

Board of Directors



Peter Allen
Non-Executive Chairman



Chris Meredith
Chief Executive Officer



Eddie Johnson
Chief Financial Officer

Biography

Peter Allen has extensive experience in the healthcare industry, having held key senior positions in a number of companies and playing a significant role in their development. This includes 12 years at Celltech Group plc (1992–2004) as CFO and Deputy CEO, six years as Chairman (2007–2013) of ProStrakan Group plc (Interim CEO 2010–11), three years as Chairman of Proximagen Neurosciences plc (2009–12), five years as Non-Executive Chairman at Diurnal plc (2015–2020) and nine years as Non-Executive Chairman of Clinigan Group plc. He is a qualified Chartered Accountant.

Chris Meredith joined AMS as Group Commercial Director in July 2005 following a successful 18-year career in international healthcare sales, marketing and business development. His experience covered business-to-business contract manufacturing, product development and clinical research, as well as branded product sales all within the medical device, pharmaceutical or consumer healthcare markets. Chris has previously held senior positions at Smiths Industries, Cardinal Health, Banner Pharmacaps, and Aster Cephac. He was appointed Managing Director of Advanced Woundcare in February 2008, became Chief Operating Officer in January 2010 and was appointed as Chief Executive Officer in January 2011.

Eddie Johnson joined AMS in October 2011. He was appointed Group Financial Controller in November 2012 and became Chief Financial Officer in January 2019. Prior to this he gained a first class degree in Maths and Computer Science from Keele University in 1993 and qualified as a Chartered Accountant in 1996. Since moving into industry in 1996 Eddie has held a number of senior finance roles in various industry sectors including, more recently, Head of Commercial Finance at Norcros plc and Western European Financial Controller for Sumitomo Electrical Wiring Systems.

Term of office

Peter Allen was appointed to the Board in December 2013 and as Non-Executive Chairman in January 2014.

Chris Meredith was appointed to the Board in April 2006.

Eddie Johnson was appointed to the Board in January 2019.

External appointments

Peter Allen is currently the Non-Executive Chairman of AIM listed Abcam plc, together with Oxford Nanopore Technologies plc and Istesso Limited.

Chris Meredith was appointed Chairman of Arterius, a UK based pre-commercial, none competitive medical device company, in January 2022. He left his role as a Non-Executive of Creavo Medical Technology Ltd in November 2021.

None.



Penny Freer

Senior Independent
Non-Executive Director

With 25 years' experience in investment banking, Penny was formerly Head of Equities for Robert W Baird in London, and prior to this held senior positions at Credit Lyonnais and NatWest Markets.

Penny Freer joined the Board in March 2010 as Senior Independent Non-Executive Director.

Penny Freer is Chairman of AP Ventures LLP a global venture capital fund. She is also a Non Executive Director of Empresaria Group plc and Chairman of Crown Place VCT plc and of The Henderston Smaller Companies Investment Trust.



Grahame Cook

Non-Executive Director

Grahame Cook has 18 years' experience in investment banking in global equity capital markets and M&A and corporate advisory. He advised the London Stock Exchange on the creation of TechMark, the specialist segment of the Main Market focusing on innovative technology and healthcare companies and has healthcare experience, most recently as a Non-Executive Director of Morphogenesis Inc and Chairman of Sinclair Pharma plc. He also held Board positions at Horizon Discovery plc, MDY Healthcare plc and Crawford Healthcare Holdings Limited. He is a qualified Chartered Accountant.

Grahame Cook was appointed as a Non-Executive Director in February 2021.

Grahame Cook is a Non-Executive Director of Attraqt plc, Draper Spirit plc, Minoan Group plc, Pirtsemit Limited and Sapience Communications Limited and a member at T and JK Estates LLP, TJK Holdings LLP and KS Halkins LLP.



Douglas Le Fort

Non-Executive Director

Douglas Le Fort has more than 20 years of senior executive leadership, with expertise in business strategy, operational management and M&A. Most recently, he was CEO of MedTrade Products, a woundcare products business and prior to that served in various senior executive roles at ConvaTec Group plc, including five years on the Executive Committee for the Group. At ConvaTec he was Senior Vice President for Corporate Development, and prior to that Vice President and General Manager with P&L responsibility for the global Ostomy business. He has an MBA from Henley Management College and is a Chartered Management Accountant.

Douglas Le Fort was appointed as a Non-Executive Director in August 2021.

Douglas Le Fort is currently an Operating Partner for Revival Healthcare Capital Partners, an investor in medical device and diagnostics businesses, as well as a Non-Executive Director at Trio Healthcare, a manufacturer of ostomy products.

Committee membership key

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- Committee Chair

Senior Management Team

In addition to the CEO and CFO, the SMT consists of Business Unit and functional heads committed to long-term sustainable growth



Simon Coates

IT Director



Rose Guang

Vice President – Regulatory, Quality and Clinical



Ross McDonald

Business Unit Director, Surgical

Biography

Simon joined AMS in 2002 as Group Information Systems Manager and, during the Company's growth since then, he has overseen many key IT projects including implementing ERP systems across the Group, integrating acquisitions and relocating the business into its existing Winsford site.

Simon has over 25 years' experience in IT infrastructure, systems implementation and software development. Prior to joining AMS he was Worldwide IT manager at Whitford Plastics Ltd, a manufacturer of fluoropolymer coatings, supporting them through a period of rapid growth, managing multiple sites and key IT projects including ERP implementation.

Simon was appointed to the Senior Management Team in 2015.

Rose joined AMS in May 2013 as Group QA/RA Director having completed her Masters Degree in Precision Engineering from Nanyang Technology University in Singapore. Rose has over 20 years' experience working for medical device companies and has a strong background in setting up effective quality systems. Rose has worked for Bausch & Lomb International Healthcare, Nypro and spent nine years at Medical House Products plc as Director of Quality, Regulatory Affairs and Operations. Prior to joining AMS, Rose was Head of Quality and Regulatory Affairs at Bepak, part of Consort Medical plc.

Rose is also a Six Sigma Master Black Belt.

Ross joined AMS in January 2006 having graduated with a BSc from University of Glasgow and MSc in Entrepreneurial Studies from Glasgow Caledonian University. Prior to joining AMS, Ross spent five years in the Pharmaceutical industry.

Upon joining AMS, from 2006 to 2012, Ross worked across direct and distributed sales functions, both in UK Sales, before taking on responsibility for the European Woundcare Business. In 2012 he relocated to the US and as National Sales Manager Americas contributed to a period of sustained and high growth for LiquiBand®. In October 2016 Ross returned to the UK to take up a new role as Director of Sales for US, UK and Germany and quickly moved into the Global Sales Director role, both for the Surgical Business Unit.

In January 2021, Ross was appointed as Business Unit Director of the Surgical Business Unit.



Alan Richardson
Chief Operations Officer

Alan joined AMS in November 2018 as Chief Operations Officer. Alan graduated with a B Eng honours degree in Chemical Engineering from Bradford University. Alan joined Yorkshire Chemicals as a Chemical Engineer and has since had 25 years of experience in the Medical Device, Pharmaceutical, Contract Research and Chemical Industries having worked for both Bristol-Myers Squibb and ConvaTec. Prior to joining AMS, Alan spent 11 years at ConvaTec and held a number of roles including Director, New Product Integration; Vice President Quality and Operations and Vice President of Advanced Woundcare Operations.



Cathy Tomlinson
Group HR Director

Cathy joined AMS in May 2017 as Group HR Director. Cathy graduated with a degree in Business Studies from Liverpool John Moores University and completed a Masters in Business Administration (MBA) at Strathclyde University. She spent five years working for Amazon and was head of HR for their final mile delivery business, a start-up business for Amazon.

Prior to this Cathy held senior HR roles for Xerox – supporting the outsourcing of managed services from government and blue-chip organisations to Xerox and Emirates Airline, based in Dubai, where she supported the growth of the airline in new geographies and acquisitions.



Becky Walmsley
Business Unit Director, Woundcare

Becky joined AMS in July 2015 as Business Unit Director of OEM and Bulk Materials (now Woundcare). Becky graduated with a degree in Modern Languages (French and German) with International Studies from South Bank University in 1993 and completed an Executive Masters of Business Administration at Lancaster University in 2000.

Becky has more than 13 years' experience in the Medical Device sector, having held various senior management roles, most recently as European Sales Director for Scapa Healthcare.



Owen Bromley
Company Secretary

Owen joined AMS in April 2012 as Assistant Company Secretary and became Deputy Company Secretary in October 2013. Having completed a BA (Hons) in International Business and Masters in Business Administration (MBA), he helped to launch a licensed Corporate Service Provider on the Isle of Man in 2006 and qualified through the Institute of Chartered Secretaries and Administrators (ICSA) in 2007, now the Chartered Governance Institute. He moved to the UK in 2010, working at Eversheds LLC and GB Group plc prior to AMS.

In January 2021, Owen was appointed as Company Secretary.

Corporate Governance Report

An enhanced focus on ESG within our governance framework



We continue to review and improve our corporate governance arrangements, to ensure they remain robust, fit for purpose and support our long-term strategic interests.

Dear Shareholder,

On behalf of the Board, I am pleased to present the Corporate Governance Report for the year ended 31 December 2021. This year has seen a focus on our ESG strategy alongside a continued emphasis on compliance with corporate governance requirements. Our Remuneration Committee Report on pages 69 to 80 outlines how we have engaged with shareholders regarding attracting and maintaining talent to continue the success of AMS. We believe that our revised Remuneration Policy reflects those views alongside good corporate governance principles.

The Board believes that shareholder engagement and strong corporate governance are critical to the success of our strategy outlined on pages 10 to 19, and to delivering long-term, sustainable shareholder value.

Changes to the Board and succession planning

In 2021 we continued to refresh the composition of Non-Executives on the Board with extensive searches leading to the appointments of Grahame Cook and Douglas Le Fort to the Board.

Penny Freer will retire from the Board at the 2022 AGM. The Board would like to thank Penny for her significant contribution to the success of AMS over the last twelve years. The Report of the Nomination Committee on pages 62 to 64 details the work we have done to continue with the Board refreshment and how we will give regard to diversity with the ongoing refreshment process.

Corporate Governance

We choose to comply with the UK Corporate Governance Code (Code) as far as is practicable and appropriate for a public company of the Group's size. We remain committed to maintaining high standards of corporate governance which is key to generating shareholder value, protecting stakeholders interests and long-term sustainable growth. A breakdown of our compliance with the Code can be seen on page 60 and on our website at www.admedsol.com.

The Code reinforces the need to understand the views of our stakeholders and consider these as part of our decision making. This has remained a focus of the Group for 2021, highlighted by our revised Remuneration Policy. Details of how we engage with our stakeholders are set out on pages 26 to 31.

Environmental, Social and Governance (ESG)

ESG is a focus area for our stakeholders and we have devoted significant time and resource to our ESG strategy during 2021. We have developed an ESG framework which allows us to make progress in ESG over future years. The Board have begun work to define our Pathway to Net Zero. Details of our ESG framework and how it will be applied by the Group is set out on pages 32 to 43. During the year, we conducted an employee engagement survey and improved communication of our Vision and Mission, which continued in 2022.

Recognition and looking forward

It has been another challenging year with COVID-19 disruption, albeit at a lower level than the first wave in 2020. On behalf of the Board I would like to express my appreciation for the dedication, hard work and adaptability of all of our colleagues in 2021.

