Annual Report & Financial Statements 2024

iomart

The UK's Leading Secure Cloud Services Provider

Data Protection & Cyber Security

Self-Managed → **Managed Hybrid Cloud**

Customer On-Prem Technology	Colocation Data Centre Facilities	Dedicated Servers & Hosting	Managed Private Cloud	iomart Virtual Cloud	Managed Public Cloud

Customer Capex → **Opex "As-A-Service"**

Secure Connectivity via 12 UK data centres and a 2500km fibre network, fully owned and operated by iomart, and 25 global points of presence.

iomart Managed Services

Cloud Services	Data Protection	Cyber Security	Secure Connectivity
Private Cloud	Cyber Resilient Data Protection	Endpoint Protection & Response	Managed SD-WAN
iomart Cloud	Backup	Network Detection & Response	Managed WAN
Public Cloud (Azure)	Disaster Recovery	Cloud Threat Protection	WAN Services
Modern Workplace	Microsoft 365 Backup	Modern Workplace Protection	Cloud Connect
Microsoft & Azure CSP	Data Storage	Zero Trust Access & MFA	Data Centre Connectivity
VMware-as-a-Service	Object Storage	Web Application Firewall	
Colocation Services	IT Asset Disposal	Cloud & Infrastructure Security	
Bare Metal Dedicated Servers		Network Security	
Self-Service Virtual Machines		Security Health & Pen Testing	

Professional Services

IT Professional Services	Cloud Optimisation Services	Migration Services	Value Added Resell

Connect, Secure, Scale

Contents

Chair's Statement

Financial year 2024 has been busy for iomart. During the year, our previous CEO stepped down and the Board asked me to perform the dual role of Chair and CEO from September 2023, which allowed time for us to perform a diligent external search process for a new Chair. I am delighted, as announced on 11 June 2024, that we were able to nominate Richard Last, to take over as the new Independent Non-Executive Chair from 12 June 2024. Richard has a wealth of experience in chair and non-executive roles in many large and successful technology companies. We are very excited to have attracted such an experienced and knowledgeable individual to help guide us through this important period of our strategy's development and implementation.

Overview and financial results

Our results demonstrate the resilience of the Group in the face of the ongoing challenging economic backdrop for UK businesses. For the year ended 31 March 2024, the Group delivered revenue growth of 10% to £127.0m (2023: £115.6m), adjusted EBITDA growth of 4% to £37.7m (2023: £36.2m) and adjusted profit before tax of £15.0m (2023: £14.8m). The statutory profit before tax in the year was £8.7m (2023: £8.5m). These solid financial results provide the foundation and confidence for us to pursue a bolder strategy for growth, which is set out in detail later.

It is clear to me that iomart has the necessary ingredients to establish itself as the UK's leading secure cloud services provider to the SME marketplace. In my first 9 months as CEO, I have been focused on sharpening our corporate vision and customer propositions and streamlining our internal operating model. Good progress has been made in these areas, demonstrated by continued growth in our managed services order bookings, two successful acquisitions completed in the year, the strengthening of our senior management team with the recruitment of a Chief Technology Officer and Chief Portfolio Officer, and ultimately delivering full year profits in line with consensus.

Our iomart team are at the heart of the Group's success. I would like to thank them all for their hard work and commitment during the year. One of the strengths of the Group is the quality of its fantastic workforce and each member's further development and support is one of the central tenets of our strategy. To underpin the importance of our people and the high performance culture we are nurturing, we have signed up to the Great Place to Work programme and will start the journey of accreditation over the coming year.

Additional Board changes

We were pleased to welcome two new Independent Non-Executive Directors to the Board in the year, Annette Nabavi on 25 May 2023 and Adrian Chamberlain on 1 June 2023 ensuring we retained a majority of independent non-executive Directors on the Board. Adrian has been appointed as the Senior Independent Director and Annette as Chair of the Remuneration Committee. Annette and Adrian both bring considerable experience in the technology services sector. Following six years on the Board, Richard Masters, non-executive Director did not stand for re-election and left the Board following the AGM in September.

Dividend

We paid an interim dividend of 1.94p per share to shareholders in January 2024 and the Board is now proposing to pay a final dividend of 3.00p per share taking the total for the year to 4.94p. This would represent the maximum pay-out ratio under our stated dividend policy of paying up to 50% of adjusted diluted earnings per share. We believe this is appropriate given our funding position, robust business model and strength of our balance sheet.

Lucy Dimes

Executive Chair

11 June 2024

Who We Are

Our mission is to enable our customers to Connect, Secure and Scale... anytime, anywhere.

iomart is the UK's leading Secure Cloud Managed Services Provider. Headquartered in Glasgow, we have over 25 years experience in data centre and cloud services, managed by a team of over 500 skilled professionals from regional offices across the UK. We provide 24/7 business critical Hybrid Cloud, Data Protection, Cyber Security and Secure Connectivity services to over 9000 organisations across the public and private sectors, in the UK and across the globe.

Our Vision and Values

How We Think	How We Feel	How We Act	iomart
PURPOSE in why we do ***what we do*** and the value we deliver **PASSION** for customers and getting things ***right first time*** **PRIDE** in what we do and how we do it ***because it matters***	**Great Place to Work**	**Bigger Better Bolder**	**Our Vision** **The UK's leading Secure Cloud Managed Services Provider**

Our Strategic Enablers

- Great Place to Work
- Compelling Single Brand
- Strategic Portfolio & Partnerships
- Customer Service Excellence
- Leading Technology & Security
- Scaled GTM & Sales Channels

Large-scale solar panel installation

In March 2024 we completed the installation of 560 solar panels on our flagship data centre in Maidenhead. The 28,000sqm data centre in Maidenhead is the largest site across our UK estate, which comprises 12 data centres.

Estimated Solar Energy Generation	300,000 kW

Estimated CO_2 Emissions Reduction	10,000 kg

The renewable energy generated over the summer months could make the Maidenhead site one of the first data centres in the UK powered entirely by its own onsite solar panels. The investment has an expected payback within 3 years.

The solar panel installation also means iomart will be able to support and reduce the pressure on the local grid network, exporting an estimated 254,012kWh back into the grid.

Aligned with UK Government targets we are committed to achieving Net Zero by 2050, or earlier, if possible. This investment is part of our wider long-term sustainability strategy, which has seen iomart power all our data centres from 100% renewable energy sources.

Our continued investment in leading technologies and infrastructure, to reduce our power consumption across our estate, also included £2.7m capital investment in replacing cool systems in a further three major datacentres, improving overall energy efficiency.

Investing in a new modern headquarters

Last summer we invested in moving to a new upgraded headquarters in Glasgow's city centre which will serve as a cornerstone for our refreshed Bigger, Bolder, Better strategy and underpin our Great Place to Work initiative.

The new office features the latest meeting room technology to enable seamless communication, top of the range shower and changing room facilities to encourage employees to cycle to work, and a modern, communal picnic space to support stronger collaboration between teams.

The building, part of the Atlantic Quay development on Glasgow's riverfront, also boasts an EPC rating of -A, further contributing to our continued commitment to sustainability.

Supporting the community

We established a new Executive ESG Steering Group and appointed Sharon Mars Leach (Chief Customer Officer) as Equality, Diversity & Inclusivity Champion to further embed our commitment to supporting the wider community and promoting opportunities for everyone within the technology sector.

This included continued sponsorship of the Empowering Women in Leadership programme which addresses the lack of gender diversity in tech leadership roles. As well as working in partnership with Generation, an organisation that transforms education to employment placement to support people from disadvantaged backgrounds into careers.

Throughout the year our teams were involved in volunteering support across numerous national and local events, including hosting a technology careers day in our Glasgow HQ for the SmartSTEMs charity who work to inspire young people from underprivileged backgrounds into STEM careers.

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Revenue	£127m 2023 : £115.6m	Profit before tax	£8.7m 2023 : £8.5m
% of recurring revenue	91% 2023 : 92%	Adjusted diluted EPS	9.8p 2023 : 10.9p
Adjusted EBITDA	£37.7m 2023 : £36.2m	Basic EPS	5.8p 2023 : 6.4p
Adjusted EBIT	£19.2m 2023 : £17.7m	Cash generation from operations	£36.6m 2023 : £33.8m
Adjusted profit before tax	£15m 2023 : £14.8m	Proposed final dividend per share	3.0p 2023 : 3.5p

See page 8 for definition of alternative profit measures

Lucy Dimes, CEO commented

"I am delighted to report on a year of revenue growth supported by two acquisitions and organic growth within cloud managed services, the area which is the key focus of our commercial and product strategy. We delivered good profitability and continued strong cash generation, providing us with the strong financial foundation on which to execute our growth strategy.

"Our vision is to be the UK's leading secure cloud services provider to the SME market. We want to provide a compelling proposition to customers as cloud optimisation experts and a managed service provider that delivers the right cloud for the right workloads, which is secure by design.

"In a world where computing demands are getting ever more intense, and businesses across all sectors and sizes are looking at how they can harness the very latest technologies, iomart sits in an enviable position. We have a valuable data centre estate and capability connected by a fibre backbone, providing security, resilience and control, underpinned by a talented team of world class technical experts and engineers, combined with proven expertise across a range of customer segments. This and the financial firepower to rapidly expand our offering and scale through selective M&A gives us the confidence to drive for accelerated growth and achieve our vision."

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Annual Report and Financial Statements 2024

Highlights

Financial Highlights

- Strong revenue growth of 10%, achieving record revenues of £127.0m (FY23: £115.6m) supported by two acquisitions in the year and a further year of organic growth within cloud managed services, the area which is the key focus of our commercial and product strategy
- Cloud managed services revenue, the largest component of the Group, increased by 17% to £75.2m (FY23: £64.1m), driven by around 3% organic growth and approximately £8.9m revenue contribution from the latest three acquisitions
- Group adjusted EBITDA margin performance of 29.7% (FY23: 31.3%) reflecting the change in revenue mix and specific timing of inflationary price adjustments during the last financial year. This changing mix is less impactful at the adjusted EBIT margin level which was more stable year on year at 15.1% (FY23: 15.3%)
- £1.4m higher interest expense in the year, due to rise in bank interest rates, means adjusted profit before tax in the period of £15.0m (FY23: £14.8m) showed a more modest 1% growth
- Strong cash generation with a cash conversion ratio[7] of 97% (FY23: 94%) testament to our business model and strong focus on cash
- Year-end net debt[6] increased by 6% to £42.3m (FY23: £39.8m), a comfortable net debt to adjusted EBITDA ratio of 1.1 times (FY23: 1.1 times)

Strategic Highlights

We have established a clear strategic vision and renewed sense of purpose to execute around three simple messages: Bigger, Better, Bolder.

Key achievements to date and areas of focus:

Bigger

- Double digit order bookings growth in the year, including an increase in average order values and a higher number of new customer wins
- Completed two acquisitions, Extrinsica and Accesspoint, adding significant skills and capabilities to the Group
- Selected as one of only seven UK strategic Broadcom Pinnacle Partners, reflecting the pedigree and engineering skills we have in this technology, with first new customer wins secured during March and April 2024 under the new arrangement

Better

- Appointment of Chief Technology Officer in May 2023, and Chief Portfolio Officer in November 2023 to increase our bandwidth and ensure innovation in our solutions
- Fully integrated Cristie Data into iomart and begun the integration of the more recently acquired Pavilion IT, Oriium and Extrinsica to streamline our operating model
- Relocated to a new Grade A office in Glasgow city centre and commenced working towards our goal of achieving "Great Place to Work" accreditation

Bolder

- Cristie Data brand retired and will do the same for other acquired brands over next 12 months, closing/redirecting legacy websites and social media content with the aim of bringing all customer propositions under one brand
- Looking ahead the strength of our balance sheet and cash generation, and proven expertise in acquisitions, provide strong foundations to take a bolder approach in pivoting our product mix to have a greater exposure to high growth, higher value-added services segments of the hybrid cloud services market

Board Appointments

- Appointment during the year of two new Non-Executive Directors, both with considerable technology services experience, Annette Nabavi and Adrian Chamberlain, ensuring we retained a majority of independent non-executive Directors on the Board
- In September 2023, Lucy Dimes, Chair, took over the CEO role following the departure of Reece Donovan
- Nomination of Richard Last as Chair of the Board, to take effect from 12 June 2024, bringing a wealth of experience in chair and non-executive roles in many large and successful technology companies

Outlook

- The first two months of the new financial year has seen trading in line with Board expectations, consistent with our high recurring revenue business model which gives good visibility
- The industry-wide change to VMware licensing introduced by Broadcom has resulted in increased costs ahead of associated revenue enhancing opportunities and this, combined with the timing of revenue recognition from the recently secured customer contracts and inflation driven cost and salary increases, means growth is likely to be more second half weighted in FY25
- The underlying drivers for cloud computing, increasing complexity of the technical landscape and customers looking for a trusted and experienced service partner gives the Board confidence in the outlook for the long-term prospects for the Group

Statutory Equivalents

- A full reconciliation between adjusted and statutory profit before tax is contained within this statement. The largest item is the consistent add back of the non-cash amortisation of acquired intangible assets. The largest variance, year on year, is a £0.5m exceptional non-recurring charge recorded within administration costs related to the change in CEO during the month of September.

[1] Recurring revenue, as disclosed in note 3, is the revenue that repeats either under long-term contractual arrangement or on a rolling basis by predictable customer habit. % of recurring revenue is defined as recurring revenue (as disclosed in note 3) / revenue (as disclosed in the consolidated statement of comprehensive income)

[2] Throughout this statement adjusted EBITDA, as disclosed in the consolidated statement of comprehensive income, is earnings before interest, tax, depreciation and amortisation (EBITDA) before share based payment charges, acquisition costs and exceptional non-recurring costs. Throughout this statement acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs

[3] Throughout this statement adjusted EBIT is earnings before interest and tax (EBIT) before amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs. Throughout these financial statements acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

[4] Throughout this statement adjusted profit before tax, as disclosed on page 18, is profit before tax, amortisation charges on acquired intangible assets, share based payment charges, acquisition costs and exceptional non-recurring costs

[5] Throughout this statement adjusted diluted earnings per share, as disclosed in note 7, is earnings per share before amortisation charges on acquired intangible assets, share based payment charges, acquisition costs and exceptional non-recurring costs and the taxation effect of these /weighted average number of ordinary shares – diluted (as disclosed in note 7)

[6] Net debt being outstanding bank loans, lease liabilities less cash and cash equivalents (as disclosed on page 21).

[7] Cash conversion is calculated as cash flow from operations, as disclosed in the consolidated statement of cash flows, divided by adjusted EBITDA defined above

This announcement contains forward-looking statements, which have been made by the Directors in good faith based on the information available to them up to the time of the approval of this report and such information should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

Customer Spotlight

Adra is the largest registered social landlord in North Wales, providing social housing for the local community. As a not for profit it provides vital services with all profits fed back into supporting the wellbeing of tenants.

With more than 340 staff employed across North Wales, being flexible and adaptive is absolutely crucial, especially given that a lot of the staff work remotely or on the road whilst servicing homes and supporting tenants.

We helped Adra design a public cloud infrastructure that allowed them to push the organisation forward without being chained to historic restrictions.

