1 January 2020, 31 December 2020 and 31 December 2021</b>	<b>63,311,396</b>	<b>633</b>	<b>51,045</b>

All issued shares are fully paid. At 31 December 2021 the EMIS Group plc Employee Benefit Trust held 317,906 shares in the Company (2020: 401,147 shares).

During the year the Employee Benefit Trust acquired 200,000 shares, representing 0.3% of the issued share capital of the Company, for total consideration of £2,403,000.

During the year the Employee Benefit Trust disposed of 283,241 shares, representing 0.4% of the issued share capital of the Company, for total consideration of £898,000.

The maximum number of shares held by the Employee Benefit Trust during the year was 401,147, representing 0.6% of the issued share capital of the Company.

## 27. Share-based payments

At 31 December 2021 outstanding awards to subscribe for ordinary shares of 1p each in the Company, granted in accordance with the rules of the EMIS Group share option schemes and the EMIS Group LTIP (including the EMIS Group Restricted Stock Award), were as follows:

Date of grant	At 1 January 2020	Granted	Lapsed	Exercised	At 31 December 2020	Granted	Lapsed	Exercised	At 31 December 2021
<b>2011 Share Option Plan</b>									
21 April 2017	37,530	—	(37,530)	—	—	—	—	—	—
20 April 2018	66,804	—	(8,790)	—	58,014	—	(879)	(49,224)	<b>7,911</b>
24 April 2019	70,808	—	(11,356)	—	59,452	—	(9,352)	—	<b>50,100</b>
2 April 2020	—	97,920	(9,945)	—	87,975	—	(16,830)	—	<b>71,145</b>
7 April 2021	—	—	—	—	—	82,125	(8,541)	—	<b>73,584</b>
	175,142	97,920	(67,621)	—	205,441	82,125	(35,602)	(49,224)	<b>202,740</b>
Weighted average exercise price	972p	980p	941p	—	985p	1,140p	1,053p	853p	<b>1,068p</b>
<b>EMIS Group LTIP</b>									
21 April 2017	130,465	—	(120,483)	(7,287)	2,695	—	—	(1,670)	<b>1,025</b>
1 May 2017	44,518	—	(39,978)	—	4,540	—	—	(4,540)	—
4 September 2017	21,953	—	(19,714)	—	2,239	—	—	(2,239)	—
20 April 2018	232,271	—	(57,811)	—	174,460	—	(101,583)	(67,629)	<b>5,248</b>
6 November 2018	156,995	—	(4,400)	—	152,595	—	(88,809)	(61,487)	<b>2,299</b>
3 April 2019	22,643	—	—	—	22,643	—	(13,178)	—	<b>9,465</b>
24 April 2019	304,176	—	(44,308)	—	259,868	—	(11,349)	—	<b>248,519</b>
24 June 2019	439,781	—	(64,071)	—	375,710	—	(14,745)	—	<b>360,965</b>
9 September 2019	21,061	—	—	—	21,061	—	—	—	<b>21,061</b>
2 April 2020	—	390,669	(12,702)	—	377,967	—	(33,265)	—	<b>344,702</b>
18 September 2020	—	30,094	(3,097)	—	26,997	—	(13,143)	—	<b>13,854</b>
7 April 2021	—	—	—	—	—	261,229	(22,400)	—	<b>238,829</b>
7 October 2021	—	—	—	—	—	8,015	—	—	<b>8,015</b>
	1,373,863	420,763	(366,564)	(7,287)	1,420,775	269,244	(298,472)	(137,565)	<b>1,253,982</b>
Weighted average exercise price	0p	0p	0p	0p	0p	0p	0p	0p	<b>0p</b>
<b>EMIS Group Restricted Stock Award</b>									
7 April 2021	—	—	—	—	—	92,009	(11,169)	—	<b>80,840</b>
7 October 2021	—	—	—	—	—	4,006	—	—	<b>4,006</b>
	—	—	—	—	—	96,015	(11,169)	—	<b>84,846</b>
Weighted average exercise price	0p	0p	0p	0p	0p	0p	0p	0p	<b>0p</b>

The number of vested options which had not been exercised at 31 December 2021 was 25,948 (2020: 9,474). The weighted average share price at the date of exercise for share options exercised in 2021 was £12.48 (2020: £10.32).