Despite the ongoing challenges, we have taken significant steps to progress our strategy and I strongly believe that AMS remains well positioned to take advantage of opportunities as they arise. During the coming year, in addition to further strengthening our corporate governance, the Board will focus on:

- Supporting the Group during the continued transition back to a normal way of doing business following the disruption of the pandemic.
- Supporting the management team with the refinement and implementation of our ESG strategy.

Peter Allen
Chairman

14 April 2022

Chairman’s introduction to Corporate Governance

The Board is committed to the principles of good corporate governance which encompass leadership, effectiveness, accountability, remuneration and shareholder relations. Our shares are quoted on the AIM market and are subject to the AIM Admission Rules of the London Stock Exchange.

Throughout the year

The Board met nine times during the year. All meetings were held in the UK or by video conference. The Directors’ attendance is shown (table to the right).

Board member	Board	Audit Committee ¹	Remuneration ¹ Committee ¹	Nomination Committee
Peter Allen	9/9	3/3 ¹	4/4	4/4
Grahame Cook ²	9/9	3/3	4/4	4/4
Penny Freer	9/9	3/3	4/4	4/4
Eddie Johnson	9/9	3/3 ¹	3/4 ¹	4/4 ¹
Douglas Le Fort ³	3/3	2/2	2/2	2/2
Chris Meredith	9/9	3/3 ¹	4/4 ¹	4/4
Steve Bellamy (retired 8 June 2021)	5/5	1/1	1/1	n/a

¹ Invited.
² Appointed as Non-Executive Director on 1 February 2021.
³ Appointed as Non-Executive Director on 2 August 2021.

As part of the focus on key stakeholders, the Board has spent significant time discussing ESG in 2021. This has resulted in the development of our ESG Framework which can be seen on page 33 in our ESG Report. Penny Freer was appointed as the designated Non-Executive Director for workforce engagement in 2020 and there was increased engagement with employees in 2021, with a group wide engagement survey, CEO video conferences with each site and regular updates from our COVID-19 Committee despite some aspects of physical workforce engagement being restricted due to

COVID-19. Management have regularly updated the Board on employee engagement throughout the year. The engagement score in our 2021 employee engagement survey indicates a high overall level of satisfaction in the workforce and in 2022, we will be focusing on proactive ways to further increase this.

As in previous years, the implementation of strategy has been an area of focus in our Board meetings. The Executive Directors have provided regular updates, allowing the Board to be informed of our view on the successes and challenges throughout

the Group and review future direction through five-year strategic plans. In the current regulatory environment there has been significant focus on the Medical Devices Regulation (MDR). We have also engaged directly with our significant shareholders on ESG, Remuneration Policy and Board refreshment. Details of our principal risks are set out on pages 50 to 51. The Risk Register and principal risks are regularly assessed by the Board and Audit Committee. Further information regarding the principal matters discussed by the Board during 2021 are set out on page 59.

Board activities and the governance, culture and mission influences



Vision

A world where the outcome of every patient can benefit from our products and a company where every employee feels invested and valued

Corporate Governance Report continued

2022 AGM

In 2022, we will put forward all Directors for re-election in accordance with Code Provision 18, with the exception of Penny Freer who will retire from the Board. No Non-Executive Director other than Penny Freer has a tenure of more than nine years, the limit outlined in Code Provision 10.

Peter Allen and Penny Freer own shares in the Company as shown on page 79. These holdings have been highlighted to shareholders and are small. They are not considered to impact Non-Executive Director independence under Code Provision 10.



Chairman
Peter Allen

- Leadership and management of the Board.
- Setting the Board's agenda, style and tone of discussions.
- Ensuring the Board's effectiveness in all aspects of its role.
- Working closely with the Chief Executive Officer on developing the Group's strategy, and providing general advice and support.
- Facilitating active engagement by all members.
- Participating in shareholder communications.
- Promoting high standards of corporate governance.

Role of the Board

The role of the Board is to establish the vision and strategy for the Group, to deliver shareholder value and take responsibility for the long-term, sustainable success of the Company. Individual members of the Board have equal responsibility for the overall stewardship, management and performance of the Group and for the approval of its long-term objectives and strategic plans.

Division of responsibilities

There is a clear division of responsibilities between the role of the Chairman and the Chief Executive Officer of the Company. The roles are clearly set out in writing.



Chief Executive Officer
Chris Meredith

- Managing the Group's business.
- Developing Group strategy for consideration and approval by the Board.
- Leading the Senior Management Team (SMT) in delivering the Group's strategic and day-to-day operational objectives.
- Leading and maintaining communications with all stakeholders.



Senior Independent Director
Penny Freer

- Acting as an intermediary for other Directors when necessary.
- Available to meet with shareholders and aid communication of shareholder concerns when normal channels of communication are inappropriate.
- Chairing meetings of Non-Executive Directors, if and when required.
- All responsibilities of a Non-Executive Director (as outlined to the right).



Non-Executive Directors
Grahame Cook, Douglas Le Fort

- Constructively challenging and contributing to the development of strategy.
- Monitoring the integrity of financial information, financial controls and systems of risk management to ensure they are robust.
- Reviewing the performance of Executive Management.
- Formulating Executive Director remuneration.

Matters considered by the Board in 2021 included:

Continuing impact of the COVID-19 pandemic.	Group delegation of authority policy
Environmental, Social, Governance (ESG).	Risk review including disaster recovery and business interruption.
Impacts of Brexit.	Major capital expenditure including an expansion of our Plymouth manufacturing site.
Strategic plans, including five-year review.	MDR and regulatory pathways.
Vision, mission and values.	Finance and operations review.
Dividend policy.	Board evaluation and Board support.
Acquisition strategy including potential acquisition targets and valuations.	Reports from the Board Committees.
Health and Safety.	Annual budget, results, forecast updates.
UK Corporate Governance Code compliance.	Organisation and senior management structure.
Board refreshment.	Shareholder base and investor engagement.
Directors' responsibilities.	Registrar and share scheme structure and administration.

The Board also delegates a number of its responsibilities to Committees and management as described below.

All Directors have access to the advice and services of the Company Secretary. The Board approves the appointment and removal of the Company Secretary and appointed Owen Bromley on 1 January 2021. The Non-Executive Directors are able to contact the Executive Directors, Company Secretary or Senior Managers at any time for information about the Group.

The Non-Executive Directors

Each of the Non-Executive Directors is free from any relationship with the Executive Management and from any business or other relationship that could affect or appear to affect the exercise of their independent judgement. The Board considers that all of the Company's Non-Executive Directors are Independent Directors, in both character and judgement, in accordance with the recommendations of the Code. The Chairman, Peter Allen, was considered independent on his appointment.

The operation of the Board

The Board has the responsibility for ensuring that the Group is appropriately managed and achieves the strategic objectives it sets. To achieve this the Board reserves certain matters for its own determination, including matters relating to Group strategy, approval of interim and annual financial results, dividends, major capital expenditure, budgets, monitoring business and financial performance, treasury policy, risk management, corporate governance and the effectiveness of its internal control systems. It has a schedule of matters specifically reserved for its approval. Matters are delegated to the Board Committees, Executive Directors and the Senior Management Team where appropriate, and the Group's delegation of authority policy was reviewed and updated within the year to ensure it continues to align with best practice. The Board performs its responsibilities through an annual programme of meetings and by continuous monitoring of the performance of the Group.

Board Committees

The Board has delegated authority to the Audit, Remuneration and Nomination Committees. Penny Freer, Grahame Cook and Douglas Le Fort are members of the Audit, Remuneration and Nomination Committees. Peter Allen is a member of the Remuneration and Nomination Committees. Chris Meredith is a member of the Nomination Committee.

Board composition

The Board comprises the Non-Executive Chairman, two Executive Directors and three Non-Executive Directors. The Directors' profiles on pages 52 and 53 detail their experience and suitability for leading and managing the Group. Together they bring a valuable range of expertise and experience to the Group. No individual or group of individuals dominates the Board's decision making process. The Chairman fosters a climate of open debate in the boardroom, built on his challenging but supportive relationship with the Chief Executive Officer which sets the tone for Board interaction and discussions.

Appointment of Non-Executive Directors

Non-Executive Directors are appointed to the Board following a formal, rigorous and transparent process, involving external recruitment agencies, to select individuals who have a depth and breadth of relevant experience to ensure that they can make an effective contribution to the Board. Details of how the Nomination Committee managed the process for appointing Grahame Cook and Douglas Le Fort can be found on page 64.

Diversity

We recognise the importance of diversity at Board level. The Board has a wide range of skills and experiences from a variety of business backgrounds. The female Board representation at 31 December 2021 was 16.7%. The Hampton-Alexander target (33%) is considered during the succession planning process.

The SMT also has diverse experience. It is comprised of several nationalities and female representation is 43%. Our Group Equality, Diversity and Inclusion (EDI) Policy ensures diversity is considered at all levels and across the Group. We took initial steps to further engage with employees on EDI through 2021 and launched an EDI Committee in early 2022 which reports into the ESG Steering Committee. We continue to take steps to further promote diversity amongst our employees at all levels.

Corporate Governance Report continued

Compliance with the UK Corporate Governance Code

As a large AIM quoted company, AMS has chosen to follow the Code and is compliant in the majority of areas. The Company does not comply with Provision 36 (formal policy for post-employment shareholding), as there is no policy in place at this time and Provision 38 (pension contribution rates for Executive Directors, or payments in lieu, should be aligned with those available to the workforce). The Committee does not consider the current contributions of 10% to be excessive and will review this for any new appointments. Whilst we comply with the objective of Provision 31, we do not prepare a formal viability statement as we believe that the information provided on Going Concern and elsewhere in the Annual Report satisfies the Provision.

Terms of appointment and time commitment

All Non-Executive Directors are appointed for an initial term of three-years subject to satisfactory performance. After this time they may serve additional three-year terms following review by the Board. Notwithstanding such three-year terms, all Non-Executive Directors are proposed annually to shareholders for reappointment in accordance with best practice. All Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. Directors are expected to attend all Board meetings and Committee meetings of which they are members and any additional meetings as required.

Further details of their terms and conditions are summarised in the Remuneration Report on pages 69 to 80 and the full terms and conditions of appointment of the Non-Executive Directors are available at the Company's Registered Office.

Tenure chart

	Date of appointment	1	2	3	4	5	6	7	8	9	10+	Date of election or next re-election
Peter Allen	4 December 2013											8 June 2022
Grahame Cook	1 February 2021											8 June 2022
Penny Freer	1 March 2010											Retiring at AGM
Eddie Johnson	1 January 2019											8 June 2022
Douglas Le Fort	2 August 2021											8 June 2022
Chris Meredith	11 April 2006											8 June 2022
Steve Bellamy	1 February 2007											Retired in 2021

The Board was comprised of either five or six members throughout 2021. The Board tenure is shown below.

Induction and professional development

Each New Director is given a formal induction process including details of how the Board and Committees operate, meetings with Senior Management, information on Group strategy, products and performance and access to policies and other key documents. Further details on the induction can be found in the Nomination Committee Report on page 63.

Training and development needs of Directors are reviewed regularly. The Directors are kept apprised of developments in legal, regulatory and financial matters affecting the Group by the Company Secretary and the Group's external auditors and advisors.