Previously, their virtual private cloud solution had worked well but the constant maintenance and eventual replacement of the infrastructure was becoming more and more complex and expensive.

Adra's ICT Infrastructure and Operations Manager:

"We needed a solution that was right for us now. The private cloud was the right route for us at the time but public cloud had come a long way in the interim and we recognised that it was ready to provide everything that we needed from it. We needed a solution that would flex and grow with us.

Once we decided that the time was right to migrate our servers from virtual private cloud to public cloud we also decided to move our desktop infrastructure into the cloud too. Moving both at the same time made it a really big project with lots of risk involved and we knew we needed the right partner to support us on it."

We laid out or expertise in a very clear way, ensuring that the solutions we presented were tailored to Adra's requirements. We understood how important it was for things to just work and made sure that everything we suggested was based on a robust and well tested process.

Why it works for Adra

- Provides a very fast connection to Adra's data with limited latency issues.
- Extremely flexible, allowing Adra's remote workers to access everything they need.
- Gives access to a bigger range of support software that works seamlessly with Adra's set up.
- It's robust and provides a constant service that can be managed even during power cuts and other interruptions
- It's cost effective and reduces the organisation's environmental impact.

"Right from the get go iomart didn't baffle us with terminology. They didn't make it sound like a big scary mammoth task but made us feel comfortable and confident that everything we wanted was achievable. iomart listened to the requirements very, very carefully and it was really obvious that the people we were dealing with were proper experts".

Chief Executive Officer's Report

Robust financial performance

I am delighted that we delivered a strong revenue growth of 10% and achieved a record revenues of £127.0m (2023: £115.6m) supported by two acquisitions in the year and a further year of organic growth within cloud managed services, the area which is the key focus of our commercial and product strategy.

We have delivered good profitability and strong cash generation in the year. Adjusted EBITDA[1] grew by 4% to £37.7m (2023: £36.2m) with adjusted profit before tax[2] of £15.0m (2023: £14.8m) being flatter due to a £1.4m increase in finance costs due to the higher base rates. Given the strategic focus of growth within hybrid cloud we will, over time, see the Group deploy more public cloud infrastructure in customer solutions. As a result of this changing mix, the Board are increasingly focused on adjusted EBIT[3] which in year increased by 9% to £19.2m (2023: £17.7m).

The Group's cash generation continued to be strong with an adjusted EBITDA to operating cash flow conversion ratio of 97% (2023: 94%). This is a real strength of the business as has been demonstrated for more than a decade and is testament to our business model and strong focus on cash. In the year we invested £21.7m of cash (2023: £21.2m) into our data centre estate, network and selected acquisitions. Despite this our year-end net debt only increased by 6% to £42.3m (2023: £39.8m). This represents a comfortable net debt to adjusted EBITDA ratio of 1.1 times (2023: 1.1 times).

A clear strategic vision

In a world where computing demands are getting ever more intense, and businesses across all sectors and sizes are looking at how they can harness the very latest technologies, iomart sits in an enviable position. We have a valuable data centre estate and capability connected by a fibre backbone, providing security, resilience and control, underpinned by a talented team of world class technical experts and engineers, combined with proven expertise across a range of customer segments. This and the financial firepower to rapidly expand our offering and scale through selective M&A gives us the confidence to drive for accelerated growth.

Our vision is to be the UK's leading secure cloud services provider to the SME market. We want to provide a compelling proposition to customers as cloud optimisation experts and a managed service provider that delivers the right cloud for the right workloads, which is secure by design. We can support our customers through every aspect of their digital transformation journey, provide true digital mobility, resilience and scalability, and become a trusted partner to them and their customers.

While we have many of the ingredients required to achieve this vision, we know we also have some key activities to undertake. These include extending our product offering (organically and through M&A), increasing our brand awareness, and improving our underlying operating model to ensure we deliver outstanding customer service and are a streamlined, commercially minded organisation able to execute at pace.

A renewed and sharpened sense of purpose to execute

Since I took over as CEO in September 2023 I have worked with our people and teams across the business to sharpen and strengthen our vision, strategy, purpose and values. Taking their feedback, we have honed in on three simple messages to align our execution to our strategic vision: Bigger, Better, Bolder.

These three watch words encapsulate the programme of activities we are driving internally, all of which are focused on increasing iomart's ability to drive growth within its cloud managed services segment.

Over the last year good progress has been made in key areas with the highlights noted in each of the areas detailed below:

Bigger

Order growth

We previously reported that we started FY24 with a well-inducted and skilled commercial team established after the appointment of a new Chief Sales Officer in February 2022. The commercial team delivered double digit order bookings growth in the year, including an increase in average order values and a higher number of new customer wins.

Acquisitive growth

We completed two acquisitions in the year which add significant skills and capabilities to the Group. The Extrinsica acquisition accelerated our capabilities and customer references within the Microsoft public cloud domain. We have seen positive trends in this area including our first +£1m annual order value booking within the Microsoft practice being secured in the final month of the year for a new customer.

Market positioning & partnerships

Following the acquisition of VMware by Broadcom, iomart has been selected as one of only seven UK strategic Broadcom Pinnacle Partners. This reflects the pedigree and engineering skills we have in this market leading technology and our strong position within the cloud market in the UK. Initial sales engagement with customers under this new arrangement has been encouraging with several new logos signing contracts during March and April 2024.

We have recently invested in additional resource to lead our strategic partnership programme which will ensure we have clearer criteria for designation of our strategic vendor partners and achieve greater leverage from the combined strengths of key relationships.

Better

Increasing our bandwidth to ensure innovation in our offering

We appointed an experienced Chief Technology Officer in late May 2023 to bring focus on the two discrete areas of technology and customer experience. This has proven to be successful in adding greater bandwidth on execution. We concluded the reshaping of our senior management team with the recruitment of a Chief Portfolio Officer in November 2023. Since then, we have invested in the product team who work in a collaborative manner across the business, ensuring increased attention to innovating our managed service solutions, leveraging vendor technologies, to meet customer needs and to more closely align iomart's solutions portfolio and positioning with market trends.

Streamlining our operating model

We made the decision earlier this year to accelerate the streamlining of our operating model which had been started under the previous "one iomart" initiative. During the year we fully integrated Cristie Data into iomart and in the last 3 months have used a similar blueprint to start integration for the more recently acquired businesses of Pavilion IT, Oriium and Extrinsica. These integrations will be fully concluded in the first half of the new financial year and will mean all of our managed services activity will be fully aligned to the same functional model of sales, product, service and technology. Our mass domain and hosting services division looking after the Easyspace and Hosting UK brands remain separate, supported by our technology services team and central support functions.

Improved working environment

As the near 500 strong skilled iomart workforce continues to grow, we are increasingly focused on the recruitment, engagement, motivation, productivity, and retention of our people. Recognising the importance of the working environment, we relocated to a new Grade A office in Glasgow city centre in September 2023. Over the next 12 months, we plan to refurbish our key offices in London and Manchester to replicate the modern and welcoming atmosphere of our Glasgow location. The Board has also approved our goal to achieve the Great Place to Work accreditation, committing to continuous investment in fostering an environment where our employees can learn, grow, and thrive. We will continue to focus on strengthening the employee proposition and culture inside iomart and recently rolled out our new values – Purpose, Passion and Pride – which will provide guiding principles underpinning our renewed aspirations.

Bolder

Bringing all our customer propositions under one brand

As well as one singular operating model, we will also move forward with one brand for our secure cloud services activities. In the past we have been hesitant in retiring acquired brands due to concerns around specific customer reactions. While clearly this is a consideration, our belief is that, while we have varying product solutions, we are fundamentally supporting customers with their critical digital transformations and critical operational infrastructure underpinning their businesses and this is best served by an integrated, interoperable and optimised portfolio of solutions under a single brand and aligned organisation. We retired the Cristie Data brand in January 2024 and will do the same with Pavilion IT, Oriium and Extrinsica over the next 12 months. We are also tackling some of the legacy sub-brands which still exist on-line and will be closing these legacy websites and social media content.

Targeting acquisitions of greater size & scale

We have made 24 acquisitions in the last 14 years of varying size. The average revenue across these 24 acquisitions was around £4m, with the largest being the August 2022 acquisition of Concepta which had around £10m of revenue. We are looking to be bolder with our M&A strategy and target growing businesses in carefully selected areas with revenues of more than £10m in order to accelerate our growth trajectory and ensure more scale and a quicker impact. The strength of our balance sheet and cash generation, and proven expertise in acquisitions provide strong foundations to take this bolder approach. There may be opportunities which are of a smaller size, and these will continue to be considered on a case-by-case basis including consideration as to how easily they can be integrated and how the target company's specialist skills or customer verticals can add to iomart's overall portfolio.

FY25 focus

Looking ahead, our key areas of focus underpinning the 'Bigger, Better, Bolder' strategy will be:

- Streamlined and integrated: Single operating model to drive best practise adoption and unified brand positioning.

- Differentiation enablers: Focused functional transformation programmes to drive high performance and greater impact.
- Bolder M&A focus: Acquisitions of a more substantial nature, with a focus in the areas of cyber, data management & security and extending our skills and scale within the Microsoft and cloud services domain.

Our objective through bolder M&A is to pivot the product mix to have a greater exposure to high growth, higher value-added services segments of the broader hybrid cloud services market i.e. higher value managed cloud services and security, cyber and data protection services. We will also strengthen our sector specific focus and positioning through greater tailoring of sector specific benefits of our solutions and expertise and improved customer referenceability.

We operate in a structurally growing market

With the insatiable growth in data requirements from across all industries, the demand for the three core cloud building blocks of compute power, storage and connectivity continue to expand. The concept of Cloud computing is now globally recognised with the complexity of available options continuing to grow. Within any digital transformation project, the management and security of data is paramount, especially given the ever-increasing security threat landscape. SME's are increasingly having to outsource these requirements to experts, who can help them navigate a constantly evolving and complex technical landscape, providing high levels of reliability, customer support, flexibility, and technical knowledge - areas in which we excel.

We do not expect any of the above structural growth drivers to diminish over the long-term and indeed AI is anticipated to fuel another wave of growth and most likely bring increased regulatory focus on business resilience and data governance. While there are signs of an improving UK macroeconomic outlook, there is some offset to the general sector outlook as economic pressures still apply in many parts of the economy. For iomart this materialises primarily in the longer sales cycle for larger orders from new customers undertaking digital transformation projects as greater scrutiny is applied to decision making.

Acquisitions undertaken in the year

A key element of our growth strategy is continued selective M&A to augment our organic growth. Our roadmap sees us focus on extending our capabilities and skills into closely aligned product and services areas. As well as being complementary to our existing experience, skills, and customer base these are also areas exposed to the higher growth of the wider IT sector.

Last year we re-established our M&A activity, after two financial years with no acquisitions, when we purchased Concepta in August 2022. It was pleasing to continue this by making two further acquisitions in the current year as noted below:

- Extrinsica, acquired on 5 June 2023, was a significant strategic step providing iomart with deep Microsoft Azure expertise. While we had made some good progress organically in this area, this acquisition accelerates our capabilities and customer references within the Microsoft public cloud domain. This ensures we can confidently offer both existing and new customers strong skills and know-how across the three infrastructure delivery modes of on-premise, private cloud or public cloud or, in what we see as the growing trend in the market, a combination of the three in the form of hybrid cloud.
- Accesspoint, acquired on 5 December 2023, provides a suite of managed and hosted services including infrastructure hosting, software licensing, security management, business continuity services and communications provisioning focused on the legal sector. This acquisition provides iomart with deep industry expertise and a highly capable team with a strong reputation within the legal sector. The addition of the new customer base when combined with iomart's existing legal customers consolidates iomart's position in a key sector.

We will maintain our structured and disciplined approach to M&A and remain active in the evaluation of potential targets.

Our commitment to ESG and sustainability

We believe that integrating environmental, social and governance ("ESG") considerations across our business enables us to accelerate our customers' success whilst looking after the environment and society.

Our ongoing commitment is for iomart to be aligned with UK Government targets and as such we have committed to achieve Net Zero by 2050, or earlier, if possible. We commenced purchasing Renewable Energy Guarantees of Origin ("REGO") certified renewable electricity across our UK data centre estate in 2021, which significantly reduces our carbon emissions. During the last year the largest additional project undertaken was the installation of solar panels on the roof of our largest data centre in Maidenhead. This provides c.300kw peak power which is around 15% of the total average site power use. Full commission was completed in May 2024. We continue to look at ways to increase the energy efficiency across our UK data centre estate, including continuing the upgrades to our battery power systems.

In terms of our social agenda, we have continued our sponsorship of the "Empowering Woman in Leadership" programme which is designed to address the lack of gender diversity in leadership roles across the technology profession and continued our support to the charity SmartSTEMs who organise and host events to inspire and engage young people from underprivileged backgrounds with the range of careers in STEM. This also leverages their partnership with Generation, a company that transforms education to employment to prepare, place and support people from disadvantaged backgrounds into careers that would otherwise be inaccessible. We have also set up a new Executive ESG Steering Group which will meet quarterly, and appointed our Chief Customer Officer, Sharon Mars-Leach as our Equality, Diversity and Inclusivity champion.

We have continued to strengthen our focus on Governance, with a new Executive Risk Committee which meets quarterly and as at 31 March 2024 we have now seen two full years of the internal audit programme which is managed by EY. Together these bring a heightened awareness and allowed greater embedding of risk management into the operations of the business. The two Non-Executive Directors appointed during the year, and the new Chair appointed post year end, bring a wealth of relevant experience in the technology services sector and bring different and very relevant commercial skills and experience to the Board.

Update on our infrastructure investment and energy pricing

Our UK-owned infrastructure is an important aspect of the delivery of our recurring revenue[4] services and a critical differentiator in the market, enabling greater control over our resilience and providing control for our customers and importantly also allowing more value-add to be retained by iomart. We have a well-maintained data centre estate as this is core to ensuring a resilient service. We have 12 data centres in the UK, with our two largest data centres in Maidenhead and central London accounting for around half of our UK capacity, and over 25 points of presence globally, all connected by a resilient network.

During the year we invested £9.5m (2023: £8.9m) in fixed assets. Of this amount around £3.8m was in the fabric of the data centres and our UK network, with the balance being on compute power and storage for our customers. The largest spend within the infrastructure was £1.2m on cooling systems in the Maidenhead and Nottingham DCs. We are continuing this scheduled upgrade programme including a £1.5m full replacement of the cooling system at our Gosport data centre in the first half of the new financial year.

The data centre sector as a whole has had to navigate the significant challenges in the energy markets during the prior year. iomart's robust business model and customer arrangements have ensured this additional energy cost has been appropriately passed through to the customer base. Given the profile of the energy costs during the last 24 months and our hedging strategy, our overall energy costs have been fairly stable year on year. This position will continue into the new financial year as we have the majority of the next 12 months energy costs secured under hedging arrangements.

Current trading and outlook

The first two months of the new financial year has seen trading in line with Board expectations, consistent with our high recurring revenue business model which gives good visibility. The industry-wide change to VMware licencing introduced by Broadcom has resulted in increased costs ahead of associated revenue enhancing opportunities and this, combined with the timing of revenue recognition from the recently secured customer contracts and inflation driven cost and salary increases, means growth is likely to be more second half weighted.