The parent company operates share option schemes, the HMRC-approved EMIS Group plc 2011 Share Option Plan, an LTIP scheme and Restricted Stock Awards. Tranches of options have been granted at market value to senior members of management under the 2011 Share Option Plan, and at nil-cost under the LTIP and Restricted Stock Award scheme. Performance conditions apply to all outstanding awards for the 2011 Share Option Plan and the LTIP scheme. The Restricted Stock Award is not subject to any performance conditions.

All options are conditional on the employee completing three years' service, other than in certain limited circumstances. The Group has no legal or constructive obligation to repurchase or settle any of the options for cash.

The key assumptions used in the valuation of share options granted during the year are shown on page 116. The fair values of options are determined using the Black Scholes model, with the impact of any market-based performance conditions determined using a Monte Carlo simulation.

## Notes to the financial statements continued

for the year ended 31 December 2021

## 27. Share-based payments continued

	2011 Share Option Plan	EMIS Group LTIP	EMIS Group LTIP	EMIS Group RSA					
Grant date	7 April 2021	7 April 2021	7 October 2021	7 April 2021	7 April 2021	7 April 2021	7 October 2021	7 October 2021	7 October 2021
Exercise period	April 2024 -April 2026	April 2024 -April 2031	April 2024 -April 2031	April 2022 -April 2031	April 2023 -April 2031	April 2024 -April 2031	April 2022 -April 2031	April 2023 -April 2031	April 2024 -April 2031
Share price at grant date	1,140p	1,140p	1,354p	1,140p	1,140p	1,140p	1,354p	1,354p	1,354p
Exercise price	1,140p	0p							
Expected volatility	27%	27%	21%	27%	27%	27%	21%	21%	21%
Expected life (years)	3	3	2.5	1	2	3	0.5	1.5	2.5
Risk-free rate	0.17%	0.17%	0.57%	0.01%	0.07%	0.17%	0.33%	0.48%	0.57%
Expected dividend yield	2.81%	2.81%	2.48%	2.81%	2.81%	2.81%	2.48%	2.48%	2.48%
Fair value per option	159p	1,048p	1,257p	1,108p	1,078p	1,048p	1,321p	1,288p	1,257p

The expected volatility assumption is based on statistical analysis of the historical volatility of the Company's share price.

The Company also operates an HMRC-approved Share Incentive Plan, which is open to all UK employees with at least six months' service. Those joining contribute a maximum of the lower of £1,800 a year or 10% of salary. These contributions are used to acquire shares in the Company at market price from the EMIS Group plc Employee Benefit Trust, which holds shares in the Company to satisfy Share Incentive Plan and other employee share scheme requirements.

For every two (2020: three) shares acquired by an employee the Company adds one free matching share. The matching shares, together with free shares allocated to members under the scheme during the year, had a value of £663,000 (2020: £594,000).

## 28. Leases

The Group leases property, office equipment and motor vehicles. Leases for vehicles typically run for a period of four years, property leases for between five and fifteen years, and office equipment for between five and six years.

Some property leases contain extension options or break clauses exercisable by the Group and not by the lessors. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant change in circumstances.

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease liabilities	
	Land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000	£'000
As at 1 January 2020	2,639	46	886	3,571	(3,934)
Additions	3,422	—	659	4,081	(4,081)
Acquisition of business	151	—	—	151	(156)
Depreciation expense	(858)	(32)	(563)	(1,453)	—
Interest expense	—	—	—	—	(386)
Payments	—	—	—	—	1,508
Effect of movements in exchange rates	(140)	—	—	(140)	168
As at 31 December 2020	5,214	14	982	6,210	(6,881)
Additions	—	—	10	10	(10)
Remeasurement of lease asset and liability	—	—	(142)	(142)	142
Depreciation expense	(615)	(14)	(398)	(1,027)	—
Interest expense	—	—	—	—	(351)
Payments	—	—	—	—	1,157
Effect of movements in exchange rates	(28)	—	—	(28)	27
<b>As at 31 December 2021</b>	<b>4,571</b>	<b>—</b>	<b>452</b>	<b>5,023</b>	<b>(5,916)</b>

Amounts recognised in the statement of comprehensive income are set out below:

	2021 £'000	2020 £'000
Interest on lease liabilities	351	386
Expenses relating to short-term leases	166	266
Expenses relating to leases of low value	3	2

The total cash outflow for all leases (including short-term and low value) is shown below:

	2021 £'000	2020 £'000
<b>Total cash outflow for leases</b>	<b>1,326</b>	<b>1,776</b>

## 29. Capital commitments

At 31 December 2021 the Group had capital commitments principally in respect of fixtures, fittings, and equipment amounting to £99,000 (2020: £604,000).