Professional advice, indemnities and insurance

There is provision for Directors to take independent professional advice relating to the discharge of their responsibilities, with the Company paying for such advice. The Company has arranged Directors' and Officers' liability insurance against certain liabilities and defence costs. However, the Directors' insurance does not provide protection in the event of a Director being found to have acted fraudulently or dishonestly.

Board and Committee evaluation

The performance evaluation of the Board, its Committees and Directors is undertaken by the respective Committee Chair's annually and more detail on this evaluation is set out in the Report of the Nomination Committee on page 64.

Audit, Nomination, and Remuneration Committees

The Committee Reports can be found on pages 65 to 68, 62 to 64 and 69 to 80 respectively.

Going Concern

In carrying out their duties in respect of going concern, the Directors have carried out a review of the Group's financial position and cash flow forecasts for the next 12 months from the signing of the accounts. These have been based on a comprehensive review of revenue, expenditure and cash flows, taking into account specific business risks and the current economic environment. The Directors are confident the business can withstand the challenges and is a going concern, due to the significant headroom available.

With regard to the Group's financial position, it had net cash at the year-end of £73.0 million (2020: £53.8 million) and an undrawn, unsecured £80 million credit facility provided jointly by NatWest and HSBC which will be renewed before its end date of December 2022.

Demand for the Group's products is strong as levels of elective surgery and wound treatment volumes continue to rebuild towards pre-pandemic levels with contracts in place with customers such as government agencies and global healthcare companies across different geographic regions who have substantial financial resources.

The Group is closely monitoring the global supply chain crisis and striving to mitigate its impacts by holding higher levels of critical raw materials and forward planning as much as possible and the impacts from the Omicron COVID-19 variant are expected to be less severe than previous variants due to high vaccination rates, the generally milder symptoms and the resultant lower strain on healthcare systems.

Having considered the above, the Directors have concluded that the Group is well placed to manage its business risks in the current economic environment. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

Remuneration

The level of remuneration of the Directors is set out in the Remuneration Report on pages 69 to 80.

Relations with shareholders

The Strategic Report, which incorporates the Chairman's Statement, Chief Executive's Q&A, Financial Review, Section 172 Statement, Stakeholder Engagement, Risk Management and Sustainability/ESG sections, together with other information in the Annual Report of the Group, provides a detailed review of the business. The views of both institutional and private shareholders are important, and these can be varied and wide-ranging, as is their interest in the Company's strategy, reputation and performance. The Executive Directors have overall responsibility for ensuring effective shareholder communication and the Company maintains a regular dialogue with its shareholders, which is described in the Stakeholder Engagement section on pages 26 to 31.

During the year we engaged significantly with shareholders regarding proposed updates to our Remuneration Policy. Details of this engagement process and the resulting proposed updates to our Remuneration Policy are outlined in the report of the Remuneration Committee on pages 69 to 80.

The Notice for the Annual General Meeting is sent to shareholders at least 20 working days before the meeting.

The AMS website 'www.admedsol.com' is regularly updated and provides additional information on the Group including information on the Group's products and technology.

Annual General Meeting

The 2022 AGM will be convened at 11.00am on the 8th June 2022. We are currently hopeful that the 2022 Annual General Meeting will not have any COVID-19 specific restrictions on attendance and participation, but this will be kept under review and we shall follow Government guidelines and best practice at all times. The Health and Safety of shareholders, as well as employees and customers, is of paramount importance. Details of the AGM will be outlined in the AGM Notice, on the Company's website 'www.admedsol.com' and through RNS announcements to the market.

The results of the AGM will be announced to the London Stock Exchange and placed on the AMS website 'www.admedsol.com', in the usual way, as soon as practicable after the conclusion of the AGM.

The Board would like to thank all shareholders for their continued support and understanding.

Nomination Committee Report

Good progress in strengthening the Board for future challenges



Dear Shareholder,

As Chair of the Nomination Committee, I am pleased to present the Committee's report for the year ended 31 December 2021. The report outlines the Committee's work to fulfil our responsibilities for reviewing Board composition and balance, considering the skills and capabilities required for each new Board appointment, leading the process for the Board in relation to new appointments and reviewing succession planning for the Board and senior management. The Committee continues to perform this with utmost professionalism and diligence.

The Committee met four times during the year and was chaired by myself, with Penny Freer as the other Committee member who was in place throughout the year. In 2020 we outlined that, in accordance with the 2018 UK Corporate Governance Code ('Code'), the Group intended to refresh the composition of the Non-Executive Directors. Steve Bellamy left the Committee following his retirement at the 2021 AGM. Grahame Cook and Douglas Le Fort were appointed as Non-Executive Directors on 1 February and 2 August 2021 respectively and were appointed to the Committee immediately.

The Committee remains focused on this programme of Board refreshment and Penny Freer will not put herself forward for re-election at the 2022 AGM. The Committee is following the process of Non-Executive Director recruitment outlined on page 64, taking into account the Hampton-Alexander report and our commitment to equality and diversity. We will report to shareholders on the outcome of this recruitment process once it is complete and ensure that there is a smooth and effective handover for Penny's responsibilities as Chair of the Remuneration Committee and Senior Independent Director.

I continue to believe that the actions we are taking will ensure that the Board's size and composition is appropriate for a Group of AMS' size, complexity and nature and will put us in the best possible position to drive long-term sustainable growth for the benefit of our stakeholders. We are pleased with the progress made in 2021 and that AMS continues to attract great people.

Peter Allen
Chair of the
Nomination Committee
 14 April 2022



The Committee has focused on succession planning and developing its plans for orderly and progressive Board refreshment.

Attendance record and tenure in 2021

Member	Number of meetings held during the year	Number of meetings attended	Committee tenure
Peter Allen (Chair)	4	4	8 years
Grahame Cook (joined 1 February 2021)	4	4	11 months
Penny Freer	4	4	12 years
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Chris Meredith	4	4	11 years
Steve Bellamy (retired in June 2021)	0	0	15 years

Board changes in the year

The Committee oversaw a rigorous recruitment process for a Non-Executive Director to take over as Audit Committee Chair. We were delighted to welcome Grahame Cook to the Board on 1 February 2021. His appointment followed an extensive search which the Chairman led with an executive search consultancy, Dzaleta Consulting, who specialise in Life Sciences. A shortlist of candidates were interviewed by all members of the Board.

Grahame is a Chartered Accountant and was an investment banker for 18 years, focusing on global equity capital markets, M&A and corporate advisory. For the past 18 years, he has been a Non-Executive Director, most recently with Horizon Discovery plc and Morphogenesis Inc, and Chairman of Sinclair Pharma plc. He brings significant financial experience, knowledge of the healthcare sector and his experience of driving significant value creation at healthcare companies will be invaluable in the next stage of AMS's growth.

Following Grahame's appointment the Board assessed their composition, skills and experience and decided it would be beneficial to make a further appointment to provide additional sector specific commercial knowledge and market intelligence. Douglas Le Fort was short-listed during the recruitment process for Grahame and having completed interviews with all members of the Board, was appointed on 2 August 2021.

Douglas has expertise in business strategy, including commercial business execution, operational management and M&A. He is an Operating Partner for Revival Healthcare Capital Partners, an investor in medical device and diagnostics businesses, as well as a Non-Executive Director at Trio Healthcare, a manufacturer of ostomy products. Most recently, he was CEO of MedTrade Products, a woundcare products business and prior to that served in various senior executive roles at ConvaTec Group plc, including five years on the Executive Committee for the Group. He has an MBA from Henley Management College and is a Chartered Management Accountant.

Board members were unanimous in appointing both Grahame and Douglas. Following their appointments they received a comprehensive and tailored induction programme to enhance their knowledge and understanding of the Company's business, strategy and governance structure, as well as their own duties and responsibilities. They spent time with the Executive Directors, Non-Executive Directors, Senior Management Team, Company Secretary and other key personnel. They also received a briefing on their role and duties as a Director of a publicly traded company from external advisers.

Non-Executive Director appointment process

Board composition is central to the effective leadership of the Group and therefore prior to commencing any search for prospective Board members, the Committee draws up a specification, reflecting on the Board's current balance of skills and experience and that will promote diversity on the Board, including gender, social and ethnic backgrounds, cognitive and personal strengths, and those that would be conducive to the delivery of the Company's strategy. Selection for Board appointments is made on merit against this specification. We have again appointed a search consultancy to support this process.

Gender diversity

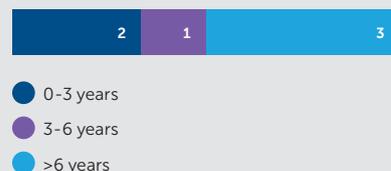
Following the Board changes in the year, female representation on the Board stands at 16.7%. AMS continues to see the development of female executive talent as important, which is reflected in the increased female representation in the Senior Management Team (50%).

Penny Freer will retire from the Board at the 2022 AGM and our commitment to equality and diversity will be a key part of the recruitment process.

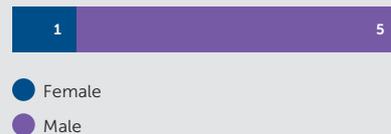
Board composition



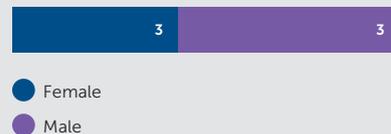
Board tenure



Board gender diversity



Senior Management Team gender diversity



Nomination Committee Report continued

Activity in the year

The Committee has been focused on the appointment of Non-Executive Directors to implement our programme of Board refreshment and inducting and onboarding those appointed. We have appointed Dzaleta Consulting for all executive searches in 2021 and 2022. Dzaleta Consulting has no connection with AMS or any individual Directors, other than having provided Executive search services for prior AMS Board appointments.

We undertook a Board Evaluation and Committee Self-Assessment during 2021. The overall findings from the effectiveness reviews concluded that AMS' Board, Committees and individual Directors continue to operate effectively and the Board actively discussed any recommendations arising out of the evaluations.

Priorities for 2022

The Committee will support the appointment and onboarding of at least one new Non-Executive Director. In addition, we will continue to assess the support required to develop the Senior Management Team and potential succession internally, as well as the activity to drive a broader equality, diversity and inclusion action plan.

Appointment process

SCOPING

Nomination Committee discussion

(Both scheduled and ad hoc meetings include Executive Directors where appropriate)

Considerations

- Identification of a vacancy
- The needs of the organisation, currently and in the future
- The personal skills and qualifications required
- The dynamics of the current Board

Appointment of an Executive Search Consultancy

Considerations

- Market reputation
- Reach
- Understanding of the AMS culture, mission, vision and values

SEARCH

Production of a long list

Considerations

- Skillset
- Experience
- Gender, ethnicity and background

Production of a short list

Considerations

- Specific skills
- Experience
- Potential for overboarding

APPOINTMENT

Nomination Committee recommendation to the Board

Considerations

- Due diligence findings

POST APPOINTMENT

Induction programme

Considerations

- Directors duties and responsibilities
- Familiarisation with the business
- Meetings with key employees

Audit Committee Report

Governance and risk management play a key role in supporting delivery of our long-term strategy



Dear Shareholder,

As Chair of the Audit Committee, I am pleased to present the Committee's report for the year ended 31 December 2021. This report highlights the work done by the Committee in the year, to fulfil our responsibilities to shareholders and other stakeholders and assist the Board in providing effective governance over the Group. In meeting these responsibilities, the Committee continues to reflect the provisions of the 2018 UK Corporate Governance Code, FRC Guidance for Audit Committees and other best practice.