Our clear strategy for growth is designed to increase our customer portfolio in the higher growth areas of the expanding cloud market. Unlike many of our peers we are doing this from a position of strength with our secure, resilient cloud and network infrastructure, strong customer base, robust business model and financial position. The underlying drivers for cloud computing, increasing complexity of the technical landscape and customers looking for a trusted and experienced service partner gives the Board confidence in the outlook for the long-term prospects for the Group.

Lucy Dimes

Chief Executive Officer

11 June 2024

Definition of alternative performance measures:

[1] Throughout these financial statements adjusted EBITDA (disclosed in the consolidated statement of comprehensive income) is earnings before interest, tax, depreciation and amortisation (EBITDA) before share-based payment charges, acquisition costs and exceptional non-recurring costs. Throughout these financial statements acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs

[2] Throughout these financial statements adjusted profit before tax (disclosed on page 18) is profit before tax, amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs

[3] Adjusted EBIT is earnings before interest and tax (EBIT) before amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs. Throughout these financial statements acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

[4] Recurring revenue is the revenue that repeats either under long-term contractual arrangement or on a rolling basis by predictable customer habit. % of recurring revenue is defined as Recurring Revenue (as disclosed in note 3) / Revenue (as disclosed in the consolidated statement of comprehensive income)

Steve Rice, IT Manager at Radius Aerospace:

"Working with iomart and Exel has significantly eased the burden on our internal team. The transition was smooth, and the new cloud-based system has provided us with the security and reliability we needed. It has allowed us to focus on our core business while knowing that our ERP system is in good hands.

We have seen a marked improvement in efficiency and performance, and we are confident that this partnership will continue to support our growth and technological needs."

Strategy and Business Model

Strategy

Our strategy is focussed on growth with the three elements being: (i) protect and expand the existing customer base, which is underpinned by our existing core private cloud infrastructure and services, (ii) extend our product offering to provide a complete suite of solutions and services to deliver a comprehensive secure hybrid cloud offering; and (iii) acquire new capabilities and scale from complementary acquisitions. The fundamentals of these three elements remain sound but we have sharpened our messaging and execution to ensure our vision of establishing iomart as the UK's leading secure cloud services provider to the SME marketplace is realisable.

Business model

Our business model involves the provision of cloud and managed hosting services, delivering computing power, storage, and network capability customers need for the effective operation of their businesses. We have invested in an estate of data centres, an extensive fibre network and for each customer the servers, routers, firewalls and other assets that are necessary to create the IT infrastructure they require. We also offer public cloud, principally Microsoft Azure, within the mix of the infrastructure design. These resources, along with the associated staff, are shared across most of our revenue streams. Customers pay us for the provision of that infrastructure, with the potential to add 3rd party technology and various degrees of a managed services wrapper.

Larger customers tend to have multi-year contracts for complex cloud solutions, which are invoiced and paid on a monthly basis. Many of our smaller customers pay in advance for the provision of services which results in a substantial sum of deferred revenue, which is then recognised over the period of the service provision. A significant proportion of our revenue is therefore recurring and the combination of multi-year contracts and payment in advance provides us with strong revenue visibility.

While all of our activities involve the provision of services from common shared infrastructure, we are organised into two operating segments, Cloud Services (£114.6m revenue) and Mass Hosting (Easyspace) (£12.5m revenue).

Within our Cloud Services division, we have three core offerings that recognise the differing complexity of the solutions designed and the level of ongoing managed services we provide being: cloud managed services, self-managed infrastructure and non-recurring revenue. This enables us to supply products, solutions and services across the full cloud spectrum and do so using shared resources and common platforms across the Group.

- **iomart cloud managed services:** provides fully managed, complex bespoke designs, resulting in resilient solutions involving differing cloud infrastructures. This cloud infrastructure can be either on-premise, private cloud or public cloud which for us at the moment would be utilising Microsoft Azure or indeed a combination of all three which we term 'hybrid cloud services' as is standard industry nomenclature. This often will be accompanied by our back-up and data management offering.
- **Self-managed infrastructure**: provides dedicated, physical, self-service servers to customers. We deliver many thousands of physical servers for our customers using highly automated systems and processes which we continue to develop and improve. Our own regional data centre estate and fibre network position us well to offer such infrastructure as a service.
- **Non-recurring revenue**: this relates primarily to on-premise equipment and software reselling, as well as consultancy and professional services activities. By their nature the equipment and software reselling activity is lower margin but we continue to offer it as the vast majority of our customers need us to provide the end to end solution which this is often a critical part of. Non-recurring activities often provide an important introduction to the iomart's broader service capabilities and therefore the opportunity to understand the customer and develop the relationship to a deeper level of recurring service provision.

Our Mass Hosting (Easyspace) division provides domain name and mass hosting to mainly small and micro businesses. This sector is increasingly dominated by a smaller number of large global operators and we recognised a long time ago that the marketing expenditure required to compete for new business in this specific area was not the best use of iomart's resources. The activity remains highly profitable and cash generative.

Chief Financial Officer's Report

I am pleased to report on a year of steady financial performance, with good signs of order growth within our focus business area of cloud managed services, reflecting a positive response by customers and the wider market to our growing hybrid cloud offering. Recurring revenues remain high as a % of revenue, across what remains a low customer concentration across wide sectors, but we are focused on further progress on our product portfolio and customer service levels to increase our renewal levels. Steady margins, high levels of recurring revenues, strong cash generation, a well-funded balance sheet and strong financing structure provides the firepower to execute further M&A.

Key Performance Indicators	2024	2023
Revenue	£127.0m	£115.6m
% of recurring revenue[1]	91%	92%
Gross profit %[2]	54.8%	55.0%
Adjusted EBITDA[3]	£37.7m	£36.2m
Adjusted EBITDA margin %[4]	29.7%	31.3%
Adjusted EBIT[5]	£19.2m	£17.7m
Adjusted EBIT margin %[6]	15.1%	15.3%
Adjusted profit before tax[7]	£15.0m	£14.8m
Adjusted profit before tax margin %[8]	11.8%	12.8%
EBIT[9]	£13.0m	£11.4m
Profit before tax	£8.7m	£8.5m
Profit before tax margin %[10]	6.9%	7.4%
Basic earnings per share	5.8p	6.4p
Adjusted earnings per share (diluted) [11]	9.8p	10.9p
Cash flow from operations / Adjusted EBITDA %[12]	97%	94%
Net debt / Adjusted EBITDA leverage ratio[13]	1.1	1.1

See page 21 for definition of alternative performance measures

Revenue

Overall revenue from operations increased by 10% to £127.0m (2023: £115.6m). We saw a consistent share of recurring revenue at 91% (2023: 92%) compared to prior years. We remain focussed on retaining our recurring revenue business model with the combination of multi-year contracts and payments in advance providing us with good revenue visibility.

Cloud Services

The following is the disaggregation of Cloud Services revenues of £114.6m (2023: £103.1m):

Disaggregation of Cloud Services revenue	2024 £'000	2023 £'000
Cloud managed services	75,212	64,115
Self-managed infrastructure	28,429	29,616
Non-recurring revenue	10,937	9,359
	114,578	**103,090**

Cloud managed services (recurring revenue)

Revenue within cloud managed services increased by £11.1m or 17% to £75.2m (2023: £64.1m). This was driven by 3% organic growth in recurring revenue and approximately £8.9m revenue contribution from the latest three acquisitions. A significant number of moving parts have arisen in the last two years within our pricing and renewal profiles. The energy price adjustments are now, in some cases, over 18 months ago, meaning they have become structurally consumed into our renewals or new business pricing. Our energy hedging strategy will mean a continued stable and predictable energy cost for the business and our customers over the next 12 months.

Our order bookings in this area of the business grew well over the year, which bodes well for the future growth of the business, as both existing customers and prospects have responded positively to our broader solution set and re-invigorated focus on customer service. The year did also see some lower levels of renewals from some existing customers and improving renewal levels continues to be a focus area of the business looking ahead. The timing aspect of these elements will dampen the run-rate entering the first half of the new financial year, especially prior to the deployments and billing of the new orders booked.

Self-managed infrastructure (recurring revenue)

The self-managed infrastructure revenue of £28.4m (2023: £29.6m) decreased by £1.2m. Our own regional data centre estate and fibre network positions us well to offer such infrastructure as a service which primarily takes the form of the provision of dedicated servers. It is generally recognised that this activity is a lower growth area within the cloud market but continues to offer a cost competitive solution for many use cases and for customers who have retained their own IT skills.

Due to the scalable and self-managed nature of the dedicated server customer proposition we do have a larger number of customers within this area, including a very long tail of smaller customers. In this area we have seen more sensitivity to the energy price rises which were applied towards the end of FY23. As the Group continues its evolution towards a broader portfolio of managed service offerings, the impact of potential lower level of renewals in this area in particular will decrease.

We will continue to allocate resources to ensure we provide this customer base with resilient, cost effective and increasingly automated solutions.

Non-recurring revenue

Non-recurring revenue of £10.9m (2023: £9.4m) relates primarily to on premise product and licence reselling plus consultancy projects. Approximately £2.6m revenue contribution related to acquisitions, primarily the Concepta acquisition in August 2022 which included the Pavilion IT brand. This means excluding the acquisition impact, the underlying reduction in non-recurring revenue was £1.1m which mainly arose in the first half of the year.

We continued to simplify our operations in this area with the full integration of the reselling brand Cristie Data. This took place in December 2023 and we plan to take a similar approach with Pavilion IT in the first half of the new financial year. This means all reselling activity will be undertaken by an integrated iomart operation.

Easyspace

Our Easyspace segment has performed well over the year with revenues remaining consistent at £12.5m (2023: £12.5m). The domain name and web hosting business is an area in which we do not invest heavily but it was pleasing to see a solid performance with high level of renewals from our base of c.57,000 customers. The activity remains highly profitable and cash generative.

Gross Profit

Gross profit in the year, which is calculated by deducting from revenue variable cost of sales such as power, software licences, connectivity charges, domain costs, public cloud costs, sales commission, the relatively fixed costs of operating our data centres plus, for non-recurring revenue, the cost of hardware and software sold, increased by £6.0m to £69.6m (2023: £63.6m). In percentage terms, gross margin[2] overall is relatively stable on the prior year at 54.8% (2023: 55.0%) which is positive especially recognising the many moving parts, including the recent acquisition activity and a high inflationary external environment.

Adjusted EBITDA[3]

The Group's adjusted EBITDA increased by £1.5m to £37.7m (2023: £36.2m) translating to an adjusted EBITDA margin[4] of 29.7% (2023: 31.3%). The administration expense (before depreciation, amortisation, share based payment charges, acquisition costs and exceptional non-recurring costs) of £31.8m (2023: £27.4m) is £4.4m higher than the previous year comparative. However, this includes £4.1m of administrative expenses from the Extrinsica and Accesspoint acquisitions and the full year impact of the Concepta acquisition meaning the underlying increase in administrative expenses is limited to £0.3m or 1%.

The Cloud Services segment saw a 5.6% increase in adjusted EBITDA to £36.7m (2023: £34.8m). In percentage terms the Cloud Services margin decreased to 32.1% (2023: 33.8%) primarily due to both the mix impact of the acquisitions and our business model becoming less capital intensive over time. The Easyspace segment's adjusted EBITDA was £6.2m (2023: £6.2m) reflecting the stable revenue performance in the year, which in percentage terms was again stable at 49.4% (2023: 49.2%).

Group overheads increased by £0.4m in the year to £5.2m (2023: £4.8m). These are costs which are not allocated to segments, including the cost of the Board, the running costs of the headquarters in Glasgow, Group marketing, human resource, finance, legal, and design functions and professional fees for the year.

Adjusted EBIT[5]

The Group depreciation charge of £15.7m (2023: £15.9m) fell by £0.2m in the year and as a percentage of recurring revenue is 13.5% (2023: 14.9%). This is the second year in a row in which we have seen this percentage value drop. The Group charge for amortisation of intangibles, excluding amortisation of intangible assets resulting from acquisitions ("amortisation of acquired intangible assets"), of £2.8m (2023: £2.6m) is consistent year on year. This means that the Group's adjusted EBIT increased by £1.5m to £19.2m (2023: £17.7m) which in adjusted EBIT margin[6] terms translates to 15.1% (2023: 15.3%).

The strategic focus of growth within hybrid cloud and expected resulting increase in consumption of public cloud infrastructure within customer solutions, meaning no capital requirement on iomart infrastructure, may cause a gradual reduction in our adjusted EBITDA margin[4] but a more stable EBIT margin[6] as depreciation as a % of our recurring revenue falls. This is why the Board are now viewing this measure as an additional KPI.

Adjusted profit before tax[7]

Finance costs of £4.3m (2023: £2.9m) has increased year on year by £1.4m due to the higher SONIA interest rate. Our revolving credit facility has a borrowing cost at the Group's current leverage levels of 180 basis points over SONIA.

After deducting the charges for depreciation, amortisation (excluding the charges for the amortisation of acquired intangible assets), exceptional non-recurring costs and finance costs from the adjusted EBITDA, the Group's adjusted profit before tax increased to £15.0m (2023: £14.8m), representing an adjusted profit before tax margin[8] of 11.8% (2023: 12.8%).

Earnings before interest and tax and Profit before tax

The measure of adjusted profit before tax is an alternative profit measure which is commonly used to analyse the performance of companies particularly where M&A activity forms a significant part of their activities.

A reconciliation of adjusted profit before tax to reported profit before tax is shown below:

Reconciliation of adjusted profit before tax to profit before tax	**2024**	**2023**
	£'000	**£'000**
Adjusted profit before tax[7]	**14,956**	**14,820**
Less: Amortisation of acquired intangible assets	(4,226)	(3,880)
Less: Acquisition costs	(1,010)	(922)
Less: Share-based payments	(517)	(696)
Less: Administrative expenses - exceptional non-recurring costs	(462)	-
Less: Cost of sales - exceptional non-recurring costs	-	(820)
Profit before tax	**8,741**	**8,502**

The adjusting items in the current year are:

- charges for the amortisation of acquired intangible assets of £4.2m (2023: £3.9m). Acquired intangible assets have increased by £0.3m due to the recent acquisitions;
- acquisition costs of £1.0m (2023: £0.9m) which includes £0.5m of professional fees associated with the Extrinsica and Accesspoint acquisitions;
- share-based payment charges of £0.5m (2023: £0.7m), the lower charge driven by a higher number of forfeited options in the year; and
- £0.5m exceptional non-recurring charge in the current year recorded within administration costs related to the change in CEO in September 2023.

In the prior year we had a non-recurring cost of sales item of £0.8m which was related to the energy crisis and specific cost notification timing issues. Given the exceptional and non-recurring nature of this item we felt it required to be drawn out separately to ensure a more meaningful understanding of the financial performance in that year.

After deducting these items from the adjusted profit before tax, the reported profit before tax was £8.7m (2023: £8.5m). In percentage terms the profit before tax margin[9] was a slight decrease to 6.9% (2023: 7.4%).