## 30. Pension commitments

Pension contributions of £2,893,000 (2020: £2,600,000) represent contributions paid on behalf of employees by the Group to various defined contribution schemes.

## FINANCIAL STATEMENTS

# Notes to the financial statements continued

for the year ended 31 December 2021

## 31. Related party transactions

### Key management compensation

Key management includes Executive and Non-executive Directors and members of the Group Executive Team. The compensation paid or payable to key management for employee services is shown below:

	2021 £'000	2020 £'000
<b>Key management</b>		
Salaries and other short-term employee benefits	4,859	3,803
Share-based payments	939	1,026
Termination payments	250	—
Post-retirement benefits	189	187
	<b>6,237</b>	5,016
<b>Directors' emoluments</b>		
Aggregate emoluments	2,812	1,403
Pension costs – defined contribution plans	66	67
	<b>2,878</b>	1,470

Retirement benefits are accruing to two (2020: two) Directors under defined contribution personal pension schemes. Aggregate emoluments includes gains on exercise of share options of £761,000 (2020: £29,000).

	2021 £'000	2020 £'000
<b>Highest paid Director</b>		
Aggregate emoluments	1,557	635
Pension costs – defined contribution plans	62	61
	<b>1,619</b>	696

Aggregate emoluments includes a gain on exercise of share options of £563,000 (2020: £nil). The remuneration of the Directors of EMIS Group plc is set out in detail in the Directors' remuneration report on pages 69 to 81, with the disclosures required under AIM Rule 19 and Schedule 5 shown as audited.

### Other related party transactions

	2021 £'000	2020 £'000
<b>Transactions between the Group and:</b>		
<b>Joint venture – Healthcare Gateway Limited</b>		
Sales of goods and services in year	83	127
Amounts owed by related party at year-end	58	—

### Transactions between Company and subsidiaries

The Company enters into transactions with its subsidiary undertakings in respect of internal funding and the provision of certain services which are procured by the Company. Such services are recharged based on the utilisation by the subsidiary undertaking. The amounts outstanding from subsidiary undertakings to the Company at 31 December 2021 totalled £nil (2020: £10,759,000). Amounts owed by the Company at 31 December 2021 totalled £62,103,000 (2020: £44,779,000).

The Company and certain subsidiary undertakings have given guarantees in support of the Group's banking facility, a revolving credit facility of £25,000,000 and an overdraft facility of £5,000,000.

## 32. Subsequent events

On 14 January 2022, the Group completed the acquisition of 100% of the share capital of Edenbridge Healthcare Limited, a leading provider of business intelligence tools for GP practices, federations and commissioners. It will expand the Group's capabilities in the growing analytics markets by providing real time insight to support GP practice access, efficiency, transformation and workforce planning. EMIS Group acquired the business for £4,000,000 in cash paid from the Group's existing cash resources, with further cash consideration of up to £6,000,000 payable on the attainment of certain performance targets.

On 1 March 2022 the Group completed the acquisition of 100% of the share capital of FourteenFish Limited, bringing a specialist knowledge of GP medical appraisals and training into the business. FourteenFish is the chosen training system of the Royal College of General Practitioners (RCGP) and will join EMIS to strengthen the Group's training proposition. The Group acquired the business for £15,848,000 in cash paid from the Group's existing resources.

The Group is undertaking an exercise to establish the fair value of the net assets acquired, however due to the timing of the acquisitions the results of this have not been included in the financial information set out in this preliminary announcement.

## Five-year Group financial summary

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Revenue	<b>168,226</b>	159,453	159,507	170,070	160,354
Recurring revenue <sup>1</sup>	<b>134,809</b>	130,043	124,969	140,681	133,537
Reported operating profit	<b>35,785</b>	35,776	26,827	28,740	10,640
Adjusted operating profit <sup>1</sup>	<b>43,533</b>	39,266	39,273	37,608	37,406
Profit before tax	<b>36,086</b>	36,915	27,071	29,170	10,937
Earnings per share – basic	<b>46.2p</b>	48.1p	36.0p	36.1p	12.8p
Earnings per share – adjusted <sup>1</sup>	<b>56.1p</b>	51.0p	51.4p	47.4p	47.2p
Dividends payable to Company's shareholders in respect of year	<b>22,162</b>	20,128	19,593	17,896	16,245
Dividends per ordinary share	<b>35.2p</b>	32.0p	31.2p	28.4p	25.8p
Total equity	<b>128,477</b>	119,138	104,198	102,659	108,014
Reported cash generated from operations	<b>50,059</b>	64,138	50,059	49,873	48,834
Adjusted cash generated from operations <sup>1</sup>	<b>46,007</b>	58,851	46,332	54,469	49,652
Net cash/(debt) <sup>1</sup>	<b>64,042</b>	53,008	31,099	15,620	13,991
Average number of employees	<b>1,508</b>	1,579	1,666	2,024	1,906