Strong governance of audit and risk management is critical to the Group, to allow it to deliver the strategy outlined in further detail through our Strategic Pillars in the Our Strategy section on pages 10 to 19.

The impacts of the pandemic including global supply chain disruption have highlighted the importance of the Committee's role and the need for robust internal controls and risk management systems to ensure that the Group remains resilient in the face of change, while remaining operationally agile and adaptable. The Committee has been ably supported during the year, by our external auditors, Deloitte and our internal auditors, RSM.

I took over the Committee Chair position following Steve Bellamy's retirement at the 2021 AGM. Penny Freer was a member of the Committee throughout the year, with Douglas Le Fort becoming a member of the Committee on his appointment as a Non-Executive Director on 2 August 2021. The Chairman, Peter Allen, commonly attends meetings of the Committee as his accounting background and general experience is valuable to the Committee.

The Committee met three times in 2021. In addition, there were a number of ad hoc meetings with the external and internal auditors. I am confident that the Committee is well-balanced, with the necessary skills and experience to perform its critical oversight and governance function within the Group.

Looking ahead, the Committee will continue to monitor the potential impact of the pandemic and global events on our financial performance whilst maintaining a focus on internal controls and our risk management approach.

Grahame Cook

Chair of the Audit Committee
14 April 2022

Attendance record and tenure in 2021

Member	Number of meetings held during the year	Number of meetings attended	Committee tenure
Grahame Cook (Chair – joined 1 February 2021)	3	3	11 months
Penny Freer	3	3	12 years
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Steve Bellamy (retired in June 2021 at the AGM)	1	1	15 years

Audit Committee Report continued

Aims and objectives

The aim of the Committee is to monitor the integrity of the Group's Financial Statements and announcements, its accounting processes, and the effectiveness of its internal controls and risk management system. The Committee assists the Board in fulfilling its responsibility to ensure that the Group's financial systems provide accurate, up-to-date information on its financial position and in its consideration as to whether the Group's published Financial Statements are fair, balanced and understandable.

The Audit Committee is required to:

- Oversee and advise the Board on the risk exposures of the Company and related risk management strategies.
- Oversee Internal Audit and review internal control policies and procedures for the identification, assessment and reporting of material financial and non-financial risks.
- Review the Group's procedures for detecting and preventing fraud, prevention of bribery and corruption and ensure arrangements are in place to enable employees to raise matters of possible impropriety in confidence.
- Review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.
- Review the engagement, effectiveness and independence of the External Auditor, and consider a tender process.
- Review audit and non-audit services provided by the external auditor and fees for such services.
- Review the Terms of Reference annually to ensure all key areas are being considered and that the Committee's remit and activities are in line with best practice. These were last updated in December 2021.

Audit Committee activities

To discharge its responsibilities, during the year, the Committee has undertaken the following activities:

Topic	2021 main activities and key areas of focus
Financial Statements and Reports	<ul style="list-style-type: none"> • Reviewed and approved the External Audit fees for 2021. • Reviewed the annual and half-yearly financial reports and related statements. • Assessed key accounting judgements, including the number of cash generating units, capitalisation of development and recertification costs and the impact of COVID-19. • Reviewed all significant matters in relation to the Financial Statements and how these have been addressed including: <ul style="list-style-type: none"> – Going Concern – Code Provision 31 requires the Directors to explain in the Annual Report how they assessed the prospects of the Company, over what period and why that period is appropriate. The Committee considered a wide range of information relating to present and future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the uncertainty that COVID-19 may have on the Group's operations. The statement to be made by the Directors was considered and it was concluded that the Group and Parent Company will be able to continue in operation and meet liabilities as they fall due, and that it is appropriate that the long-term viability statement covers a period of at least 12 months beyond the date of the Financial Statements. – Assessed risk management, risk appetite, internal controls, the risk and control reporting structure and the ongoing process to monitor the principal risks of the Group. As part of these reviews, consideration has been given to the ongoing impact of COVID-19. – Reviewed changes to the Group's Cash Generating Units (CGUs), to reduce the number from five to two to better align to how the Group now operates, including consideration of the impact of this change on impairment modelling. A summary of the rationale for reducing the number of CGU's was received and challenged and proactive communication of the proposal was made to the External Auditors to ensure that the change was appropriately considered by all parties. Key inputs and methodologies used in the Impairment testing was received and challenged, with a key focus on the cashflows included within the forecasts and the discount rates used. The Committee also challenged management's key judgements and considered the reasonableness of the outcomes as a sense check against the business forecasts and strategic objectives of the Group. – The Committee considered and challenged management's judgements relating to the capitalisation of development and recertification costs including the relevant amortisation period. Summary information is provided to the Committee before a decision is taken whether to capitalise significant new projects.

External Audit	<ul style="list-style-type: none"> Monitored the independence and ensured the objectivity of the External Auditor, approved the Audit Plan for the 2021 audit, reviewed the performance of the External Auditor, considered the re-appointment of Deloitte LLP as auditor for 2022 and recommended their re-appointment to the Board. In line with Best Practice as the incumbent Audit Partner has served five years a new Audit Partner will commence in April 2022.
Internal Audit	<ul style="list-style-type: none"> Continued the rolling internal audit plan from RSM, including reports on treasury and cash management, post-Brexit and VAT customs treatment and on business continuity and disaster planning.
Risk Management	<ul style="list-style-type: none"> Reviewed and considered key risks to the Group, the plans and controls to mitigate these risks and scoring criteria.
Effectiveness of External Auditor	<p>An annual performance review of the External Auditor was undertaken in December 2021 to assess:</p> <ul style="list-style-type: none"> Effectiveness of the audit process. Resource quality – ensuring the right quality and balance of audit team resource and that the team provides continuity, knowledge and a fresh perspective through new team members. Effective communication – ensuring key audit judgements are communicated at the earliest opportunity to promote discussion and challenge between the External Auditors, management and the Committee. Communication regarding good practice, changes to reporting requirements and accounting standards enables the Group to be fully and properly prepared. Timely provision of audit papers enables adequate management review, Committee consideration and feedback. Scoping and planning – timely provision of the External Audit plan and timetable. Fees – ensuring they are transparent, appropriate and communicated prior to the commencement of any work being undertaken. Variations are challenged at the earliest opportunity to enable dialogue and agreement. Auditor independence – the Committee monitors the External Auditor’s compliance with ethical guidelines and considers their independence and objectivity. It is agreed that the External Auditor will generally not be considered for external due diligence type support, but that any non-audit services would typically be assurance related. The Committee received and reviewed written confirmation from the External Auditor that there were no relationships that, in their judgement, may impact their independence. The External Auditor has confirmed that they consider themselves independent within the meaning of UK regulatory and professional requirements.



The Audit Committee provides effective governance over the Group’s internal controls, financial reporting and risk management, to give assurance to shareholders and other stakeholders that their interests are protected.

Aims and objectives

The aim of the Committee is to monitor the integrity of the Group’s Financial Statements and announcements, its accounting processes, and the effectiveness of its internal controls and risk management system. The Committee assists the Board in fulfilling its responsibility to ensure that the Group’s financial systems provide accurate, up-to-date information on its financial position and in its consideration as to whether the Group’s published Financial Statements are fair, balanced and understandable.

The Audit Committee is required to:

- Oversee and advise the Board on the risk exposures of the Company and related risk management strategies.
- Oversee Internal Audit and review internal control policies and procedures for the identification, assessment and reporting of material financial and non-financial risks.
- Review the Group’s procedures for detecting and preventing fraud, prevention of bribery and corruption and ensure arrangements are in place to enable employees to raise matters of possible impropriety in confidence.
- Review the content of the Annual Report and advise the Board whether, taken as a whole, it is fair, balanced and

understandable and provides the information necessary for shareholders to assess the Group’s position, performance, business model and strategy.

- Review the engagement, effectiveness and independence of the External Auditor, and consider a tender process.
- Review audit and non-audit services provided by the external auditor and fees for such services.
- Review the Terms of Reference annually to ensure all key areas are being considered and that the Committee’s remit and activities are in line with best practice. These were last updated in December 2021.

Non-audit services

The External Auditor may provide non-audit services where it is in the Group’s best interests, provided certain criteria are met. The External Auditor must not audit their own work, make management decisions for the Group, create a conflict of interest or find themselves in the role of an advocate for the Group. OEPI rules prevent the External Auditor from performing due diligence. The Committee’s view is that any non-audit service performed by the External Auditor should be assurance related, where there is limited scope for such conflict.

Audit Committee Report continued

There was one project in 2021 where expenditure exceeded the £10,000 threshold for approval by the Committee, which was the £31,500 fee for audit related assurance services relating to the review of the Interim Statements, which is a permitted service. The Company's policy on non-audit services complies with the FRC's 2019 Revised Ethical Standard.

Deloitte LLP has been the External Auditor for 14 financial years. A performance, effectiveness and independence evaluation led the Committee to recommend the re-appointment of Deloitte LLP as the Group's External Auditor for the next financial year.

Internal Audit

Internal Audit is delivered by RSM against an agreed plan under the guidance of the Committee. RSM report directly into the Committee, to avoid undue influence from management, and focuses on areas of potential risk and process improvement. As noted in last year's Committee Report, a two year Internal Audit Plan with RSM was agreed in December 2020 to cover 2021 and 2022. The Committee:

- Ensures the function has the necessary resources, independence and access to information, employees, the Board and the Committee Chair's to enable it to fulfil its mandate.
- Approves the Internal Auditor appointment and termination.
- Reviews and assesses the Internal Audit work plan and receives a report at least twice per year.
- Reviews and monitors management's responsiveness to the Internal Auditor's findings and recommendations.
- Monitors and reviews the effectiveness of controls in relation to the overall risk management system.

All reports are discussed with the Committee and the External Auditor. Recommendations are considered and acted upon as appropriate. RSM attends Committee meetings twice a year and provides an update in writing ahead of each meeting.

In 2021 the Internal Auditor undertook a series of reviews in line with the Internal Audit Plan agreed in December 2020. These reviews led to RSM reporting to the Committee on:

- Treasury and cash management controls.
- Post-Brexit and VAT Customs, following the end of the transition phase for the UK leaving the European Union on 31 December 2020.
- Business continuity and disaster recovery, including evaluating the ongoing impact of COVID-19 on the Group's business processes, systems and resources.

These reports highlighted to the Committee that, although the Group's internal controls generally give very good assurance, there are some specific non-critical improvements that could be made within the Internal Controls Framework and Risk Management Strategy. These have now been implemented.

This Framework and Strategy is updated regularly and is available on the Company's Intranet. Policies are updated and formally approved by the Committee at least once a year, including where necessary to give the Committee stronger assurance about areas of key risk.

The Group also calls on the services of external bodies to review the controls in certain areas of the Group. The quality assurance systems are reviewed by the Group's Notified Bodies, the British Standards Institute (BSI), TÜV Rheinland, TÜV Sud, DEKRA Certification GmbH and PCBC.