Earnings before interest and tax ("EBIT") in the year was £13.0m (2023: £11.4m), the increase consistent with the Adjusted EBIT[5] movement as the overall variance of the adjusted items year on year is only £0.1m.

Taxation

The tax charge for the year is £2.3m (2023: £1.5m). The tax charge for the year is made up of a corporation tax charge of £2.7m (2023: £0.9m) with a deferred tax credit of £0.4m (2023: charge of £0.6m). The effective rate of tax for the year is 26% (2023: 18%). In the current year, we have applied the 25% UK corporation tax rate to corporation tax (2023:19%), effective 1st April 2023. In addition, the tax charge in the year is the net result of higher taxable income and the effect of the full expensing relief available for capital investments. Given iomart is very much a UK business, then the UK headline corporate tax is still considered a reasonable recurring effective tax rate for underlying profits.

Profit for the year

After deducting the tax charge for the year from the profit before tax the Group has recorded a profit for the year of £6.4m (2023: £7.0m).

Earnings per share

The calculation of both adjusted earnings per share and basic earnings per share is included at note 12.

Basic earnings per share from continuing operations was 5.8p (2023: 6.4p), a reduction of 9%.

Adjusted diluted earnings per share[11], based on profit for the year attributed to ordinary shareholders before amortisation charges of acquired intangible assets, acquisition costs, share-based payment charges, exceptional non-recurring costs, and the tax effect of these items was 9.8p (2023: 10.9p), a reduction of 10%. Given the adjusted profit before tax shows a small increase this reduction in adjusted diluted earnings per share of 10% is mainly driven by the increase in the UK corporation tax to 25%.

Dividends

Our dividend policy, which has been in place for several years now, is based on the profitability of the business in the period measured with reference to the adjusted diluted earnings per share we deliver in a financial year. For the last few years we have been paying dividends at the maximum level allowed by our stated policy. The current policy is a maximum pay-out of 50% of adjusted diluted earnings per share. The Directors are proposing a final dividend of 3.00p (2023: 3.50p) which is at maximum level set by the dividend policy which we believe is fully appropriate given the recurring revenue nature of the Group, the level of operating cash which we deliver and the low level of indebtedness within the Group. As a result, along with the interim dividend of 1.94p (2023: 1.94p), which was paid in January 2024, the total dividend for the year is 4.94p (2023: 5.44p), the reduction reflecting the movement in the adjusted diluted earnings per share.

Acquisitions

Extrinsica

We completed the acquisition of Extrinsica on 5 June 2023 for an initial consideration of £4.0m, with a further cash payment of £0.4m made after the achievement of certain key customer targets. Of the initial consideration, £2m was satisfied by the issue of 1,562,500 new ordinary shares in iomart. The balance of £2.0m was paid in cash. We also repaid £3.7m of debt acquired on completion.

The sale and purchase agreement included the potential for a further £4.0m to £7.0m of contingent earn-out payments based on the profitability for the twelve months ending 31 March 2024. The business has seen growth since the acquisition but not at the pace assumed by the previous management. This was primarily due to slippage of certain assumed new customer project wins. As a result, no earn-out payments are payable. There was a final deferred payment due of £0.2m on achievement of certain key customer targets. This was paid subsequent to the year end in April 2024.

Accesspoint

We completed the acquisition of Accesspoint on 5 December 2023 for an initial consideration of £4.5m which was paid in cash on completion on a debt and cash free basis. Subsequent to the year end, a further £0.5m was paid in May 2024 on achievement of the final post acquisitions milestones. The acquisition also includes up to a further £1.4m contingent earn-out payment based on the profitability of Accesspoint for the twelve months ending 31 August 2024.

Cash flow and net debt

Net cash flows from operating activities

The Group continued to generate high levels of operating cash over the year. Cash flow from operations was £36.6m (2023: £33.8m) which represents a 97% conversion[12] of adjusted EBITDA (2023: 94%). This metric in prior year was somewhat distorted by the cash element of the non-recurring adjusting items of around £0.8m which if excluded from cash flow from operations would result in a conversion ratio of 96%.

Cash payments for corporation tax in the year were £0.7m (2023: refund of £0.05m), resulting in net cash flow from operating activities in the year of £35.9m (2023: £33.9m).

Cash flow from investing activities

Our strategy is to continue to reinvest some of the strong operating cash flow we generate back into the business both in the form of internal investments into our UK infrastructure but also in the continuation of our disciplined acquisition strategy. The Group invested a total of £21.7m (2023: £21.2m) during the year. In the current year, we paid equity consideration on the Extrinsica and Accesspoint acquisitions which, when net with the cash acquired, resulted in a £5.7m net outflow (2023: £10.3m related to the Concepta acquisition). The earn-out consideration on the Concepta and a contingent element of the Extrinsica acquisitions was also paid in the year resulting in an additional outflow of £4.2m (2023: £nil).

The Group continues to invest in property, plant and equipment through expenditure on data centres, network and on equipment required to provide managed services to both its existing and new customers. As a result, the Group spent £9.5m (2023: £8.9m) on assets. Most of the expenditure in the year was on operational items such as servers and storage to support customer deployments.

Expenditure was also incurred on development costs of £2.2m (2023: £1.9m) and on intangible assets of £0.1m (2023: £0.1m).

Cash flow from financing activities

In the current year, loan drawdowns of £7.6m (2023: £10.4m) were made from the revolving credit facility to support the initial equity consideration for the Extrinsica and Accesspoint acquisitions. We also repaid £3.7m of bank debt acquired from Extrinsica at completion.

Bank loan repayments of £2.0m (2023: £10.0m) were made in the year resulting in a closing drawn bank loan of £40.0m (2023: £34.4m). Cash received in the year from issue of shares was £7k (2023: £5k). We also made dividend payments of £6.1m (2023: £6.1m); paid finance costs of £3.1m (2023: £2.2m) and made lease repayments of £5.0m (2023: £4.9m).

Net cash flow

As a consequence of the above component elements and working capital movements in the year, our overall cash position was an inflow of £1.9m (2023: £1.5m outflow) which resulted in cash and cash equivalent balances at the end of the year of £15.8m (2023: £13.8m).

Net Debt

The net debt position of the Group at the end of the year was £42.3m (2023: £39.8m) as shown below. The net debt position represents a multiple of 1.1 times[13] our adjusted EBITDA (2023: 1.1 times) which we believe is a comfortable level of debt to carry given the recurring revenue business model and strong cash generation in the business.

	2024 £'000	2023 £'000
Bank revolver loan	40,000	34,400
Lease liabilities	18,091	19,180
Less: cash and cash equivalents	(15,755)	(13,818)
Net Debt	**42,336**	**39,762**

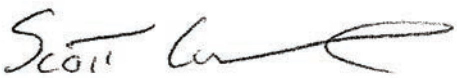
The Group has access to a £100m Revolving Credit Facility ("RCF") provided by a banking group consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank, that matures on 30 June 2026 which also benefits from a £50m Accordion Facility. The RCF has a borrowing cost at the Group's current leverage levels of 180 basis points over SONIA.

The decrease in the lease liability to £18.1m (2023: £19.2m) reflects expected payments on property arrangements and that there were no material revisions to existing leases.

Post balance sheet event

Following the acquisition of VMware by Broadcom, iomart has been selected as one of only seven UK strategic Broadcom VMware partners. The iomart Board during May 2024 approved the decision to commit to a 5 year licence programme with Broadcom. This commitment ensures our existing customers continue to benefit from our deep VMware know-how and capability and will allow us to support new customers who now require an intermediary partner to support their own requirements. As for many organisations globally, the new licence fees will represent a higher cost burden from that of the previous licence consumption arrangements of the past. Prior to various mitigations actions, and ultimately recovery from our customer base over time, such increase is around 60%. For iomart we will be seeking to ensure as much platform optimisation takes place as possible but we will also, in combination, seek to ensure the higher cost is recovered at customer renewals. There will be a timing lag on recovery over the coming 12 months which will impact the first half in particular. Our status as a Broadcom VMware Pinnacle partner does offers up a new revenue stream from smaller managed service providers and also end users who can no longer transact directly with VMware but this will be lower margin activity.

As at the date of this report, we await final contractual agreements from Broadcom. As a result, at this date, we have not entered into a legally binding arrangement. It is likely that the full 5 year commitment will have an approximate £15m value, with cash payments made during the course of the term. It is likely that, given the different characteristic and length of the licence commitment, rather than a variable operating cost item, the equivalent cost will be recorded as an intangible asset and amortised appropriately over the 5 year period. Based on this expecting accounting treatment this will change the cost classification within the statement of comprehensive income with what was previously recorded as a cost of sale item now, due to the new arrangements outlined above, going forward being recorded as intangible amortisation.



Scott Cunningham

Chief Financial Officer

11 June 2024

Definition of alternative performance measures:

[1] Recurring revenue is the revenue that repeats either under long-term contractual arrangement or on a rolling basis by predictable customer habit. % of recurring revenue is defined as Recurring Revenue (as disclosed in note 3) / Revenue (as disclosed in the consolidated statement of comprehensive income)

[2] Gross profit margin % is defined as Gross Profit / Revenue as a % (both as disclosed in the consolidated statement of comprehensive income)

[3] Adjusted EBITDA (as disclosed in the consolidated statement of comprehensive income) is earnings before interest, tax, depreciation and amortisation (EBITDA) before share-based payment charges, acquisition costs and exceptional non-recurring costs. Throughout these financial statements acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

[4] Adjusted EBITDA margin % is defined as adjusted EBITDA (as disclosed in the consolidated statement of comprehensive income) / Revenue (as disclosed in the consolidated statement of comprehensive income) as a %

[5] Adjusted EBIT is earnings before interest and tax (EBIT) before amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs. Throughout these financial statements acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

[6] Adjusted EBIT margin% is defined as adjusted EBIT / Revenue (as disclosed in the consolidated statement of comprehensive income) as a %

[7] Adjusted profit before tax (as disclosed on page 18) is profit before tax, amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs.

[8] Adjusted profit before tax margin % is defined as adjusted profit before tax (as disclosed on page 18) / Revenue (as disclosed in the consolidated statement of comprehensive income) as a %

[9] Profit before tax margin % is defined as Profit before Tax / Revenue (both as disclosed in the consolidated statement of comprehensive income) as a %

[10] EBIT is earnings before interest and tax

[11] Adjusted diluted earnings per share is earnings before amortisation charges on acquired intangible assets, share-based payment charges, acquisition costs and exceptional non-recurring costs and the tax impact of adjusted items /weighted average number of ordinary shares – diluted (as disclosed in note 12)

[12] Cash flow from operations / Adjusted EBITDA % is defined as cash flow from operations (as disclosed in the consolidated statement of cash flows) / Adjusted EBITDA (as disclosed in the consolidated statement of comprehensive income) as a %

[13] Net debt / Adjusted EBIDTA level ratio is defined as Net Debt (as disclosed on page 21) / Adjusted EBITDA (as disclosed in the consolidated statement of comprehensive income)

The Board of Directors, who are responsible for the Group's system of risk management and internal controls, have established systems to ensure that an appropriate level of oversight and control is provided to manage principal risks and uncertainties identified that could have a material impact on the Group's performance. The Group's system of risk management and internal controls, which are reviewed for effectiveness by the Audit Committee and the Board at least on an annual basis, are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks of failure to achieve business objectives, as any system can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Board delegates oversight of certain risk management activities to the Audit Committee. The Board ensures that it controls the risk appetite through the Group's delegated authorities and matters reserved for the Board. In addition, the Board must approve any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.

Risk management approach

A risk management framework is in place which sets out the ongoing processes for the identification, assessment and management of risks, and for their ongoing monitoring and review. Effective risk management is essential to enable us to deliver on the Group's strategy and to achieve our operational objectives.

The risk management framework sets out our approach to risk management which is designed to support our identification of risks to the business. Once identified, risks are given a gross score, based on an approved risk scoring matrix, based on the Group's assessment of the likelihood and impact of the risk occurring. Each risk is assessed with a risk response and is re-assessed and given a net score based on the strength of mitigating controls that are in place. This process is documented in our Group risk register which is reviewed annually by the Audit Committee.

In the current year, the Group has continued to apply its risk management framework and risk assessment process to monitor the relevant identified risks to the Group in order to execute and deliver the Group's strategy. Quarterly risk management sessions were held with the Executive Directors and senior management to perform a detailed review of the Group risk register and risk map to review the identified significant risks, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of the identified risks. These reviews included a robust assessment of the Group's emerging risks taking into consideration internal and external insights to identify key emerging risks for further consideration, monitoring and action planning. Any emerging risks identified are captured on the Group's risk register.

More details on the Group's control framework is provided in the Corporate Governance report and details of financial risks are outlined in note 30.

Risk control assurance

We have strong management controls, including policies and procedures, together with management oversight. We have internal assurance through a detailed review of risks, including operational and commercial risks, and functional oversight and monitoring of risks. The Board and Executive team review the Group's financial and operational performance through comprehensive financial reporting processes including monthly reporting of financial performance compared to budget, forecasts and the prior year and monitoring of key performance indicators related to various risks of the business.

In addition, we have independent assurance through our internal audit programme led by Ernst and Young LLP ("EY). The internal audit plan for the year is approved by the Audit Committee.

Principal risks and uncertainties

Through the above process, potential material risks and uncertainties remain similar to the prior year. These risks are as follows:

Staff

As with any service organisation iomart is dependent on the skill, experience and commitment of its employees and especially a relatively small number of senior staff. The performance of the Group could be adversely affected if the required staffing levels are not maintained or senior staff are not retained. The Group seeks to recruit and retain suitably skilled and experienced staff by offering a challenging and rewarding work environment. This includes competitive and innovative reward packages and a strong commitment to training and development. The Group also has the ability to manage and recruit resource across multiple locations which creates, to some degree, flexibility on where we recruit and how we deploy our resources.

Data centre operation

Any downtime experienced at our data centres would immediately have an impact on our ability to provide customers with the level of service they demand. Should the Group be unable to provide the required level of service this could have an adverse effect on the Group's performance through the loss of customers and reputation. Our ongoing investment in preventative maintenance and lifecycle replacement programme ensures our data centres continue to operate effectively. We also continually look at new innovations and technology within the sector that can help to deliver operational efficiency and effectiveness in line with our ISO50001 energy management system, and our obligations within the CRC Energy Efficiency Scheme.

Network

The Group provides an essential service to an extensive client base many of whom rely on the provision of that service for their major internet presence. The service we provide to customers is dependent on the continued operation of our diverse fibre network which connects our data centre estate. Should the network fail, there would be an adverse impact on customers and any diminution in the level of service could have serious consequences for customer acquisition and retention. The Group has implemented a resilient network throughout its data centre estate with no single points of failure to ensure the likelihood of network failure is minimised.

Data and Cyber Security

There has been a sharp rise in recent years in cyber and data related crime. The security of customer, commercial and personal data presents both a reputational and financial risk to the Group. The Group continues to make substantial investment in physical and data security systems and to promote a culture within the organisation which embeds security across all of our operations. iomart continues to develop our security portfolio to equip our customers with the means to counter the types of security threats our clients face. We continue to focus on enhancing our internal process improvement, security awareness and training to ensure we provide solutions which customers can rely on. The Group also carries specific insurance in relation to cyber related crime. Our contracts and associated schedules with customers make it clear where responsibilities lie in relation to the roles and responsibilities of each party for the security of data and data protection in general.