1 The Group's alternative performance measures (APMs) are defined on page 22.

## Shareholder information

### Internet

The Group's investor page can be found at [www.emisgroupplc.com/investors](http://www.emisgroupplc.com/investors). This site is regularly updated to provide information about the Group. In particular, the share price and all of the Group's press releases and announcements can be found on the site. The annual report and accounts will be published on [www.emisgroupplc.com/investors/financial-reporting-and-presentations](http://www.emisgroupplc.com/investors/financial-reporting-and-presentations). The maintenance and integrity of the website is the responsibility of the Directors. The auditor does not consider these matters.

### Registrar

Any enquiries concerning your shareholding should be addressed to the Company's registrar. The registrar should be notified promptly of any change in a shareholder's address or other details at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL, tel. 0371 664 0300; calls are charged at the standard geographic rate and will vary by provider. If you are outside the UK, please call +44 371 664 0300. Calls outside the UK will be charged at the applicable international rate. The registrar is open between 9.00am and 5.30pm, Monday to Friday excluding public holidays in England and Wales. The registrar's website is [www.signalshares.com](http://www.signalshares.com). This will give you access to your personal shareholding by means of your investor code which is printed on your share certificate or statement of holding.

### Shareholder security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. Details of any share dealing facilities that the Company endorses will be included in Company mailings or on our website. More detailed information can be found at [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk).

You can find out more information about investment scams, how to protect yourself and report any suspicious telephone calls to the Financial Conduct Authority (FCA) by visiting its website ([www.fca.org.uk/scamsmart/resources](http://www.fca.org.uk/scamsmart/resources)) or contacting the FCA on 0800 111 6768.

### Payment of dividends

Shareholders may find it more convenient to make arrangements to have dividends paid directly into their bank account. The advantages of this are that the dividend is credited to a shareholder's bank account on the payment date, there is no need to present cheques for payment and there is no risk of cheques being lost in the post. To set up a dividend mandate or to change an existing mandate, please contact Link Group, whose details are opposite.

### Dividend Reinvestment Plan (DRIP)

The Company will be introducing the option for shareholders to invest dividends in a Dividend Reinvestment Plan (DRIP) from May 2022. The DRIP will be included as an option for all future dividends declared. To find out more and check eligibility to join the DRIP, please visit [www.signalshares.com](http://www.signalshares.com).

The DRIP allows shareholders to reinvest dividend payments in purchasing the Company's shares. For participants in the DRIP, each time a dividend is paid, Link Market Services Trustees Limited (Link) will purchase additional shares on their behalf to the value of their dividend. The purchase is of shares already in issue and is made direct from the open market.

### Share dealing services

The sale or purchase of shares must be done through a stockbroker or share dealing service provider. The London Stock Exchange provides a "Locate a broker" facility on its website which gives details of a number of companies offering share dealing services. For more information, please visit the private investors section at [www.londonstockexchange.com](http://www.londonstockexchange.com). Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or to sell shares. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

### Share price information

The latest information on the share price is available at [www.emisgroupplc.com/investors/shareholder-information](http://www.emisgroupplc.com/investors/shareholder-information).

### Board Executive Directors

Andy Thorburn  
Chief Executive Officer  
  
Peter Southby  
Chief Financial Officer

### Non-executive Directors

Patrick De Smedt – Chair  
  
Kevin Boyd – Senior Independent Non-executive Director  
  
Jen Byrne – Independent Non-executive Director  
  
Denise Collis – Independent Non-executive Director  
  
JP Rangaswami – Independent Non-executive Director

### Company Secretary

Christine Benson

### Company number

06553923 (England and Wales)

### Registered Office

Fulford Grange  
Micklefield Lane  
Rawdon  
Leeds LS19 6BA

### Auditor

**KPMG LLP**  
1 Sovereign Square  
Sovereign Street  
Leeds LS1 4DA

### Nominated adviser and broker

**Numis Securities Limited**  
45 Gresham Street  
London  
EC2V 7BF

### Registrar

**Link Group**  
10th Floor, Central Square  
29 Wellington Street  
Leeds LS1 4DL

### Financial PR

**MHP Communications**  
60 Great Portland Street  
London W1W 7RT

### Tax adviser

**Deloitte LLP**  
1 City Square  
Leeds LS1 2AL

### Remuneration adviser

**Mercer Limited**

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Tower Place  
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### Legal advisers to the Company