Risk management and internal controls

The Board, taking guidance from the Committee, monitors and reviews all material controls including financial, operational and compliance controls. Only reasonable and not absolute assurances can be made against material loss or misstatement. Key features of the internal control systems are:

- The Group has an organisational structure with clear responsibility and accountability.
- The Board has a schedule of matters reserved for its consideration which includes potential acquisitions, significant capital projects, appointment of senior management, treasury policies, risk management, approval of budgets and re-forecasts, Health and Safety, Corporate Governance and Environmental, Social and Governance (ESG).
- The Board monitors the activities of the Group through monthly management accounts, half-year and full-year forecasts, and reports on current activities and plans. The Senior Management Team also regularly monitors financial and operational performance.
- The Group has set appropriate levels of authorisation which must be adhered to. These levels were comprehensively reviewed by the Board and the Committee during the year, with an updated authorisation matrix issued to the Group in January 2022.
- An Enterprise Resource Planning (ERP) system, with in-built controls over process and authority, minimising manual intervention, is in place in the UK, the Netherlands and Germany, with equivalent systems in other jurisdictions.
- The Group operates a 'Whistleblowing' Policy enabling individuals to report any concerns to Senior Management or the Board. This policy allows for reporting to be made on a confidential basis if necessary.

Any weaknesses identified in the Group's internal control system are reported to the Committee and corrective actions agreed. Creating long-term shareholder value is the reward for taking controlled risk. Risk management is crucial to the Group's success and is given a high priority to ensure that adequate systems are in place to evaluate and limit risk exposure.

The Committee, Board and Management each formally review the Risk Register at least twice a year. Risks are evaluated for both likelihood and financial impact, helping to identify the most significant risks the business faces. Actions are agreed to mitigate the risks and progress is regularly assessed. The process for identifying, evaluating and managing the risks faced by the Group is ongoing throughout the year. As part of the External Auditor's annual review process, any key risks and areas of audit focus are also identified and agreed with the Committee.

Remuneration Committee Report

Attracting, motivating and retaining strong talent is absolutely critical to delivering the Group's strategy



Dear Shareholder,

I am pleased to present the Remuneration Committee Report for the year ended 31 December 2021. The Committee was made up of myself and Peter Allen throughout the year. Steve Bellamy was a member until his retirement at the 2021 AGM. Grahame Cook and Douglas Le Fort were appointed as Non-Executive Directors on 1 February and 2 August 2021 respectively and were appointed to the Committee with immediate effect. The Committee formally met four times during 2021.

The Committee's role is to ensure that our Remuneration Policy is appropriate for a successful, growing business with the size and profile of AMS, reflecting the need to engage the right calibre of employees to deliver our strategy in a complex and challenging economic and regulatory environment.

The Board and the Committee take governance seriously and we remain committed to high standards of corporate governance, putting this report to an advisory vote each year at the AGM. During the year I, and other members of the Board, have engaged with the Group's largest institutional investors and proxy

voting agencies on various governance matters, including remuneration.

We proposed a number of changes to our Remuneration Policy, designed to ensure that we are able to attract, motivate and retain the talent we need to deliver on the Group's strategy. We took account of the balance of feedback received and this Remuneration Policy reflects the result of the engagement.

A resolution will be put to shareholders at the AGM on 8 June 2022 asking shareholders to consider and approve this Report.

As I will be retiring from the Board at the 2022 AGM, it is expected that Douglas Le Fort will take over as Chair of the Committee. Douglas has been working closely with me since he joined the Committee in 2021.

Penny Freer

Chair of the Remuneration Committee
14 April 2022



Aligning our Remuneration Policy to reflect the views of our shareholders, whilst supporting the Group to deliver long-term, sustainable growth.

Attendance record and tenure in 2021

Member	Number of meetings held during the year when the Director was a member	Number of meetings attended	Committee tenure
Penny Freer (Chair)	4	4	12 years
Peter Allen	4	4	8 years
Grahame Cook (joined 1 February 2021)	4	4	11 months
Douglas Le Fort (joined 2 August 2021)	2	2	5 months
Steve Bellamy (retired in June 2021)	1	1	15 years

Remuneration Committee Report continued

Remuneration for 2021

The annual bonus awards and Long-Term Incentive Plan ('LTIP') vesting in 2021 for the Executive Directors were as follows:

Annual bonus

The performance conditions for the annual bonus for the last financial year were based on the achievement of three financial targets of which threshold was only met for two (Revenue, Adjusted PBT and EPS – accounted for 85% of the total bonus) and personal objectives accounted for 15%. In view of performance, the Committee determined:

- Revenue of £108.6m was below the threshold figure (£110.3m).
- Adjusted PBT of £25.6 million was in line with the threshold figure (£25.6 million).
- EPS of 9.66p was above the threshold figure of (9.47p).
- Personal objectives are linked to corporate, financial, strategic and non-financial objectives (see page 76). The Committee determined these objectives were met in full.

LTIP

LTIPs awards granted to Chris Meredith and Eddie Johnson in April 2018 were due to vest in 2021 with performance criteria and weightings as follows:

- TSR (50%) – the performance period ended on 12 April 2021. The Company ranked below the median (44th out of 63 comparators) which resulted in a vesting of 0%.
- EPS (50%) – the growth in EPS was calculated over the three financial years to 31 December 2020. The average annual growth was -13.27%, below the threshold level of 5% which resulted in a vesting of 0%.
- Overall across both elements the final vesting result was 0%.

The Committee believes these outcomes were not a fair reflection of Group performance over the vesting period and that the Executive Directors performed well, in particular when managing the impact of COVID-19. Despite this the Committee did not use discretion and maintained a Nil vesting.

Implementation of Remuneration Policy in 2021

The Committee undertook a review of the Remuneration Policy ('Policy') in 2021: we reviewed salaries; the bonus scheme; the LTIP; and engaged with significant shareholders to seek feedback. As a result of this review and shareholder engagement we have made the following changes:

Chris Meredith's salary was increased from £307,545 to £350,000 (an increase of 14%), to bring him into line with the market median for CEOs of comparable AIM listed companies. Eddie Johnson's salary was raised from £174,000 to £210,000 (an increase of 21%). This increase brings Eddie's salary to around the 25th percentile for equivalent CFOs, and it is expected that his salary will continue to increase over time as he gains experience in the role, dependent on his future performance. These changes both took effect from 1 July 2021.

The Committee also reviewed the format of the Executive Directors' annual bonus scheme, and proposed certain changes to this scheme to better enable the Committee to incorporate key non-financial objectives (such as ESG targets) into the Executive Directors' bonus targets. From 2022 Eddie Johnson's maximum bonus potential is to be increased to 100% of salary (up from 75%), to bring him in line with the market median for CFO bonus potential. At the same time, the Committee has agreed that Senior Management Team bonus potential should increase from 50% to 75% of salary. Consequently, in 2022 the annual bonus scheme applying to Executive Directors will be as follows:

- Annual bonus opportunity shall be 150% for Chris Meredith and 100% for Eddie Johnson. 70% of the total bonus will be based on stretch revenue and adjusted PBT targets (35% for each). The formal EPS target has been removed. The balance of 30% will be based on personal objectives (including specific ESG targets) where exceptional achievement may result in the award of a bonus even if financial objectives have not been achieved.

Finally, a review of the LTIP resulted in an increase in Eddie Johnson's maximum award from 100% of salary to 125% of salary. Chris Meredith's maximum award remains at 200% of salary.

Compliance with the 2018 UK Corporate Governance Code ('Code')

As a large AIM quoted company, AMS has chosen to follow the Code and is compliant in the majority of areas including malus and clawback provisions and share ownership guidelines (Executive Shareholding Policy).

In consideration for the changes highlighted elsewhere in this Remuneration Policy, and in order to comply further with the Code, specifically Provisions 36 (share awards granted for Executive Directors should be subject to a total vesting and holding period of five years or more) and 37 (remuneration schemes should include provisions that would enable the Company to recover and/or withhold sums or share awards), the Committee has agreed that the structure of LTIP awards will change from 2022 onwards. These will now be subject to a total vesting and holding period of five years (three years vesting plus two additional years holding), in line with the Code and the trend for FTSE main market companies. Both deferred bonus and LTIP awards will also contain malus and clawback provisions.

Full details of the share schemes offered to the Executive Directors can be found on page 74. Provision 38 of the Code outlines that pension contribution rates for Executive Directors, or payments in lieu, should be aligned with those available to the workforce. The Committee does not consider the current contributions of 10% to be excessive and this issue will be addressed for any new appointments. Full details of compliance with the Code is on the Company's website (www.admedsol.com). When determining the Policy the Committee is aware of the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture. We believe that these requirements are met as follows:

Clarity

- Our Policy is well understood with a clear aim; support the delivery of strategy and promote long-term sustainable growth.
- To achieve this the Policy aims to be strategically aligned, promotes pay for performance, is competitive in the market and provides a commitment to employees to pay fairly and in a clear, transparent and simple way.
- Each component of remuneration is clearly explained in the Policy table, including its purpose, how it is operated, the maximum potential and any relevant performance measures, which are disclosed for shareholders' consideration.

Simplicity

- The Policy reflects standard UK market practice with an annual performance bonus and LTIPs.
- All payments are in the form of cash or AMS shares and no artificial structure is used to deliver remuneration.

Risk

- The Committee can use its discretion to override the formulaic outcomes of the incentive plans if it is felt appropriate in extreme circumstances.
- Malus and clawback provisions operate in the LTIP and Deferred Annual Bonus plan (DAB) allowing payments to be adjusted or withheld, and LTIP awards now include a market-standard vesting and holding period totalling five years.
- There is an appropriate mix of financial, non-financial and share price measures to avoid undue risk taking.

Predictability

- Appropriate limits are set out in the Policy and within the respective share scheme rules so outcomes can be predicted.
- In operating the Policy, the Committee continually monitors the performance of share scheme awards so that it is aware of potential outcomes and forewarned of potential issues.

Proportionality

- The outcomes of our share schemes are aligned to delivery of strategy and are measured against various metrics.

Alignment of culture

A focus of the Policy is long-term sustainable growth which is reflected in our Care, Fair, Dare values. The change to 2022 annual bonus requirements is intended to further ensure that the Executive Directors take account of and reflect these values (including ESG strategy) in their roles, over and above pure financial performance. We voluntarily seek advisory shareholder approval for our Remuneration Report and feedback helps inform the Committee's approach. Specific comments on the Policy can be sent to the Company Secretary (companysecretary@admedsol.com).

As an AIM-quoted Company, Advanced Medical Solutions Group plc is not required to comply with the Directors' Remuneration Report regulations requirements under Main Market UK Listing Rules or those aspects of the Companies Act applicable to listed companies. The following disclosures are made voluntarily.

The Committee comprises three Non-Executive Directors and the Chairman of the Board. Biographical information on the members is set out on pages 52 and 53. They have no personal financial interest in decisions other than as shareholders, no conflict of interest from cross-Directorships and no day-to-day involvement in running the business. They do not participate in bonus, share option or pension arrangements.

On behalf of the Board the Committee, in consultation with the Chief Executive Officer, determines the policy for Directors remuneration and setting remuneration for the Company's Chair and Executive Directors and Senior Management, including the Company Secretary, and recruitment at SMT level or for other senior role where shares are included in the joining package.

The Committee administers the share option schemes, determines the design of performance-related pay schemes, sets targets and approves payments under such schemes. The Board has accepted the Committee's recommendations in full. The Terms of Reference of the Committee are available on the Company's website www.admedsol.com.