Competition and product portfolio

iomart operates in a competitive and fluid marketplace and while the Directors believe the Group enjoys significant strengths and advantages in competing for business, some of the competitors are significantly larger, allowing them to offer similar services for lower prices than the Group would be prepared to match, or launching new product offerings with significantly enhanced features. Consequently, these competitors could materially adversely impact the scale of the Group's revenues and its profitability. In response to this, we maintain a broad customer base, with currently no single customer with more than 2% of our annual revenue. We also mitigate the risk by establishing strong relationships with our customers, developing tailor-made and value-creating solutions and delivering excellent service performance while being cost competitive in our day-to-day business. Our development team are continually working towards both enhancing, and augmenting, the services and products we currently offer. Our product board meets regularly to keep abreast of new technology which could enhance the Group's service portfolio. During the year we established a new executive position of Chief Portfolio Officer and have invested in our product capabilities through the recruitment of product managers for each product portfolio to build out our product marketing team. Furthermore, we have expanded our strategic partnerships team and establish new governance to ensure we maximise the benefits, and pricing, available from key vendor alliances and that our products stay relevant. This greater product led approach ensures we stay abreast of market developments and have a faster pace to our go to market initiatives.

Key suppliers

The Group is dependent on certain key suppliers for the continued operation of its business, the most significant of which are those for electricity, software, bandwidth and servers. Were any of these key suppliers to fail in their service provision to the Group this could have an adverse effect on the Group's ability to provide services to its customers. In all cases these supplies are obtained from reputable organisations chosen after a thorough selection process. After selection, the Group actively seeks to maintain good relationships with the chosen suppliers. The Group also seeks to maintain either several sources of supply or, in the case of electricity, alternative sources of power.

Inflationary pressure

In 2022, inflationary pressure was added to the Group's risk register as a risk. Our largest cost base is our people cost which is managed centrally with annual salary awards and reviews of our benefits packages to staff. Other significant costs relate to licence, data centre (including electricity) and connectivity costs. Monthly reviews are undertaken of the cost base and we are in discussion with customers and suppliers where we are seeing any inflationary impact. In addition, our pricing model is regularly reviewed to ensure that contracts are priced adequately to cover inflation risk.

Our UK data centres are large consumers of electricity to power servers and provide cooling. In 2022, due to unprecedented global events, the wholesale cost of energy rose sharply and experienced significant volatility. iomart's robust business model and customer arrangements ensured this additional energy cost was appropriately passed through to the customer base. While electricity costs remain high, the energy market is stable. We have a proactive hedging strategy in place which is administered on our behalf by energy consultants, Schneider Electric.

Growth management

The Group seeks to achieve high levels of growth through a combination of organic and acquisitive means. As a consequence, we need to continue to evolve as an organisation to meet the demands that such growth places on our business operations. Failure to evolve in the necessary way could lead to deterioration in overall business performance. As part of our annual strategy and budget review process, which is updated as necessary throughout the year, we identify the resource and organisational changes that are needed to support our growth. In addition, an integration and migration plan is produced for each acquisition that is made to ensure the acquired operation is successfully integrated into the Group's operations.

Acquisitions

The Group has a stated strategy to make acquisitions. This produces three areas of risk:

- Acquisition target risk – we may not be able to identify suitable targets for acquisition. Through a combination of internal research and external relations we maintain an active pipeline of potential acquisition targets;
- Acquisition integration risk – we may not integrate the acquired business into the Group in an effective manner and as a consequence could lose staff and customers of the acquired business. For each acquisition we prepare an integration and migration plan which includes the participation of the vendor to ensure successful integration of the acquired business into the Group's operations; and
- Acquisition performance risk – the acquired business may not perform in line with expectations. As a consequence, the expected financial performance of the operation may not be achieved with a resulting adverse effect on profits and cash flow. For each acquisition diligence and integration planning is undertaken and all potential synergies identified.

Effective stakeholder engagement is critical to the long-term success and sustainability of our business and the Board recognises its responsibility to take into consideration the needs and concerns of our key stakeholders as part of its discussion and decision-making processes. During the year, the Board and its Directors confirm they have acted in a way that promotes the success of iomart Group for the benefit of its members as a whole, and in doing so have had regard to the stakeholders and key matters set out in Section 172(1) (a) to (f) of the Companies Act 2006 ("Section 172") as follows:

S172 factor	Relevant disclosures
a) The likely consequence of any decision in the long term	Our Strategy and Business Model: page 15
b) The interests of the Group's employees	Stakeholder Engagement: page 25 Diversity, Equity and Inclusion: page 38 Ensuring the safety and wellbeing of our people: Directors Report page 50
c) The need to foster the Group's business relationships with suppliers, customers and others	Stakeholder Engagement: page 26 Directors Report: page 50 Modern Slavery Statement: page 38
d) The impact of the Group's operations on the community and the environment	Stakeholder Engagement: page 26 SECR reporting: pages 51- 52
e) The desire of the Group to maintain a reputation for high standards of business conduct	Corporate Governance Statement: pages 31 to 39 Whistleblowing policy: page 38
f) The need to act fairly between members of the Company	Stakeholder Engagement: page 25

How the Board keeps Section 172 on its agenda

- The Board considers that the Group's key stakeholders are its shareholders, employees, customers, suppliers and key partners and the environment. The Board uses its monthly board meetings as a mechanism to address and meet its obligations under Section 172 to ensure they consider the interests of stakeholders as follows:
- The Board holds an annual strategy day assessing the long-term plan of the Group and its impact on key stakeholders;
- Standing agenda items and papers presented at each monthly Board meeting including financial and operational reports, including reporting on people, sales and marketing, customer service, technology, product portfolio, M&A and the external market;
- The Board receives presentations from the Executive team on a regular basis giving updates on key activities which feeds into the decision-making process;
- The Chairs of the Audit, Remuneration and Nomination Committee provide regular updates to the Board on items within their remit; and
- The Group's risk management approach identifies principal risks facing the Group, and mitigating controls to manage the impact of the risks. Through attendance at the risk management sessions, the Board understand the risks relating to our stakeholder groups.

The Board and Directors recognise that they are expected to take into account the interests of stakeholders whilst prioritising the long-term success of the Group. This can mean that the interests of certain stakeholder groups in the short-term may need to be balanced against such long-term success.

We set out on pages 25 and 26 why effective engagement is important with each stakeholder and the principal methods of engagement. In all cases, the level of engagement informs the Board, both in relation to stakeholder concerns and the likely impact on decision-making. We set out the key Board decisions taken in the year ended 31 March 2024 and the stakeholder groups impacted by those decisions on pages 27 and 28.

Stakeholder Group	Why effective engagement is important	How we engage
Shareholders	Long-term strategic plans and growth for the business require strong relations with shareholders to ensure that the interests of our investors are aligned with the Company's strategic direction and purpose. We ensure that we provide open and transparent information to the market to allow investors, both existing and potential, to make effective and informed investment decisions.	- Annual report and financial statements and half year results - Results materials and presentations - Investor Roadshows following interim and year end results announcements - Trading updates - Stock exchange announcements, regulatory news service ("RNS") and press announcements with anonymised feedback provided by our brokers - Annual General Meeting - Chair and CEO engagement with significant shareholders - Dedicated investor section on iomart website
Employees	People are at the heart of everything we do and we recognise the key to our success is led by our employees. To deliver our strategic plans, we need to attract, develop, reward and retain valuable talent. Our culture defines the behaviours we all hold ourselves to account on and helps drive our strategy of building a high performing team.	- Regular townhalls with CEO, CFO and Executive team to help bring employees up to date with latest strategy and performance and allow for Q&A - Employee engagement surveys with results presented to the Board - Learning management system to support training requirements - Access to independent whistleblowing process - Senior management and Board visits to different locations - Chief People Officer invited to engage with the Board on areas including recruitment and retention and succession planning - HR team send regular communication to engage with employees on health and wellbeing with invitations to regular webinars - Regular 'iocomms' from the CEO providing updates on activity and news in the Company - Regular CEO led round table discussions and 'walkabouts' including an EDI focused webinar on International Women's Day, operational site visits, functional and regional team meetings and round tables - The Board receives monthly HR updates covering employee KPIs and updates on employee matters which drives a positive connection to the wider employee base For more information on how we engage with employees, see page 50.

Stakeholder Group	Why effective engagement is important	How we engage
Customers	Understanding the varying needs and challenges of our customers is critical to the Group's success and to ensuring we grow through organic and new customers. We engage with our customers to ensure we continue to enhance and develop our product portfolio to meet their needs.	- The Board receives updates on sales and customer feedback monthly, which informs strategic decisions - Chief Customer Officer and Chief Sales Officer are invited to engage with the Board on a regular basis to provide updates on performance to drive operational priorities to deliver a high-quality customer experience - We ensure that our customers have the opportunity to speak to their support team, account manager or a member of senior management throughout each stage of their customer journey - Regular service reviews to address feedback from customers - We host stands at key technology events and run our own private events to connect with existing and prospective customers For more information on how we engage with customers, see page 50.
Suppliers and key partners	To support our business model and strategy, we require an efficient and effective supply chain. Suppliers are critical to the products and service we provide to our customers including the development of our product portfolio and new products, competitive pricing and service delivery. The Group has a number of key strategic partners that we engage with to support delivery of our business in a number of key areas including IT infrastructure and communication products and services, software, provision of power and our landlords on leased property.	- Regular open and honest two-way interaction with suppliers - CEO and Chief Portfolio Officer ("CPO") engage with a number of key strategic partners and key vendor alliances to ensure we monitor the quality of our suppliers to optimise operational efficiency, ensure we receive the best level of service and continue to contract on favourable terms to support the business - CPO attends Board meetings to provide updates on strategic suppliers - The Board approves all key supplier contracts above certain thresholds in accordance with the Company's delegation of authority limits For more information on how we engage with suppliers, see page 50.
Environment	The Group recognises the environmental impact arising from our business activities and is committed to minimising the impact we have on the environment to secure the long-term future of the Group. The Group operates a number of data centres throughout the UK and we operate our data centres in a way intended to reduce the impact on our local environment, including the usage of energy and greenhouse gas emissions	- The Board considers and approves capital investments that support the Group's reduction in carbon emissions from our data centres - The Board receive regular management reports on energy performance and outputs of our data centres to demonstrate our commitment to Energy Saving Opportunities Scheme ("ESOS") and Streamlined Energy and Carbon Reporting ("SECR") - The Board also receive updates on compliance with ISO standards, environmental and energy efficiency management policies and updates on improvement activities through monthly Board reporting

Key Board decisions in the year

The following table covers the key decisions made during the year and the stakeholder group(s) impacted by these decisions.

Key Impact	Key decisions made	Key Stakeholder Group impacted
Long term strategy and performance of the Group	In February 2024, the Board held a strategy day to review the current position of the Group and develop the vision and strategy for the business including the M&A strategy. The Board considered the potential impact that the Group's growth plans might have on its key stakeholders to ensure that there is a healthy balance between growth, shareholder returns, internal and external factors and wider stakeholder considerations. The Board approved the Group's FY25 financial budget and three-year plan which took into consideration the strategic plan and any specific priorities and challenges faced by the Group. The Board considered the potential impact on our key stakeholders to ensure that the budget achieved a responsible balance between operating performance and short and long-term considerations that matter to our key stakeholders. The Board approved the transfer of trade of Cristie Data Limited to iomart Managed Services Limited, with the retirement of the Cristie Data brand which represents a further simplification of our corporate structure and reducing the number of go to market brands.	Shareholders, Employees, Customers, Suppliers, Environment
Financing and capital spend	The Board approves major capital expenditure in excess of £1m to support the capital investment of our infrastructure and data centres. During the year, the Board approved: • the £1.5m replacement of a cooling system in a key data centre to reduce the environmental impact going forward • the terms of the 10-year lease for our new Glasgow head office which we occupied in September 2023 The Board reviews the dividend policy and approved the interim and annual dividends taking into account the results and financial position of the Group.	Shareholders, Customers, Suppliers, Environment
Acquisitions	The Board approved the acquisition of Extrinsica Global Holdings Limited, the holding company of Extrinsica Global Limited and the acquisition of Accesspoint Group Holdings Limited, the holding company of Acessspoint Technologies Limited. The Board considers that these transactions are in line with the acquisition strategy of the Group and are in the interests of our key stakeholders. Extrinsica is a Microsoft Azure Cloud solution services provider with offerings including managed Azure Cloud, Azure solution design and implementation services, support & optimisation services and licencing. The Board consider that this acquisition provides iomart with deep Microsoft Azure expertise, strong customer references and a shared value and vision for how the Microsoft Practice in iomart should be shaped to support acceleration of growth. Accesspoint is an IT hosting partner focused on the UK legal industry since 2009. Accesspoint provides a suite of managed and hosted services including infrastructure hosting, software licensing, security management, business continuity services and communications provisioning. The Board consider this acquisition provides iomart with deep industry expertise and a strong reputation within the legal sector. The addition of the new customer base when combined with iomart's existing legal customers consolidates iomart's position in a key sector.	Shareholders, Employees, Customers, Suppliers

Key Board decisions in the year (continued)

Key Impact	Key decisions made	Key Stakeholder Group impacted
Capital	The Board recognises the importance of promoting the success of the Company for the benefits of its shareholders. During the year, the Board approved the update to the iomart Group plc sharesave scheme rules and 2024 Sharesave plan in January 2024 for all employees in the Group.	Shareholders, Employees
Suppliers	As noted in the CFO report on page 21, in May 2024, the Board approved the commitment to a 5-year licence programme with Broadcom. This commitment ensures our existing customers continue to benefit from our deep VMware know-how and capability but will also allow us to support new customers who require an intermediary partner to support their own requirements.	Suppliers, Customers

The Strategic Report on pages 3 to 28 has been approved by the Board and is signed on its behalf:

Scott Cunningham

Chief Financial Officer

11 June 2024

LUCY DIMES, CHIEF EXECUTIVE AND EXECUTIVE CHAIR

Date of appointment – August 2022 as Non-Executive Chair changing to Executive Chair in July 2023. In September 2023, Lucy took up the position of Chief Executive Officer

Committee Membership – As at 31 March 2024, Lucy is not a member of any committee. For details of her membership to committees throughout the year, see page 35 of the Corporate Governance statement.

Background and experience

Lucy brings extensive experience across the technology, telecoms and business services sectors, gained from a successful international executive career at BT plc, Alcatel-Lucent (now Nokia), Fujitsu, Virgin Money plc, UBM plc and Equiniti Group plc.

Lucy holds an MBA from London Business School, a First Class Degree in Business from Manchester Metropolitan University, and attended the Global Women Leadership Programme at Harvard Business School.

External appointments

Lucy is also a Non-Executive Director of Babcock International Group plc and a member of their Remuneration, Audit, Nomination and UK Security Committees. She is the Founder and Director of Paradimes Services Ltd, a consultancy and advisory business, and was previously an NED for Berendsen plc from 2012 to 2016 prior to their acquisition by Elis S.A.