**Pinsent Masons LLP**  
1 Park Row  
Leeds LS1 5AB

### Schofield Sweeney LLP

Church Bank  
Bradford BD1 4DY

### DAC Beachcroft LLP

St Pauls House  
23 Park Square South  
Leeds LS1 2ND

# Glossary

<b>A&amp;E</b>	Accident & Emergency	<b>HGL</b>	Healthcare Gateway Limited
<b>AGM</b>	Annual General Meeting	<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>AI</b>	Artificial Intelligence	<b>HR</b>	Human Resources
<b>AIM</b>	Alternative Investment Market	<b>IAS</b>	International Accounting Standard
<b>APM</b>	Alternative Performance Measure	<b>ICO</b>	Information Commissioner's Office
<b>B2B</b>	Business-to-business	<b>ICS</b>	Integrated Care System
<b>CCG</b>	Clinical Commissioning Group	<b>IFRS</b>	International Financial Reporting Standards
<b>CEO</b>	Chief Executive Officer	<b>IG</b>	Information Governance
<b>CGU</b>	Cash-Generating Unit	<b>IPO</b>	Initial Public Offering
<b>CISO</b>	Chief Information Security Officer	<b>ISO</b>	International Organisation For Standardization
<b>Code</b>	UK Corporate Governance Code 2018	<b>KPI</b>	Key Performance Indicator
<b>COPI</b>	Control of Patient Information	<b>LPI</b>	Learning and Performance Institute
<b>CPD</b>	Continued professional development	<b>LTIP</b>	Long-Term Incentive Plan
<b>CSOP</b>	Company Share Option Plan	<b>MSD</b>	Merck Sharp & Dohme
<b>CSRA</b>	Control and Risk Self-Assessment	<b>NCSC</b>	National Cyber Security Centre
<b>DHCW</b>	Digital Health and Care Wales	<b>NHS</b>	National Health Service
<b>DHSC</b>	Department of Health and Social Care	<b>NHSX</b>	An NHS organisation focussed on the digital transformation of care
<b>EBITA</b>	Earnings before interest, tax and amortisation	<b>NIC</b>	National Insurance Contribution
<b>EBITDA</b>	Earnings before interest, tax depreciation and amortisation	<b>NIMS</b>	National Immunisation Management System
<b>EBT</b>	Employee Benefit Trust	<b>NISD</b>	Networks and Information Systems Directive
<b>EMIS</b>	Egton Medical Information Systems	<b>NCSC</b>	National Cyber Security Centre accreditations
<b>EMIS Enterprise</b>	EMIS business areas where revenues are predominantly from private sector sources in healthcare business-to-business	<b>NSS</b>	National Services Scotland
<b>EMIS Health</b>	EMIS business areas where revenues are generated from NHS organisations	<b>Raas</b>	Ransomware as a service
<b>EMIS Web</b>	Market leading GP clinical software	<b>RCGP</b>	Royal College of General Practitioners
<b>EMIS-X</b>	Cloud based platform	<b>R&amp;D</b>	Research and Development
<b>EMIS-X Analytics</b>	A suite of data analytics tools	<b>RMC</b>	Risk Management Committee
<b>EPS</b>	Earnings Per Share	<b>SAFe</b>	Scaled Agile Framework
<b>ESG</b>	Environmental, social and governance	<b>s.172</b>	Section 172 Companies Act 2006
<b>FHIR</b>	Fast Healthcare Interoperability Resource	<b>SECR</b>	Streamlined Energy & Carbon Reporting Requirements
<b>FRC</b>	Financial Reporting Council	<b>SIP</b>	Share Incentive Plan
<b>FTSE</b>	Financial Times Stock Exchange	<b>TCFD</b>	Task Force on Climate related Financial Disclosures
<b>GDPR</b>	General Data Protection Regulations	<b>TRE</b>	Trusted Research Environment
<b>GP</b>	General Practitioner	<b>TSR</b>	Total Shareholder Return
<b>GXT</b>	Group Executive Team	<b>UEL</b>	Useful Economic Life
		<b>UNSDG</b>	United Nations Sustainability Development Goals



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