The activities the Remuneration Committee undertook in 2021 were:

Month	Principal Activities
February	<ul style="list-style-type: none"> • Review of 2020 personal objectives and implications for bonus and Deferred Annual Bonus awards. • Discussion on 2021 personal objectives for the Executive Directors and review of 2021 corporate objectives. • Review of 2021 LTIP and share option awards for 2021 (Executive Directors, SMT and key employees). • Review of LTIP Scheme and how this combines with the bonus. • Review of Gender Pay Gap Report. • Decision to run the Deferred Share Bonus Scheme twice in 2021 (April and October).
June	<ul style="list-style-type: none"> • Review of Remuneration Policy provided by external consultant (Ellason LLP). • Ratification of 2021 personal objectives for Executive Directors. • Ratification of LTIP and share option awards for 2021 (Executive Directors, SMT and key employees). • Review of compliance with Executive Shareholding Policy and ratification of zero vesting for 2018 LTIP. • Review and approval of Executive Shareholding Policy and Good Leaver delegation rules.
June-August	<ul style="list-style-type: none"> • Significant shareholder consultation on Remuneration Policy.

Remuneration Committee Report continued

Month	Principal Activities
October	<ul style="list-style-type: none"> • Ratification of LTIP, bonus, and overall compensation packages agreed post shareholder consultation. • Reviewed progress of 2021 personal objectives for Executive Directors. • Reviewed status of 2021 bonus. • Renewal of Executive Shareholding Policy and Good Leaver Delegation Policy.
December	<ul style="list-style-type: none"> • Discussed 2022 salaries for the Executive Directors, SMT and workforce overall and 2022 personal objectives for the Executive Directors. • Consideration of the bonus structure for 2022. • Initial review of 2021 personal objectives and corporate objectives. • Discussion regarding 2022 personal objectives for Executive Directors. • Review of results of Committee Self Assessment questionnaire. • Reviewed Terms of Reference, Directors' Expenses Policy and 2021 Remuneration Committee Meeting dates.

Remuneration Policy

The objective of the Policy is to attract, retain and motivate management of the calibre required to develop and implement the strategy and enhance earnings over the long-term without paying more than is necessary, having regard to views of shareholders and other stakeholders. The choice of financial, non-financial and strategic measures is important, as is the exercise of independent judgement and discretion when determining remuneration awards, taking account of Group and individual performance and wider circumstances. The Policy aims to conform to best practice as far as reasonably practicable and the Committee retains the right to exercise discretion. From 2022 the Policy will include criteria related to ESG which will increasingly be a key component of Executive Director remuneration moving forward in line with market practice. There are four key aspects to the Policy:

- **Strategically aligned** – Aligned with our strategy and culture. Share ownership drives the right long-term behaviour. Executive Directors and Senior Management are required to build a significant shareholding aligning their interests with the stakeholders' interests. Design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk.
- **Pay for performance** – Senior Management remuneration promotes long-term success and reward value creation for our stakeholders. Assessment of short-term incentives under the Annual Performance Bonus is made against corporate, financial, strategic and other non-financial objectives. A proportion of the bonus is deferred for Executive Directors and Senior Management for three-years. Long-term incentives are linked to long-term financial and strategic objectives, and now include a five year total vesting and holding period.
- **Market competitive** – All elements of our remuneration are reviewed regularly to ensure they remain market competitive to attract and retain talent, as well as to avoid excessive overpayment.
- **Employee commitment** – We are committed to paying our people fairly and in a clear, transparent and simple way.

The Policy supports strategy and promotes long-term sustainable success. Executive remuneration is aligned to strategy and performance and the Care, Fair, Dare values are linked to the delivery of this long-term strategy. The Policy enables the use of discretion to override formulaic outcomes and to withhold sums or share awards under appropriate specified circumstances. In considering reward elements, account will be taken of both Group performance and the performance of each individual Executive Director. Discretion can also be used when making grant awards.

The Committee appointed Ellason LLP in 2021 to provide independent advice on the remuneration of Executives, Non-Executive Directors and SMT. Details of the work carried out by Ellason are set out below. Executive Director remuneration consists of basic salary, bonus, LTIPs, health and insurance benefits, and pension contributions. A balance between fixed and performance-related remuneration elements is maintained.

Enhanced shareholding guidelines

Executive Directors and Senior Management are expected to accumulate and maintain a significant shareholding. The holding requirements for the Executive Shareholding Policy are 200% and 100% of salary respectively for the Executive Directors and Senior Management in order to align their interests with our stakeholders and encourage share ownership. All Executive Directors and Senior Management Team (SMT) members met or exceeded the shareholding target in 2021, except for three SMT members who have been with the Company for less than five years. If a SMT member does not comply at the end of the five-year period the Committee retains discretion to decide on any sanction, which may include a simple 'warning' or a reduction in the next LTIP grant or bonus opportunity.

Ellason LLP was engaged in May 2021 to provide guidance and benchmarking for Executive, Non-Executive and SMT remuneration packages. Ellason was the only advisor who provided material assistance to the Committee during 2021 as below:

Advisors	Fees for Committee assistance
Ellason LLP	£18,312

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increase for the broader employee population when determining the annual salary increases and remuneration of Executive Directors. The cost of living increase for the 2021 financial year was 1% for the SMT and the broader employee population, which took effect from 1 January 2021. Additionally, the Group awarded a small number of merit-based increases over and above this cost of living increase to employees at various levels of the organisation. Details of the increases awarded to Executive Directors are set out above and were separate to the cost of living increase, which the Executive Directors did not receive. Non-Executive Director salaries and fees were also reviewed and increased during the year. Details of these increases are provided below.

The Committee will continue to review Executive Director and Non-Executive Director salaries against industry benchmarks during 2022.

Statement of voting at Annual General Meeting (AGM)

At the 2021 AGM the percentages of votes cast 'for', and 'against' in respect of the Directors' Remuneration Report were:

Resolution	Number of shares voted	Votes cast 'for'	Votes cast 'against'
To approve the Directors' Remuneration Report	120,394,128	99.73	0.27

Overview of Director and Senior Management Remuneration Policy

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Base salary	To provide competitive fixed remuneration. To attract, retain and motivate Executive Directors and Senior Management of the right calibre to deliver the Company's strategy and to provide a core level of reward for the role.	In line with the Policy salary levels are set taking into account experience, responsibilities and performance, both from an individual and business perspective and from utilising external market data (benchmarking). Salaries are reviewed annually. Changes are usually effective from 1 January, although in 2021 changes were made effective from 1 July 2021. Current salaries of the Executive Directors are set out on page 70. A review was last carried out in June 2021.	Where there is a change in responsibility, progression in the role, change in size or structure of the Group or increased experience of the Executive Director or member of Senior Management, the Committee retains the discretion to award a higher increase than the standard increase for the UK workforce.
Benefits	To provide a competitive level of benefit provision.	Executive Directors and their families receive private medical insurance. No maximum cost.	N/A
Annual Performance Bonus	To drive and reward performance against annual financial and operational goals which are consistent with the medium to long-term strategic needs of the business.	Executive Directors are entitled to receive an Annual Performance Bonus to be determined by the Committee based on the Group's financial performance and the achievement of specific personal targets set by the Committee. There is no financial underpin, which allows the Committee a greater level of discretion when determining the payment of a bonus in respect of personal objectives. The maximum percentages of salary achievable are set out on page 76.	In 2022 both financial and non-financial measures are used for Executive Directors. Financial targets are set against Group revenue (35%), PBT (35%) and personal objectives (30% based on non-financial objectives, including ESG and Care, Fair, Dare values). Business need may alter future bonus measures or weightings.

Remuneration Committee Report continued

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Deferred Annual Bonus (DAB)	Provides mechanism to exercise malus provisions.	<p>The DAB requires Executive Directors and SMT to defer up to 25% of their Annual Performance Bonus for three years.</p> <p>The DAB includes malus provisions which are laid out on page 75. Clawback provisions also apply to the DAB.</p>	N/A
Deferred Share Plan Bonus (DSB)	To align the interests of all employees with shareholders, incentivise long-term value creation and act as a retention tool.	The DSB is available to all employees and allows investment of bonus and/or salary into shares. It also allows for the provision of matching (free) shares if the shares are held for a set period.	N/A
Long-Term Incentive Plan (LTIP)	To align the interests of the Executive Directors and SMT with shareholders and to incentivise long-term value creation.	<p>The LTIP permits an annual grant that vests subject to performance and employment.</p> <p>Under LTIP rules, the maximum annual award is 200% of salary. Details of the award levels for 2021 are set out below. Awards under the LTIP may be granted in the form of nil-cost options or cash (where they cannot be settled in shares). Awards have a £1 consideration.</p> <p>50% of the vesting is based on the Total Shareholder Return (TSR) performance compared with the AIM Healthcare Share Index over the three-year period and 50% of the vesting is determined by the growth in the average Earnings Per Share (EPS) per year of the Group over a three-year period. The calculation analyses the 90 dealing day period to the date of grant measured against the 90 dealing day period prior to the three-year anniversary following the date of grant.</p> <p>The 2014 LTIP scheme introduced malus provisions which are laid out below. The scheme has also been revised to allow for clawback provisions.</p>	<p>No shares shall vest from the proportion of the Award determined by reference to the AIM Healthcare Share Index if the Company is ranked below median. Awards vest on a sliding scale from 25% to 100% for performance from median to upper quartile.</p> <p>Performance against EPS will be based on the percentage increase in the Group's EPS over a three-year period commencing on 1 January of the year in which the Award is made. Awards vest on a sliding scale from 25% to 100% for an average annual EPS growth rate over the vesting period of a minimum of 5% rising to 20%. No awards will be made for an average annual growth rate below the 5%.</p> <p>The Committee has flexibility to make adjustments to performance conditions to ensure the Award achieves its purpose. Vesting is subject to the Committee being satisfied that the Group's performance on these measures is consistent with the performance of the business.</p>

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Pension	To provide a market competitive remuneration package to enable the recruitment and retention of Executive Directors and Senior Management.	Executive Directors contribute up to 10% of salary into a defined contribution plan with the Group contributing a fixed 10%. All other UK employees contribute a minimum of 3% which is matched by a Company contribution of 6%. An employee may substitute pension contributions for salary if they are impacted by limitations on the size of individual personal pension funds. It is intended that any new Executive Directors will have a pension in line with the workforce.	N/A

Malus and clawback provisions – 2014 LTIP/DAB

The 2014 LTIP and DAB incorporate malus provisions. The Committee may, in its absolute discretion, resolve to vary an Award in the event that any of the Financial Statements or results for the Company, or for any Group Company, are materially restated (other than restatement due to a change in accounting policy or to rectify a minor error) or if, in the reasonable opinion of the Committee and following consultation with the relevant employing Group Company, a participant has deliberately misled the management of the Company and/or the market and/or the Company's shareholders regarding the financial performance of any Group Company or any Subsidiary, or a participant's actions amount to serious misconduct or conduct which causes significant financial loss for the Company, any Group Company and/or the participant's Business Unit. If it is determined that the malus provision applies then the number of shares comprised in an Award that are not vested and/or vested shares in the case of an unexercised Option should be reduced (to Nil if appropriate). Following the consultation with shareholders during the year, the Committee has agreed to incorporate clawback provisions into DAB and LTIP awards from 2022. These would allow for clawback of previously granted Awards in the same circumstances as set out above.