SCOTT CUNNINGHAM, CHIEF FINANCIAL OFFICER

Date of appointment - September 2018

Background and experience

Scott is a chartered accountant having trained with Arthur Andersen where he became a senior manager providing audit and transaction support services to both public and private companies. Leaving Arthur Andersen in 2001, Scott joined Clyde Blowers and performed a number of roles including Group Financial Controller for the Clyde Bergemann Power Group from 2003 to 2006. He became Director of Corporate Finance and Company Secretary for AIM listed InterBulk Group plc in February 2006 and, in April 2007, Scott became Group Finance Director for InterBulk Group plc until it was successfully sold to Den Hartogh in March 2016. Immediately prior to joining iomart he was an Investment Director at Clyde Blowers Capital.

ANGUS MACSWEEN, NON-EXECUTIVE DIRECTOR

Date of appointment – March 2000, appointed as Non-Executive Director in October 2020

Background and experience

Angus founded iomart in December 1998 following 15 years spent creating and selling businesses in the telephony and internet sector. In 1984, after a short service commission in the Royal Navy, Angus started his first business selling telephone systems. He then grew and sold five profitable businesses – including Prestel, an online information division of BT, which he turned into one of the UK's first internet service providers. Following the sale of Teledata Limited, the UK's leading telephone information services company, to Scottish Telecom plc, Angus then spent two years on the executive of Scottish Telecom plc where he was responsible for the development of the company's internet division. Angus was Chief Executive Officer until he retired on 1 October 2020 and was appointed as a Non-Executive Director on the same day.

KARYN LAMONT, NON-EXECUTIVE DIRECTOR

Date of appointment - February 2019

Committee Membership - Audit (Chair), Remuneration and Nomination

Background and experience

Karyn is a chartered accountant and former audit partner at PricewaterhouseCoopers LLP. She has over 25 years of experience, 13 years as an audit partner, and provided audit and other services to a range of clients across the UK's financial services sector, including outsourcing providers. Her specialist knowledge includes financial reporting, audit and controls, risk management, regulatory compliance and governance. Karyn left PricewaterhouseCoopers LLP in 2016.

External appointments

Karyn is a Non-Executive Director, and Audit Committee Chair of Scottish Building Society, North American Income Trust plc, Scottish American Investment Trust plc and Ediston Property Investment Company plc.

ANNETTE NABAVI, NON-EXECUTIVE DIRECTOR

Date of appointment – May 2023

Committee Membership - Remuneration (Chair - appointed 1 June 2023)

Background and experience

Annette brings over 30 years of experience in operational and advisory roles in the technology sector including significant expertise in driving growth through acquisition and partnerships. Annette currently sits on the board of Eleco plc, an AIM listed software company, and serves as the Senior Independent Director and Chair of its Remuneration Committee. She has held several Non-Executive Director roles, including a seven-year tenure at AIM listed Maintel Holdings Plc, a cloud and managed services company, where she also chaired the Remuneration Committee. She has substantial experience in the area of Remuneration through her involvement with the Quoted Companies Alliance (QCA), where she supported the update to the Remuneration Committee Guide.

External appointments

Annette is a Non-Executive Director, and Remuneration Committee Chair at Eleco plc and is Finance Director for Women in Telecoms and Technology, a Not-for-Profit organisation.

ADRIAN CHAMBERLAIN, SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Date of appointment - June 2023

Committee Membership - Audit, Remuneration and Nomination (Chair- appointed 26 September 2023)

Background and experience

Adrian has considerable experience across the technology and telecoms sector, having spent a significant period of his executive career with Cable & Wireless plc before becoming CEO of Message Labs and then Achilles, both cloud-based SaaS businesses. He has substantial experience in strategy formulation, growing turnover and establishing presence in new markets. Adrian was previously the Chair of the Board of eConsult Health Ltd, a cloud-based SaaS business in the healthcare sector and a Non-Executive and Senior Independent Director at Cambridge University Hospitals NHS Foundation Trust.

External appointments

Adrian is a Non-Executive Director at Alfa Financial Software Holdings plc, a listed global software provider.

On behalf of the Board, I am pleased to present our Corporate Governance report for the year ended 31 March 2024. As Chair of the Board, I am responsible for ensuring that the Board operates effectively and that it continues to uphold a high standard of corporate governance with strong procedures and policies that are considered appropriate to the nature and size of the Group. The Board understands the importance of ensuring that there is a strong governance framework in place which underpins the Group's ability to achieve its strategic goals and aims to improve continually our processes and risk management to support the continued growth of the Company. The Board reviews governance arrangements on an ongoing basis to ensure that they remain fit for purpose and that our governance model continues to support our business.

The Board understand and are committed to ensuring a clear division of responsibility between the CEO and Chair. Due to my appointment as CEO on 18 September 2023, there has been a period in which I have performed the role of CEO and Chair. Following a proper and robust search process, Richard Last was appointed as the Group's new independent Non-Executive Chair with effect from 12 June 2024, re-establishing the clear division of responsibility in these roles.

The Company continues to adopt the Quoted Companies Alliance ("QCA") code and this report describes our approach to governance and how the principles of the QCA code have been fully complied with during the year.

Stakeholder engagement

Engagement with our stakeholders is critical to the long-term success of the Group and it is my role to manage the Board in the best interests of the Group's many stakeholders and be responsible for ensuring the Board's integrity and effectiveness. As outlined in our stakeholder engagement report on pages 24 to 28, the Board recognises its responsibility to take into consideration the needs and concerns of all our stakeholders as part of our discussions and decision-making process and remains committed to strengthening business relationships.

A culture of strong corporate governance is essential to our future growth and I am confident that our approach to governance provides a robust framework to support the achievement of our strategic plan.

Lucy Dimes

CEO and Chair

11 June 2024

The Board

Role of the Board

The Board's principal role is to provide effective leadership of the Group and establish and align the Group's values, strategic plans and culture. The strategic report describes the business model on page 15 and explains the basis on which the Group generates value and outlines the long-term strategy of the Group.

It is the Board's role to ensure that the Group is managed for the long-term benefit of all its stakeholders and is responsible for delivering shareholder value by developing the Group's strategic plans. The Board strives to deliver effective and efficient decision making incorporating the needs of our many stakeholders to support the Group's strategy in the best interest of all the Group's stakeholders.

The Board is responsible for overseeing the Group's external financial and other reporting requirements and for ensuring that a robust framework of governance and controls exist which allow for the identification, assessment and management of internal controls and risk management to support the continued growth of the business.

There is an approved formal schedule of matters reserved for the Board which includes, but is not limited to:

- approval of strategic plans, annual financial budgets and business plans;
- approval of material acquisitions, contracts, major capital expenditure and disposal of major assets;
- changes relating to the Group's structure and shares;
- approval of the annual report and interim financial statements, trading statements, preliminary announcements and accounting policies;
- approving any significant funding facilities; and
- approval of the dividend policy at half-year and year end.

The Board meets regularly as required but including, as a minimum, ten scheduled meetings per annum, to discuss and agree on the various matters brought before it, including the trading performance of the Group. Information of a sufficient quality is supplied to the Board in a timely manner. In addition, there is regular communication between Executive and Non-Executive Directors, where appropriate, to update the Non-Executive Directors on matters requiring attention prior to the next Board meeting.

Board Structure and division of responsibilities

The Group is led by a strong and experienced Board of Directors which brings depth and diversity of expertise to the leadership of the Group. The Board has an appropriate balance of skills, experience and knowledge of the Group and its market to enable it to discharge its duties and responsibilities effectively. The Board recognises that to remain effective it must keep the composition of the Board under review to continue to ensure the right mix of skills and business experience to support the effective functioning of the Board, helping to ensure matters are fully debated and that no individual or group dominates the Board decision-making process.

Board biographies of all Board members giving details of their experience and other directorships are included on pages 29 to 30. The Board has concluded that other directorships held by any Board member do not detract from their ability to discharge their responsibilities effectively.

The responsibilities of the roles within the Board are set out below:

Role	Principal responsibilities
Chief Executive Officer	-Day-to-day responsibility for the effective management of iomart and ensuring Board decisions are implemented -Lead the Group to ensure the Group's strategic plan and other key business objectives are delivered upon -Providing regular operational updates to the Board on significant matters relating to the Group's operations -Ensure effective communication with shareholders and other key stakeholders - Monitors the Group's principal risks taking into consider the Board's risk appetite - Responsible for managing the Group's Environmental, Social and Governance (ESG) initiatives -Chairs the Group's Executive Committee which comprises the Chief Financial Officer and senior executives who manage the day-to-day operation of the Group's business
Chief Financial Officer	- Overall responsibility for management of the financial risks of the Group - Accountable for financial reporting to the Board and shareholders on the Group's financial performance - Responsible for ensuring a strong financial control environment that delivers robust financial reporting information to support decision making - Identifying and assessing potential acquisitions to drive our M&A strategy
Non-Executive Chair	-Leads the Board and sets the tone, promoting a culture of open and honest debate at Board meetings - Sets the Board's agenda and chairs Board meetings to encourage constructive challenge of the Executive Directors - Facilitates effective communication between Executive and Non-Executive Directors and encourages contribution and discussion -Ensures all Directors receive sufficient and relevant information prior to meetings to allow independent judgement and effective challenge of Board decision making -Works closely with the Chief Executive Officer on key strategic decision -Maintains and supports communication channels with shareholders as appropriate
Non-Executive Director	- Provide independent, constructive challenge to Executive Directors - Bring independent insight, scrutiny and a diverse range of skills and experience to Board decision making - Strengthen governance through Committee memberships to support delivery of the Group's strategy - Challenge whether the Group's risk management and internal control framework is robust
Senior Independent Director	-Acts as a sounding board for the Chair and, if and when appropriate, serves as an intermediary for other Directors -Available to shareholders if they have concerns that are not addressed through other channels

The Chief Executive Officer and Chief Financial Officer are supported by a highly committed and experienced Executive team, with the qualifications and experience necessary to run the Group and are responsible for monitoring the performance of the senior management team. Overall, there is a clear division of responsibilities between the running of the Board and the Executives responsible for delivering on the Group's strategic plan, to ensure that no one person has unrestricted powers of decision. As noted on page 31, there has been a short period of time where Lucy Dimes has performed the role of CEO and Executive Chair, however, where appropriate the Senior Independent Director was involved for any areas where there was potential conflict of interest.

Company Secretary

The Company Secretary supports the Chair and Chief Executive Officer on all matters of governance and is available to all Directors for advice and support. The Company Secretary is responsible to the Board for ensuring the Board procedures are properly complied with and that the discussions and decisions are appropriately minuted.

Independence

At the year end, the Board considers that all Non-Executive Directors serving are independent with the exception of Angus MacSween. Angus MacSween was appointed as a Non-Executive Director to the Board on 1 October 2020 after resigning as CEO and is not currently appointed to any of the Board's committees.

Annette Nabavi and Adrian Chamberlain were appointed as a Non-Executive Directors on 25 May 2023 and 1 June 2023 respectively taking the Board composition, at that time, to a majority independent position. Following the appointment of Lucy Dimes as CEO on 18 September 2023, as she was CEO and Chair, the Board comprised three independent and three non-independent directors. As announced on 11 June 2024, Richard Last has been appointed as Non-Executive Chair effective from 12 June 2024, bringing the Board back to a majority independent position.

At the date of this report, following the appointment of Richard Last as Non-Executive Chair, the Board now has seven members, comprising two Executive Directors, being the Chief Executive Officer and Chief Financial Officer, and five Non-Executive Directors.

Composition of and Appointments to the Board

The composition of the Board ensures an appropriate balance of Executive and Non-Executive Directors and when appointing new Directors to the Board there are formal, rigorous and transparent procedures in place to ensure consideration is given to the particular skills, knowledge and experience that a potential new member could add to the existing Board composition. A formal process is undertaken, which may involve external recruitment agencies, with appropriate consideration being given, in regard to Executive appointments, to internal and external candidates. Before undertaking the appointment of a Non-Executive Director, the Chair establishes that the prospective Director can give the time and commitment necessary to fulfil their duties, in terms of availability both to prepare for and attend meetings and to discuss matters at other times.

The Chair is responsible for ensuring that all the Directors continually update their skills, their knowledge and familiarity with the Group in order to fulfil their role on the Board and the Board's Committees. Updates in relation to changes in legislation and regulation relevant to the Group's business are provided to the Board by the Company Secretary, Chief Financial Officer and through the Board Committees. In addition, The Board receive annual updates from our Nominated Advisor ("NOMAD") on any updates to AIM rules market abuse regulations and other and regulatory requirements.

Directors may seek independent professional advice at the Company's expense in furtherance of their duties as Directors.

Training in matters relevant to their role on the Board is available to all Board members. New Directors are provided with an induction in order to introduce them to the operations and management of the business, key business and financial risks and the latest financial information about the Group.

Board Evaluation

The Board, led by the Chair, undertakes a formal and rigorous evaluation of its own performance annually and that of its Committees and individual directors to identify areas for improvement. Each year a formal evaluation is conducted by means of a detailed questionnaire which is completed by each Director. The results of this process are first reviewed by the Chair and then discussed by the Board collectively. The annual evaluation includes a review of the performance of individual Directors, including the Chair, and the Board Committees. The most recent evaluation during the year concluded that the Board and the relevant Committee performance had been satisfactory. There are no outstanding actions from this year's process other than acknowledgement by the Board of the need to appoint an independent Non-Executive Chair, which was already underway at the time of the evaluation, and has been completed at the date of this report.

Board Committees

The Board has established three committees to deal with specific aspects of the Board's affairs: Remuneration, Nomination and Audit Committees. Each Committee has formal terms of reference which are approved by the respective Committee and can be found in the investor section of the Group's website. The effectiveness of all Committees is reviewed as part of the Board evaluation exercise. The Executive Directors may be invited to attend Committee meetings, where appropriate, except where matters under review by the Committee relate to them. The Chair of each Committee reports to the subsequent meeting of the Board giving an update on the Committee's work.