Directors emoluments – single figure of remuneration (2020 and 2021)

	Salary and fees		Annual Performance Bonus		Deferred Bonus		LTIPs vested		Gains on DSB vested ¹		Benefits		Pensions		Total remuneration	
	21	20	21	20	21	20	21	20	21	20	21	20	21	20	21	20
Chris Meredith	329	305	150	–	19	–	–	192	11	9	1	1	33	30	543	537
Eddie Johnson	192	173	45	–	6	–	–	41	37	33	1	1	19	17	300	265
Peter Allen	83	75	–	–	–	–	–	–	–	–	–	–	–	–	83	75
Penny Freer	49	45	–	–	–	–	–	–	–	–	–	–	–	–	49	45
Steve Bellamy ²	22	45	–	–	–	–	–	–	–	–	–	–	–	–	22	45
Grahame Cook	44	–	–	–	–	–	–	–	–	–	–	–	–	–	44	Nil
Douglas Le Fort	18	–	–	–	–	–	–	–	–	–	–	–	–	–	18	Nil
Total	737	662³	195	–	25	–	–	233	48	42	2	2	52	47	1,059	986³

1 Gains on DSBs vested is based on the share price at vesting date. Details of the DSB can be found on page 74.

2 Steve Bellamy retired on 8 June 2021.

3 Includes £19,000 of fees paid to Peter Steinmann prior to his retirement on 10 June 2020.

The table above summarises the payments made and amounts earned by the Executive and Non-Executive Directors for the 2020 and 2021 financial years. The fees for the Chairmen of the Audit Committee and Remuneration Committees (Grahame Cook and Penny Freer) include a fee of £8,000 for chairing a Committee from 1 July 2021 (previously £3,000) and a £3,000 fee for the Senior Independent Director from 1 July 2021 (Penny Freer – previously no fee). No Annual Performance Bonus was payable for 2020. The Executive Directors were granted LTIPs as detailed on page 76. All Directors have confirmed that they have not received remuneration save as disclosed above.

Salaries and fees

Details of 2021 salaries for the Executive Directors are outlined on page 70 and for the prior year in the table above.

Remuneration Committee Report continued

Annual Performance Bonus and Deferred Annual Bonus

Details of the Annual Performance Bonus and Deferred Annual Bonus are outlined on pages 73 and 74.

The personal objectives for the Executive Directors for the year ended 31 December 2021 included progress in new products launches, development of the SMT and progress with the successful integration of recent acquisitions. The table below summarises 2021 performance against the targets:

Performance measures	Weighting	Threshold £m	Target £m	Stretch £m	Achievement £m	2021 result (% of maximum)
Group Revenue	28.33%	110.3	116.1	121.9	108.6	0%
Adjusted Profit Before Tax	28.33%	25.6	27.6	29.0	25.6	27.6%
Adjusted fully diluted Earnings Per Share	28.33%	9.47	10.37	10.88	9.66	33.1%
Personal objectives/ values assessment	15%	Committee assessed that the Executive Directors fully achieved their objectives			Maximum	15%
Total	100%					

The bonus for 2021 is payable in April 2022, as a % of salary is:

Director	Revenue	PBT	EPS	Objectives	Total %
Chris Meredith	0%	11.7%	14.1%	22.5%	48.3%
Eddie Johnson	0%	5.9%	7.0%	11.3%	24.2%

2022 objectives are commercially sensitive and not detailed in this Report.

2021 bonus payments in respect of 2020 were as follows:

Director	Bonus paid in 2021 (FY 2020)	Deferred	Percentage of salary (total bonus)	Maximum % of salary
Chris Meredith	£Nil	£Nil	0%	150%
Eddie Johnson	£Nil	£Nil	0%	100%

Vesting of LTIPs for the year ended 31 December 2021

Details of the LTIP performance conditions for the LTIPs granted on 13 April 2018, which produced a Nil vesting result on 13 April 2021, are shown on page 70.

Directors' interests in the LTIP

On 16 April 2021 the Committee approved LTIP awards as outlined below. Eddie Johnson was awarded 25% above his indicated award level to reflect strong performance and that his remuneration package is towards the lower end of the market. Eddie Johnson's maximum award for future years has been increased to 125%, as detailed on page 70.

Director	Type of award	Basis of grant awarded	Share price at date of grant (£)	Number of shares granted	Face value of grant (£)	Vesting determined by performance over 3 years
Chris Meredith	Nil-cost option	200% of salary	2.574	238,963	615,090.73	See page 74
Eddie Johnson	Nil-cost option	100% of salary	2.574	67,706	174,275.24	See page 74

Outstanding Share Awards – Maximum under the LTIP

Director	As at 1 January 2021	Exercised in the year	Issued in the year	Lapsed in the year	As at 31 December 2021	Market price at grant date (p)	First vesting date
Chris Meredith	146,939	–	–	–	146,939	151.50	10 September 2018 (vested)
	129,628	–	–	–	129,628	184.60	18 April 2019 (vested)
	80,096	–	–	–	80,096	246.69	6 April 2020 (vested)
	90,344	–	–	90,344	–	308.00	13 April 2021 (vested)
	182,510	–	–	–	182,510	328.75	24 April 2022
	254,812	–	–	–	254,812	239.00	14 April 2023
	–	–	238,963	–	238,963	257.40	16 April 2024
Eddie Johnson	34,235	–	–	–	34,235	132.00	2 April 2018 (vested)
	28,126	–	–	–	28,126	184.60	18 April 2019 (vested)
	17,379	–	–	–	17,379	246.69	6 April 2020 (vested)
	19,603	–	–	19,603	–	308.00	13 April 2021 (vested)
	38,783	–	–	–	38,783	328.75	24 April 2022
	72,197	–	–	–	72,197	239.00	14 April 2023
	–	–	67,706	–	67,706	257.40	23 April 2024

Neither Chris Meredith or Eddie Johnson exercised any Nil LTIPs in 2021 (2020: Nil). Awards have no performance re-testing facility.

Approach to remuneration of Executive Directors at the time of recruitment

When appointing an Executive Director the Committee may utilise all existing remuneration components. Salary will reflect experience, skills, market data and current salary. They will be eligible for a personal pension, medical insurance and share schemes. In line with the Code, it is the intention that pension contributions will be set at a rate available to the wider workforce in respect of future Executive Director appointments.

Non-Executive Directors

Non-Executive Directors are appointed under arrangements that may be terminated by either party on six months' notice. Their fees are determined by the Executive Directors, taking into account the time and responsibility of the role. They receive travel expenses, do not participate in incentive arrangements and have confirmed they have not received any other remuneration in 2021 save as disclosed on page 75.

Following our consultation with shareholders, it was agreed that Non-Executive Directors should have their remuneration increased in line with other similar AIM-listed companies. Consequently, it was agreed that the Chairman's fee should be increased from £75,000 to £90,000, the Non-Executive Director base fee should remain at £42,000, a Senior Independent Director fee of £3,000 should be introduced and the fee for chairing the Remuneration or Audit Committee should be increased from £3,000 to £8,000. Further details of Non-Executive Director fees are below:

Element of remuneration	Purpose and how it supports strategy	How the element operated and maximum opportunity	Framework used to assess performance
Non-Executive Director Fees.	Reflects time commitments and responsibilities of each role.	There is no maximum annual increase. The Board is guided by the market and broader employee population. On occasion they may need to recognise an increase in the scale or scope of the role. Fees were increased in 2021 in line with comparable AIM listed companies, as detailed above.	Non-Executive Directors do not participate in variable pay arrangements and do not receive retirement benefits.

Remuneration Committee Report continued

Service agreements

Executive Director service contracts are not fixed term, are terminable by either party giving not less than 12-months' written notice and can be viewed at the Company's registered office and at the AGM. The Committee reviews the contractual terms for new Executive Directors to ensure they reflect best practice. Details of the service contracts are as follows:

Executive Director	Date of contract	Unexpired term (months) or rolling contract	Notice period (months)
Chris Meredith	1 July 2005 (updated 1 July 2021)	Rolling Contract	12
Eddie Johnson	1 January 2019 (updated 1 July 2021)	Rolling Contract	12
Non-Executive Directors			
Peter Allen	4 December 2013	Rolling contract	6
Penny Freer	1 March 2010	Rolling contract	6
Grahame Cook	1 February 2021	Rolling contract	6
Douglas Le Fort	2 August 2021	Rolling contract	6

Policy on Payment for Loss of Office – Executive Directors

The Committee considers individual cases of early termination and determines compensation on a case-by-case basis. There are no special provisions in the event of loss of office or for Payment in Lieu of Notice (PILON). If such circumstances were to arise, the Executive Director would have no claim against the Company for damages or any other remedy in respect of the termination. The Committee would apply principles of mitigation to any payment made to a departing Executive Director.

Whilst the Committee retains overall discretion for 'Good Leaver' status, it typically defines a 'Good Leaver' for the Annual Performance Bonus and 2014 LTIP as retirement, ill health or injury, disability, redundancy or the employing company ceasing to be under the control of the Group. The 2014 DAB defines a 'Good Leaver' as ceasing to be a Director or employee of a Group Company where that individual is not a 'Bad Leaver'. A 'Bad Leaver' is defined as a Director or employee leaving the business due to the Financial Statements requiring restatement. Final treatment is subject to the Committee's discretion.

No payments were made to past Directors or for loss of office during the year ended 31 December 2021.

Event	Timing of vesting/award	Calculation of vesting/payment
Bonus/DAB		
Good Leaver	Annual Performance Bonus payment would be negotiated as part of the leaving arrangements (at the discretion of the Remuneration Committee). Unvested Deferred Annual Bonus share awards vest at the normal vesting date (or earlier at the Remuneration Committee's discretion).	No automatic entitlement to Annual Performance Bonus on a pro-rata basis – it is at the discretion of the Remuneration Committee.
Bad Leaver	Not applicable.	Individuals lose the right to their Annual Performance Bonus and unvested Deferred Annual Bonus shares.
Change of Control	Annual Performance Bonuses are paid and unvested Deferred Share Bonus shares vest on the date of change of control notification to the Executive Directors.	Annual Performance Bonus is paid to the extent that performance conditions have been satisfied and are pro-rated to the effective date of change of control.
LTIP		
Good Leaver	On normal vesting date (or earlier at the Remuneration Committee's discretion).	Unvested awards vest to the extent that performance conditions have been satisfied and are reduced pro-rata to account for any part of the vesting period remaining.
Bad Leaver	Unvested awards lapse on cessation of employment.	Unvested awards lapse on cessation of employment.
Change of Control	Unvested awards vest on the date of notification to the Executive Directors regarding the change of control.	Unvested awards vest and a pro-rata reduction applies for the proportion of the vesting period not served.

Upon a Director's exit or a change of control situation, Deferred Share Bonus (DSB) awards will be treated in line with the DSB plan rules. If employment is terminated by the Company, an Executive Director may have a legal entitlement to additional amounts, which would need to be met. The Committee retains discretion to settle other amounts reasonably due to the Executive Director.

The Committee may approve new contractual arrangements with departing Executive Directors including (but not limited to) settlement and/or consultancy arrangements which will be used sparingly and only where it is in the best interests of the Company and shareholders. There are no agreements between the Group and its Directors or employees for loss of office or employment (whether through resignation, purported redundancy or otherwise) which may occur as a result of a takeover bid.

Statement of Directors' shareholdings and share interests

Director	Beneficially owned* at 31 December 2020	Beneficially owned* at 31 December 2021	Outstanding LTIP awards at 31 December 2021	Outstanding DAB awards at 31 December 2021	Outstanding share awards under DSB at 31 December 2021	Shareholding as a % of issued Share Capital at 31 December 2021
Chris Meredith	1,515,241	1,528,893	1,032,948	34,608	71,114	0.71%
Eddie Johnson	118,938	141,648	258,426	10,854	46,094	0.06%
Peter Allen	50,000	50,000	–	–	–	–
Penny Freer	13,888	13,888	–	–	–	–
Grahame Cook	Nil	Nil	–	–	–	–
Douglas Le Fort	Nil	Nil	–	–	–	–

* Includes all shares beneficially held by the Executive Director (or their spouse and children) and vested DSBs.

Executive Directors are required under the Executive Shareholding Policy to hold shares equivalent in value to 200% of pre-tax annual salary. Compliance with this policy as at 31 December 2021 is shown below, using the share price at that date:

Director	Shares held*	Vested DSBs	LTIP (50% of vested/unexercised LTIPs)	DAB awards	Total shares	Shareholding target (£)	Shareholding value (£)	% holding vs target
Chris Meredith	1,480,127	48,500	178,332	34,608	1,741,567	£700,000	£5,886,496	841%
Eddie Johnson	25,732	96,723	39,870	10,854	173,179	£420,000	£585,354	139%

* Includes all shares beneficially held by the Executive Director (or their spouse and children) and vested DSBs.

CEO total remuneration

The total remuneration figure for the Chief Executive Officer during each of the last five financial years is shown below.

Total remuneration includes salary, Annual Performance Bonus, gains on DSBs in that year and LTIP awards vesting in the year. The Annual Performance Bonus and LTIP vesting level as a percentage of the maximum opportunity is given for each year.

Year ended 31 December	2017	2018	2019	2020	2021
Total remuneration (£'000)	1,040	896	770	537	543
Annual Performance Bonus (% of maximum)	82.6%	50.6%	0%	0%	32.2%
LTIP vesting (% of maximum)	76.9%	87.3%	90.3%	73.1%	0%

Relative importance of spend on pay

Year ended 31 December	2020 (£m)	2021 (£m)	Change %
Staff costs	35.8	39.7	11%
Dividends*	3.3	3.8	15%
Tax	1.5	4.5	200%
Profits for year attributable to owners of the parent	8.6	17.5	103%

* The dividend figures relate to amounts payable in respect of the prior year.

£1,572,000 (2020: £1,043,000) of staff costs relate to pay for the Directors, of which £965,000 relates to the highest paid Director (2020: £590,000). Total pension contributions were £1,407,000 (2020: £1,349,000) and for the highest paid Director £33,000 (2020: £30,000).

During 2021, distributions to shareholders included a dividend of £2,579,000 paid on 18 June 2021 (2020: £2,256,000) and £1,266,000 paid on 22 October 2021 (2020: £1,081,000). It is proposed that a dividend of 1.37p per share be paid on 17 June 2022. Further details are provided in Note 14 on page 112.

Remuneration Committee Report continued

Private healthcare

Executive Directors and other senior employees are entitled to private healthcare and permanent health insurance.

Share options

Employees may be granted share options under the 2019 Share Option Plan (SOP). Options granted under the SOP are not offered at a discount. The exercise of options is conditional on performance conditions, normally after the third anniversary of the date of grant and no later than the tenth anniversary of grant. Full details are included in Note 29 on pages 117 to 118.

The SOP allows employees to be granted approved or unapproved options. Under the approved part of the SOP, UK employees can receive up to £30,000 worth of shares by market value of the shares on the grant date and benefit from the growth in value of those shares.

Share performance – 2022

The opening share price for 2021 was 243p and the closing price, on the last trading day of the year, was 338p. The range during the year was 341p (high) and 222.5p (low) (Source: Daily Official List of the London Stock Exchange).

Five-year share performance

For the five-year period ending 28 February 2022, the Advanced Medical Solutions Group plc share price outperformed the FTSE All-Share Index by 30% and FTSE All-Share Health Care Index by 7%, the FTSE Small Cap Index by 5% and the FTSE AIM All-Share Index by 21%.



For the five-year period ending 28 February 2022, the Advanced Medical Solutions Group plc Total Shareholder Return (TSR), share price growth plus reinvested dividends, outperformed the FTSE All-Share Index by 13% and the FTSE AIM All-Share Index by 17%. TSR underperformed the FTSE All-Share Health Care Index by 14% and FTSE Small Cap Index by 12%.



Directors' Report

For the year ended 31 December 2021

This Directors' Report includes disclosures required under the Companies Act 2006, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and the 2018 UK Corporate Governance Code (Code). Additional information can be located as follows:

Disclosure	Location
Principal activities, business review and future developments	Throughout the Strategic Report – pages 5 to 51
Results	Financial Statements – pages 84 to 130
Corporate Governance	Corporate Governance Report – pages 56 to 61
Directors' remuneration including Directors' interest in the share capital of the Company	Remuneration Report – pages 69 to 80
Principal Risks and Uncertainties	Principal Risks and Uncertainties – pages 47 to 51
Financial instruments and risk management	Note 24 to the Financial Statements – pages 121 to 123 and in the Strategic Report – pages 47 to 51
Research and development activities	Strategic Report – pages 5 to 51. Financial review on pages 44 to 46
Shareholder, employee and stakeholder engagement	Stakeholder Engagement Report – pages 26 to 31
Environmental, Social and Governance, Health and Safety and SECR report	ESG Report – pages 32 to 41
Key Performance Indicators	Key Performance Indicators – pages 20 to 21
Company's capital structure	Consolidated Statement of Changes in Equity – page 94 Financial Statements – Note 27 on page 124
Long Term Incentive Plan and share schemes	Remuneration Report – pages 69 to 80
Events after the balance sheet date	Financial Statements – Note 31 on page 130
Significant subsidiary undertakings	Financial Statements – Note 3 on pages 135 to 136
Non-Financial Reporting Statement	Page 31

Dividends

The Group made a profit before tax for the year to 31 December 2021 of £22.0 million (2020: £10.1 million). The Directors are recommending a final dividend of 1.37p per share (2020: 1.20p per share). The final dividend will, subject to shareholders' approval, be paid on 17 June 2022 to shareholders on the register at the close of business on 27 May 2022. This would make a total dividend of 1.95p for the full year (2020: 1.70p). The Board will continue to review the Group's dividend policy, with future distributions reflecting the cash generation and capital needs of the Company.

Events after the reporting date

Since the date of the balance sheet, the Group has agreed to acquire AFS Medical GmbH, a specialist distributor of minimally invasive surgical devices headquartered in Vienna, strengthening its direct sales footprint, capabilities, and product portfolio. Consideration will be an initial cash purchase price of €4.5 million, including debt, with a further cash deferred consideration of up to €1.5 million, based on EBITDA delivery in 2022-2024. The acquisition is expected to complete in mid-2022 following the required regulatory clearances. It is expected to add approximately €4 million to Group revenues in 2023 and to be earnings enhancing.

Capital structure

The Group has an undrawn unsecured £80 million credit facility provided jointly by NatWest and HSBC which will be renewed before its end date of December 2022. Ordinary Shares are admitted to, and traded on, the Alternative Investment Market (AIM), a market operated by the London Stock Exchange. Further information regarding the Company's share capital, including movements during the year, are set out in Note 27 to the Financial Statements on page 124.

Going Concern

The Directors continue to adopt the Going Concern basis in preparing the Financial Statements. Details of Going Concern can be found on page 61 and in the Notes Forming Part of the Financial Statements on page 97.

Creditor Payment Policy

It is the policy and normal practice of the Group to make payments due to suppliers in accordance with agreed terms and conditions, generally less than 60 days. Where suppliers offer early settlement discounts, these may be taken advantage of. This policy will also be applied for 2022.

Directors' Report continued

For the year ended 31 December 2021

Share capital and issue of Ordinary Shares

At 31 March 2022 the Group's issued share capital is set out below:

	Number	£'000	% of issued Share Capital
Ordinary shares of 5p each	216,071,141	10,804	100

Substantial shareholdings

Details of the interests in voting rights in the Company's shares with substantial interests of 3% or more in the Ordinary Share capital of the Company as at 31 March 2022, in accordance with the Disclosure and Transparency Rules:

	31 March 2022	% of issued Share Capital
Octopus Investments Limited	27,213,358	12.59
Canaccord Genuity Group Inc	14,984,109	6.93
Charles Stanley Group	11,264,331	5.21
Investec Group	10,600,458	4.91
Invesco	9,258,803	4.29
AXA SA	8,484,197	3.93
Groupama	7,011,957	3.25
Rathbone plc	6,744,656	3.12

Re-election of Directors

The Chairman has determined that each Director demonstrates commitment to their role and displays effective performance and is recommending the re-election of all Directors seeking to remain on the Board. AMS has elected to comply with 2018 Code Provision 18 and therefore all Directors will retire and shall stand for re-election at the AGM to be held on 8 June 2022, with the exception of Penny Freer who will retire in accordance with the succession plan outlined on page 56.

The Board has procedures for Directors' conflicts of interest. Only Directors who have no interest in the matter under consideration are able to take the relevant decision. The Board will report annually on the Company's procedures for ensuring that the Board's power of authorisation in respect of conflicts of interest operated effectively. None of the Directors had any conflicts of interest during or at the end of the year in any contract relating to the business of the Company or its subsidiaries.

Directors' and Officers' Liability Insurance

Insurance cover is in force in respect of the personal liabilities that may be incurred by Directors and Officers of the Company in the course of their service with the Group, as permitted by the Companies Act 2006. No cover is provided in respect of any fraudulent or dishonest act.

Employees – Equal opportunities and development

AMS is an equal opportunities employer committed to eliminating all forms of discrimination and to giving fair and equal treatment to all employees and job applicants. An Equality, Diversity and Inclusion Policy, to reflect best practice in this area, is in force. Further detail on this area can be found in the ESG Report on pages 32 to 43.

Employees and other stakeholders

The Group has chosen, in accordance with section 414(c)(ii) of the Companies Act 2006 to set out in the Strategic Report the following which the Directors believe to be of significant importance:

- Review of the business.
- Relevant aspects of Section 172 statement (Sch 7.11(1)(b)).
- Employee engagement and Sch 7.11B(1) – Business relationships).

Further policies relating to employees are discussed in the ESG section of the Strategic Report. See pages 26 to 31 for disclosure of employee engagement and other stakeholder engagement statements.

Political donations

In line with the established policy, the Group made no political donations.

Annual General Meeting

The AGM will be held at 11.00 am on 8 June 2022. Further details are outlined in the AGM Notice, which is a separate circular to shareholders.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the Parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the Group Financial Statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a Going Concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility Statement

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Provision of information to the independent Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's Auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Independent Auditors

Deloitte LLP has expressed their willingness to continue in office as Auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors' Report has been approved by the Board and authorised for issue and is signed on its behalf by.

Owen Bromley
Company Secretary

14 April 2022