Committee	Committee Responsibilities
REMUNERATION COMMITTEE **Chair:** Richard Masters (1 April 2023 to 31 May 2023) Anette Nabavi (from 1 June 2023) **Other members:** Lucy Dimes (1 April 2023 – 26 September 2023) Adrian Chamberlain (from 1 June 2023) Karyn Lamont	The Remuneration Committee oversees the Group's remuneration policy, strategy and implementation and is responsible for reviewing and making recommendations to the Board on the total remuneration packages of the Executive Directors which includes: - making recommendations to the Board on the Group's policy on Directors' remuneration and long-term incentive plans (including share option schemes for Directors'); - ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors of the calibre required by the Group; -ensuring that remuneration is in line with current industry practice; and - reporting to the Board on all matters within its duties and responsibilities.
NOMINATION COMMITTEE **Chair:** Lucy Dimes (1 April 2023 to 26 September 2023) Adrian Chamberlain (member from 1 June 2023, Chair from 26 September 2023) **Other members:** Karyn Lamont Richard Masters (1 April 2023 – 5 September 2023) Annette Nabavi (from 1 June 2023)	The Nomination Committee considers the selection and re-appointment of Directors. Its terms of reference include: - reviewing the structure and composition of the Board; - identifying and nominating for approval candidates to fill Board vacancies; - evaluating the balance of skills, knowledge experience and diversity of the Board; - review results of the Board performance evaluation process; and - reporting to the Board on all matters within its duties and responsibilities. In the current year, the Nomination Committee, was responsible for recommending the appointments of Annette Nabavi and Adrian Chamberlain as Non-Executive Directors, Lucy Dimes as Chair and Chief Executive Officer and post year end, Richard Last, as Non-Executive Chair. Lucy Dimes was excluded from the Nomination Committee process for her appointment as Chair and Chief Executive Officer.
AUDIT COMMITTEE **Chair:** Karyn Lamont **Other members:** Lucy Dimes (1 April 2023 – 5 September 2023) Richard Masters (1 April 2023 – 5 September 2023) Adrian Chamberlain (from 5 September 2023) Annette Nabavi (from 5 September 2023)	The Audit Committee has recent and relevant experience and is authorised by the Board to conduct any activity within its terms of reference and to seek any information it requires from any employee. During the year, the Audit Committee provided oversight of the financial reporting process to ensure information gives an accurate position of the Group's position, performance, business model and strategy. In addition, the Committee continued to oversee the risk management and internal control systems. The Audit Committee terms of reference include reviewing and monitoring: - interim and annual reports, including consideration of the appropriateness of accounting policies and material assumptions and estimates adopted by management; - developments in accounting and reporting requirements; - the external auditor's plan and scope for the year end audit of the Group and its subsidiaries and reviewing the audit findings; - the performance and independence of the external auditor concluding in a recommendation to the Board on the reappointment of the auditor by shareholders at the Annual General Meeting;

Committee	Committee Responsibilities
AUDIT COMMITTEE (continued)	- approval of internal auditor's annual plan and individual audits terms of reference, reviewing the internal audit reports and recommendations and status of outstanding actions. In addition, the Audit Committee carry out an annual assessment of the effectiveness of the outsourced the internal audit function in the overall context of the Group's risk management programme; - the risk management framework and risk assessment covering the systems of internal control and their effectiveness, reporting and making recommendations to the Board on the results of the review and receiving regular updates on key risk areas of financial control; - the performance and independence of the external auditor concluding in a recommendation to the Board on the reappointment of the auditor by shareholders at the Annual General Meeting; - non-audit fees charged by the external auditor and internal audit fees; - approval of engagement terms entered into, and remuneration, with the external and internal auditors; - review the Group's procedures for detecting fraud; and - monitors the Group's arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting and other areas including an external whistleblowing service to take calls from employees. For more details on the Group's whistleblowing policy, see page 38.

Significant areas considered by the Audit Committee in relation to the 2024 financial statements are set out below:

Areas of estimates	Matter Considered and Role of the Audit Committee
Impairment of goodwill	The Audit Committee considered the carrying value of goodwill at 31 March 2024. The Committee reviewed the appropriateness of cash flow projections and the significant financial assumptions used, including the selection of appropriate discount rate and long-term growth rates. These projections and assumptions were further challenged through the use of sensitivity analysis. As set out in note 13 to the consolidated financial statements, no impairments of goodwill resulted from this exercise and the Committee did not consider that a reasonably possible change in the assumptions would cause an impairment to be recognised.
Business combinations valuation of intangible assets and fair value adjustments on acquisition	During the year ended 31 March 2024, the Group completed the acquisition of Extrinsica Global Holdings Limited and Accesspoint Group Holdings Limited (note 11). The Committee considered the calculations supporting the fair value of assets and liabilities acquired and reviewed the supporting papers prepared by management to support the value of intangibles acquired and any fair value adjustments required.
Valuation of Contingent consideration	The acquisitions in the year involve a potential payment of contingent consideration, the Committee reviewed the fair value assessment prepared having regard to criteria on which any sum due will be calculated and challenged the probability of payment being required (note 20).

As appropriate, representatives of the external and internal auditors also attend Audit Committee meetings. The Chair of the Committee also meets separately with senior management, the external auditors and internal auditors.

The Audit Committee is responsible for monitoring the independence, objectivity and performance of the external auditors and for making a recommendation to the Board regarding the appointment of external auditors. Deloitte LLP have confirmed to the Committee that, in relation to their services to the Group, they comply with UK regulatory and professional requirements, including Ethical Standards issued by the Auditing Practices Board and that their objectivity is not compromised.

The auditors are required each year to confirm in writing that they have complied with the independence rules of their profession and regulations governing independence. Before Deloitte LLP takes on any engagement for other services from the Group careful consideration is given as to whether the project could conflict with their role as auditor or impair their independence. In the year ended 31 March 2024, the only non-audit services performed by Deloitte LLP related to the interim review and covenant compliance review both of which are a permitted service.

The Group received a letter from the Financial Reporting Council ("FRC") in February 2024 following a review of the Group's Annual Report and Financial Statements for the year ended 31 March 2023. The FRC requested additional information on the application of the requirements of IFRS 3 'Business Combinations' in relation to whether contingent consideration should be classified as acquisition consideration or as post-acquisition remuneration. The Audit Committee reviewed the FRC letter and the Group's response and was satisfied that the response addressed the matter raised and confirmed that the vendors were not contractually required to remain in employment after the acquisition date. In March 2024, the FRC confirmed the review was closed.

In the current year, two specific weaknesses in the Group's IT controls were identified by the external auditors which were reported to management and the Audit Committee. One finding related to an internal system migration during the year which unfortunately had not considered, in the planning, what requirements the auditors would need within the context of testing IT controls. Subsequent to the migration the external auditors reperformed the data migration. The other finding related to one staff member having unknown privileged access to the finance system. This has been corrected and there was no wider impact. Because of these two matters, the external auditors could not place IT controls reliance in their testing of certain areas and performed alternative substantive work.

Attendance at Board and Committee Meetings

Attendances of Directors at Board and Committee meetings convened in the year, along with the number of meetings that they were invited to attend, are set out below:

	Board	Remuneration Committee	Audit Committee	Nomination Committee
Lucy Dimes - Chief Executive Officer* and Chair	10(10)	5(5)	1(1)	2(2)
Scott Cunningham - Chief Financial Officer	10(10)	-	-	-
Karyn Lamont - Non-Executive Director	9(10)	9(9)	4(4)	2(2)
Angus MacSween - Non-Executive Director	9(10)	-	-	-
Annette Nabavi - Non-Executive Director	9(9)	6(6)	3(3)	2(2)
Adrian Chamberlain - Non-Executive Director	8(8)	6(6)	3(3)	1(1)
Reece Donovan - Chief Executive Officer*	4(4)	-	-	-
Richard Masters - Non-Executive Director	2(3)	3(3)	1(1)	1(1)

Figures in brackets indicate the maximum number of meetings in 2023/2024 for which the individual was a Board or Committee member.

**Reece Donovan was CEO up to 15 September 2023 and was replaced by Lucy Dimes on 18 September 2023*

In advance of all Board meetings the Directors are supplied with detailed and comprehensive board papers covering the Group's financial and operational performance. Where any Board member has been unable to attend Board or Committee meetings, their input has been provided to the Company Secretary or Committee Chair ahead of the meeting.

Risk management and internal control

The approach to risk management and the principal risks of the Group are set out on page 22. The Board confirms that procedures to identify, evaluate and manage the significant risks faced by the Group have been in place throughout the year and up to the date of approval of the Annual Report.

The Group's internal audit activity is outsourced to Ernst and Young LLP ("EY"). The activities of the internal audit function are governed by an internal audit charter which has been approved by the Audit Committee along with the annual internal audit plan. EY attend all Audit Committee meetings during the year and meet with the Audit Committee Chair independently on a regular basis.

Relations with shareholders

Communication with shareholders is given high priority by the Board. As noted in our Stakeholder Engagement report on page 25, the Board is committed to listening to and communicating openly with its shareholders via various channels to ensure that both institutional and private investors understand our strategy, business model and performance. The Chair, Chief Executive Officer and Chief Financial Officer have regular dialogue with shareholders and analysts to discuss strategy and other issues including the Company's interim and annual financial results. Following major periods of communications, our advisers consolidate feedback, on an anonymised basis, from the relevant parties which then forms the basis of a briefing pack for the Board to ensure awareness of shareholder opinions.

The Board recognises the AGM as an important opportunity to meet shareholders and give them the opportunity to raise questions with the Board. Details of the resolutions being proposed at the AGM can be found on the Group's website. Shareholders are given notice of the AGM at least 21 days prior to the meeting. The Chair aims to ensure that the Directors, including the Non-Executive Directors, are available at Annual General Meetings to answer questions.

Other Matters

Workforce engagement and promoting ethical business practices

We define corporate responsibility as ensuring that we have, or are developing sound policies, practices or programmes that address business transparency and ethics, workplace practices and employee relationships and customer consultation. In practice our commitment to corporate responsibility plays out in a wide variety of ways and includes our employee engagement programme, which is designed to foster an inclusive workplace by encouraging our people to continually improve performance in this area. Key practices include:

- ***Anti-Bribery and Corruption*** - The Group is committed to ensuring it has appropriate processes in place to mitigate the risk of bribery and corruption and has business ethics and anti-bribery policy which is outlined in our employee handbook and on our corporate website available to all staff.
- ***Modern Slavery Act*** - The Group is committed to conducting business responsibly and ensuring that our supply chain has ethical employment practices, working conditions and has procedures in place to prevent modern slavery or human trafficking. Our Modern Slavery statement, which is updated and approved annually by the Board, details processes in place to help manage the risks outlined by the legislation is available on the iomart website.
- ***Whistleblowing*** - We recognise the importance of all of our employees and strive to achieve an inclusive work environment and an open culture. The Group is committed to maintaining high ethical standards in all areas of work and practice and has a detailed whistleblowing policy in place, which was updated and approved by the Audit Committee in the current year. The policy is outlined in the employee handbook and available on our corporate website.
- ***Data Privacy policy*** – The Group has a data protection policy and information security management systems in place to ensure we have appropriate data security systems and processes in place to protect our data and are fully accredited with ISO 27001 'Information Security Management Systems'.
- ***Diversity and inclusion –*** The Group's diversity and inclusion strategy aims to make iomart a great place to work, where all our employees feel they belong and are supported to succeed. We seek to promote diversity and equal opportunities within our workforce, and drive an inclusive culture, that respects and values differences and does not discriminate on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability, or sexual orientation. Full and fair consideration is given to applications for employment made by disabled persons having regard to their aptitudes and abilities. Appropriate training is arranged for disabled persons, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation. A fair remuneration policy is adopted throughout the Group. In April 2024, we reported our third gender pay report which has shown an improvement in our reported metrics. We will continue to develop our recruitment strategy to drive further improvements and diversity.
- ***Minimum Living Wage –*** in our most recent annual salary review in April 2024, we have committed to ensuring we comply with the minimum living wage guidance.

Re-election

Under the Company's Articles of Association, at every Annual General Meeting, at least one third of the Directors who are subject to retirement by rotation, are required to retire and may be proposed for re-election. In addition, any Director who was last appointed or re-appointed three years or more prior to the AGM is required to retire from office and may be proposed for re-election. Such retirement will count in obtaining the number required to retire at the AGM. The Articles of Association also stipulate that any new Directors, who were not appointed at the previous AGM, automatically retire at their first AGM and, if eligible, can seek re-appointment. Lucy Dimes and Karyn Lamont will retire from office at the Company's forthcoming AGM and stand for re-appointment. Richard Last, as newly appointed Director effective on 12 June 2024, automatically retires at the forthcoming AGM, and stand for re-appointment.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 24 to 28. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Report on pages 16 to 21 Note 30 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has a single £100m Revolving Credit Facility ("RCF") provided by four banks consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank. The facility has maturity date of 30 June 2026 and benefits from a £50m Accordion Facility. The RCF has a borrowing cost at the Group's current leverage levels of 180 basis points over SONIA. The RCF and the Accordion Facility (if exercised) provide the Group with additional liquidity which will be used for general business purposes and to fund investments, in accordance with the Group's three-year strategic plan. The Directors are of the opinion that the Group can operate within the current facility and comply with its bank covenants which consists of an interest cover and leverage cover ratio.

At the end of the financial year, the Group had net debt of £42.3m (2023: £39.8m) a level which the Board is comfortable with given the strong cash generation of the Group. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks.

The Directors have considered the Group budgets and the cash flow forecasts for the next three financial years, and associated risks, including the risk of climate change and the impact on our data centre estate and useful economic life of assets, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities in respect of profitability and associated cash flow generation and are confident we have the resources to meet our liabilities as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future (being a period extending at least twelve months from the date of approval of these financial statements). For this reason they continue to adopt the going concern basis in preparing the financial statements.

AIM Rule Compliance Report

iomart Group plc is quoted on AIM and as a result the Group has complied with AIM Rule 31 which requires the following:

- Have in place sufficient procedures, resources and controls to enable its compliance with the AIM Rules;
- Seek advice from its Nominated Advisor ("NOMAD") regarding its compliance with the Rules whenever appropriate and take that advice into account;
- Provide the Company's Nomad with any information it reasonably requests or requires in order for the Nomad to carry out its responsibilities under the AIM Rules and the AIM Rules for Nominated Advisors, including any proposed changes to the Board and provision of draft notifications in advance;
- Ensure that each of the Group's Directors accepts full responsibility, collectively and individually, for compliance with the AIM Rules; and
- Ensure that each Director discloses without delay all information which the Group needs to in order to comply with AIM Rule 17 (Disclosure of Miscellaneous Information) insofar as that information is known to the Director or could with reasonable diligence be ascertained by the Director.

FARRER&Co

Farrer and Co said:

"iomart's consultants have been fundamental to every aspect – the design work, the delivery, the management of third parties – they've architected the whole thing with our internal team.

We were all a bit nervous doing the switch over one weekend. The iomart team were with us all the way bringing the systems online. They coached us and supported us all the way through, and in terms of the migration they pretty much did it all with us just shoulder surfing. It was as seamless as you could ever have hoped for."

Directors' Remuneration Report for the year ended 31 March 2024

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2024. This sets out our Directors' Remuneration policy and its implementation including amounts earned by Directors in respect of the year ended 31 March 2024. In framing its remuneration policy, the Remuneration Committee has adopted the Quoted Companies Alliance ("QCA") Remuneration Code for Small and Mid-sized Quoted Companies to ensure that our remuneration policy both reflects our strategy and is aligned with the QCA Remuneration code and shareholders' interests.

As the Company is listed on the Alternative Investment Market it is not required to comply with the provisions of the UK Corporate Governance Code 2018 ("Code") issued by the Financial Reporting Council, however, we continue to provide additional remuneration disclosures over and above the AIM Rule 19 disclosure requirements to enable shareholders to understand and consider our remuneration arrangements. In line with best practice, we also voluntarily submit this report to an advisory shareholder vote each year at our annual general meeting.

Remuneration Committee

The Remuneration Committee was chaired by Richard Masters until 31 May 2023 and I replaced Richard on 1 June 2023. Adrian Chamberlain and Karyn Lamont, Non-Executive Directors, are also members of the Committee. The Executive Directors may attend meetings from time to time at the invitation of the Committee and provide information and support as requested. Directors are not present when their own remuneration is being discussed.

The Committee has formal terms of reference which can be found in the investor section of the Group's website, which are reviewed and approved annually by the Board. The Committee makes recommendations to the Board, within its terms of reference, on the remuneration and other benefits, including bonuses and share options, of the Executive Directors.

The Committee met nine times during the current year. The attendance record for those meetings is included in our Corporate Governance report on page 37.

The Remuneration Committee determines, on behalf of the Board, the Group's policy for executive remuneration and the individual remuneration packages for Executive Directors. Each year, the Remuneration Committee reviews the incentive and reward packages for the Executive Directors to ensure that they are aligned with the Group's strategic objectives and financial performance; are appropriate to attract, retain and motivate executive behaviour in support of the creation of shareholder value; and drive continued commitment of executives to the Group's success through appropriate incentive schemes. In considering the appropriateness of the remuneration policy, the Remuneration Committee considers the current and future business strategy, wider workforce remuneration policies and practices, and market practice in comparable organisations. During the year the Committee took independent professional advice to ensure that the structure of the remuneration and bonuses of the Executive Directors remained in line with market, to review best practice in terms of the Company's Performance Share Plan and to ensure that the vesting condition measurements of Executive Directors are appropriate.

Remuneration of Executive Directors

The remuneration packages of the Executive Directors comprise the following elements:

Element	Overview of policy and structure	Opportunity	Performance measures
Base salary	• The Remuneration Committee sets base salaries to reflect responsibilities and the skill, knowledge and experience of the individual taking into account salary levels in the wider market, including at similar sized businesses. • Base salaries are reviewed annually. Where appropriate the Remuneration Committee considers independent expert advice when setting the level of reward packages. • The Executive Directors do not receive Directors' fees.	• The Committee generally reviews base salaries of the Executive Directors with effect from 1 April in each year. • Lucy Dimes was appointed as CEO on 18 September 2023 with a salary of £370,000 which remains unchanged at the 1 April 2024 salary review. • Scott Cunningham's salary for the year ended 31 March 2024 was £242,689. The Remuneration Committee has increased Scott's salary by 7% to £260,000 effective 1 April 2024. This increase is slightly higher than the average increase across the wider employee population as the Remuneration Committee performed a benchmarking exercise and took the decision to bring Scott's salary in line with the external market. • Base salaries at 1 April 2024 are: CEO – £370,000 CFO – £260,000	n/a

Remuneration of Executive Directors (continued)

Element	Overview of policy and structure	Opportunity	Performance measures
Annual bonus	• The Executive Directors are eligible to receive an annual bonus dependent on Group and individual performance at the discretion of the Remuneration Committee. • Bonuses are paid in cash following the end of the performance year.	• The maximum annual bonus opportunity is 110% of base salary. • For achievement of target, bonus of 100% of salary is paid. Executives only receive more than 100% of salary for performance well in excess of target. Bonuses reduce significantly if targets are not achieved with generally no bonuses payable if less than 95% of target is achieved.	• The level of Executive Directors' discretionary bonus payments is determined by two financial measures and agreed personal objectives. The financial measures include adjusted EBITDA and revenue. • For the bonus for the financial year ended 31 March 2024, revenue, adjusted EBITDA and the individual's own performance were the key factors under the scheme influencing the payments approved by the Remuneration Committee.
Performance share plan	• The Group operates a performance share plan for Executive Directors and managers to reward, retain and incentivise those individuals who have made a major contribution to the Group and will continue to play a key role in helping the Group achieve its objectives in the future. • Awards are granted in the form of nominal cost, 1p options. • Share options awarded will normally vest after the third anniversary of the date of grant. • Participants have 10 years from award to exercise.	• The maximum award under the performance share plan is 150% of base salary.	• The vesting of options is subject to the achievement of performance conditions. Normally vesting is also subject to continued employment. • Historically, and for some unvested options as at 31 March 2024, performance was assessed based on the achievement of profit targets in three years set with reference to our organic and acquisitive growth strategy. • Options awarded to Scott Cunningham in April 2023 will vest 50% based on relative TSR% performance against the AIM 100 Index over the period from 1 April 2023 to 31 March 2026 and 50% based on profit targets in FY26. • Options awarded to Lucy Dimes in November 2023 will vest as follows: Tranche 1 - 50% based on relative TSR% performance against the AIM 100 Index over the period from 1 April 2023 to 31 March 2026 and 50% remaining based on profit targets in FY26. Tranche 2 – 100% on the achievement of earnings per share targets for FY26. The Remuneration Committee believes this creates stronger shareholder alignment.

Remuneration of Executive Directors (continued)

Element	Overview of policy and structure	Opportunity	Performance measures
Pension	• The Company may make contributions towards an individual's personal pension arrangements or pay an equivalent cash allowance.	• The maximum contribution or allowance payable by the Company is 10% of basic salary. The CFO and the CEO received a cash allowance in the year ended 31 March 2024.	n/a
Benefits	• The Executive Directors are entitled to life insurance cover, death in service benefits and to participate in the Group's Private Medical Insurance scheme. These are consistent with other staff arrangements. • The Group operates a sharesave scheme for all employees and Executive Directors are invited to participate.	n/a	n/a

Service contracts

Executive Directors are engaged under service contracts which require the following notice periods:

Scott Cunningham	6 months
Lucy Dimes	12 months

All Non-Executive Directors have a 6 month notice period with the exception of Non-Executive Directors, Annette Nabavi and Adrian Chamberlain, who have a 3 month notice period.

Chair and Non-Executive Director fees

The fees paid to the Non-Executive Directors are determined by the Board. Non-Executive Directors were paid £44,000 per annum for Board Director duties with additional fees of £5,000 per annum paid to the Audit and Remuneration Committee Chair and the Senior Independent Non-Executive Director to reflect the additional time required to fulfil these roles.

Non-Executive Directors are not entitled to receive any bonus or other benefits with the exception of Angus MacSween who retains private medical insurance. Non-Executive Directors are entitled to reasonable expenses incurred in the performance of their duties.

The Non-Executive Chair received an annual fee of £75,000, increased to £82,500 in April 2023 to reflect the increase to Non-Executive Director fees in the prior year. As announced on the 17 July 2023, Lucy Dimes assumed the role of Executive Chair, on a part-time basis, with a focus on the further development of external facing corporate opportunities, alongside the Executive Directors. At that time the annual fee equivalent was increased to £165,000.

Directors' Remuneration for the year ended 31 March 2024

Details of individual Director's remuneration for the year are as follows (this information has been audited):

	Salary or fees	Bonus[6]	Benefits	Pension allowance	Exceptional costs[2]	Year ended 31 March 2024 Total	Year ended 31 March 2023 Total
	£	£	£	£	£	£	£
Executive Directors							
Lucy Dimes[1]	250,952	150,257	2,637	19,923	-	**423,769**	44,327
Scott Cunningham	242,689	197,112	2,929	24,269	-	**466,999**	427,736
Reece Donovan [2]	170,960	-	1,561	16,223	401,895	**590,639**	537,354
Non-Executive Directors							
Richard Masters[3]	22,833		-	-	-	**22,833**	45,000
Karyn Lamont	49,000		-	-	-	**49,000**	45,000
Angus MacSween	44,000		3,547	-	-	**47,547**	43,021
Annette Nabavi [4]	41,679		-	-	-	**41,679**	-
Adrian Chamberlain [5]	40,833		-	-	-	**40,833**	-

[1] Lucy Dimes was the Chair throughout the year ended 31 March 2024, changing to Executive Chair as opposed to Non-Executive Chair from 17 July 2023. Lucy was appointed as Chief Executive Officer on 18 September 2023. From the date of assuming the role of Chief Executive Officer there was no payment of any fees associated with any Executive Chair duties.

[2] Reece Donovan resigned as Chief Executive Officer on 18 September 2023. Exceptional costs of £401,895 relate to payment in lieu of notice of £324,450 and compensation for loss of office of £77,445.

[3] Richard Masters resigned as Non-Executive Director on 5 September 2023.

[4] Annette Nabavi was appointed as Non-Executive Director on 25 May 2023.

[5] Adrian Chamberlain was appointed as Non-Executive Director on 1 June 2023.

[6] The bonus payable to Lucy Dimes and Scott Cunningham represents 74% of the maximum payable bonus.

Directors' interests in shares

The Directors holding office at 31 March 2024 held beneficial interests in the issued share capital of the Company as shown in the following table:

	Number of ordinary shares	
Name of Director	**At 31 March 2024**	**At 1 April 2023**
Angus MacSween	17,343,409	17,343,409
Scott Cunningham	122,175	122,175
Karyn Lamont	7,000	7,000

Share price

The market price of the Company's shares at the end of the financial year was 145.4p (2023: 124.4p) and the range of prices during the year was between 120.4p (2023: 112.0p) and 189.4p (2023: 200.0p).

Directors' interests in share options (this information has been audited)

The interests of the Directors at 31 March 2024 in options over the ordinary shares of the Company were as follows:

Name of Director	At 1 April 2023	Exercised	Granted	Lapsed	At 31 March 2024	Exercise price	Date of Grant	Date from which exercisable	Expiry date
Lucy Dimes,	-	-	612,583	-	612,583	1p	06/11/2023	06/11/2026	06/11/2033
Executive	-	-	15,458	-	15,458	120.0p	15/02/2024	01/03/2027	31/08/2027
Director									
	-	-	628,041	-	628,041				
Scott	50,156	-	-	-	50,156	1p	06/04/2020	06/04/2023	06/04/2030
Cunningham,	77,379	-	-	(3,482)	73,897	1p	27/04/2021	27/04/2024	27/04/2031
Executive	14,062	-			14,062	128.0p	01/03/2022	01/03/2025	01/09/2025
Director	127,980	-	-	-	127,980	1p	09/05/2022	09/05/2025	09/05/2032
	-	-	189,600	-	189,600	1p	20/04/2023	20/04/2026	20/04/2033
	269,577	-	189.600	(3,482)	455,695				
Angus	117,480	-	-	-	117,480	1p	25/09/2014	25/09/2017	25/09/2024
MacSween,	175,575	-	-	-	175,575	1p	28/08/2015	28/08/2018	28/08/2028
Non-Executive	134,281	-	-	-	134,281	1p	01/04/2016	01/04/2019	01/04/2026
Director	129,848	-	-	-	129,848	1p	12/04/2017	12/04/2020	12/04/2027
	72,142	-	-	-	72,142	1p	04/04/2018	04/04/2021	04/04/2028
	57,710	-	-	-	57,710	1p	09/05/2019	09/05/2022	09/05/2029
	40,895	-	-	-	40,895	1p	06/04/2020	06/04/2023	06/04/2030
	727,931	-	-	-	727,931				

During the year Scott Cunningham exercised nil (2023: 62,175) unapproved options of 1p and realised a gain of £nil (2023: £75,791). Angus MacSween exercised nil (2023: 340,000) unapproved options of 1p and realised a gain of £nil (2023: £442,680).

During the year options over 802,103 ordinary shares (2023: 300,393) were granted to Directors under the unapproved share option performance share plan with an average exercise price of 1.0p per share (2023: 1.0p per share). Options over 15,458 ordinary shares (2023: nil) were granted to Directors under the sharesave scheme in the current year at an average exercise price of 120.0p per share (2023: nil). 3,482 options over ordinary shares under the unapproved scheme lapsed (2023: 94,525). No options were exercised under the sharesave scheme during the year (2023: nil).

In September 2023, 14,062 ordinary shares under the sharesave scheme lapsed and 529,338 options over ordinary shares under the unapproved scheme lapsed, both in respect of Reece Donovan.

By order of the Board

Annette Nabavi

Chair, Remuneration Committee

11 June 2024

The Directors' present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2024.

Principal activity

The principal activity of the Group is the provision of managed cloud services. The Group's principal subsidiary undertakings are listed in note 15 to the financial statements. The Group's registered number is SC204560.

Financial risk management objectives and policies

The Group's financial instruments comprise cash and liquid resources, bank loans and leases together with various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group has access to a £100m multi option revolving credit facility which has a maturity date of 30 June 2026, and also benefits from a £50m Accordion Facility. The directors are of the opinion that the Group can operate within the current facility and comply with its banking covenants. The RCF has a borrowing cost at the Group's current leverage levels of 1.8% margin over SONIA. The revolving credit facility incurs a non-utilisation fee of 35% of the 1.8% margin. The effective interest rate for the multi option revolving credit facility in the current year was 6.85% (2023: 4.26%). The RCF and the Accordion Facility (if exercised) provide the Group with additional liquidity which will be used for general business purposes and to fund investments, in accordance with the Group's three-year strategic plan.

The Group has net debt at 31 March 2024 of £42.3m (2023: £39.8m). Net debt comprises lease liabilities totalling £18.1m (2023: £19.2m), the bank facility loan of £40.0m (2023: £34.4m) and cash and cash equivalents of £15.8m (2023: £13.8m).

The Group is not exposed to material movements in interest rates on its bank borrowings.

The Group has exposure to movements in the exchange rate of the US dollar as certain domain name purchases and licences are transacted in this currency. To protect elements of our cash flows against the level of exchange rate risk, the Group entered into forward exchange contracts to hedge foreign exchange exposures arising on the forecast payments during the year. There are no outstanding contracts at the 31 March 2024 (2023: nil). The majority of transactions of the parent company and the UK subsidiaries are in UK sterling and, with the exception of forward foreign exchange contracts, the Group does not use derivative instruments. Additional information on financial instruments is included in note 30.

Dividend

The Directors declared an interim dividend for the year ended 31 March 2024 of 1.94p per share (2023: 1.94p). The Directors recommend a final dividend for the year ended 31 March 2024 of 3.0p per share (2023: 3.50p per share). This final dividend, together with the interim dividend, takes the total dividend to 4.94p per ordinary share for the 2024 financial year (2023: 5.44p). Subject to shareholder approval this proposed final dividend would be payable on 9 September 2024 to shareholders on the register at close on 16 August 2024.

Research and development

The Group develops cloud computing products including private cloud platforms, hybrid cloud platforms, virtual platforms, online backup and storage solutions and email related products.

Future developments

The Group's business review and activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 3 to 28.

Post balance sheet events

See note 32 for details of post balance sheet events.

Directors and their interests

The present membership of the Board at the date of this report is set out on pages 29 and 30, the Directors who served during the year, and up to the date of this report, are listed below:

- Lucy Dimes, Non-Executive Chair appointed to Executive Chair on 17 July 2023. Chief Executive Officer, appointed 18 September 2023
- Reece Donovan, Chief Executive Officer - resigned 15 September 2023
- Scott Cunningham, Chief Financial Officer
- Angus MacSween, Non-Executive Director
- Richard Masters, Non-Executive Director - resigned 5 September 2023
- Karyn Lamont, Non-Executive Director
- Annette Nabavi, Non-Executive Director -appointed 25 May 2023
- Adrian Chamberlain, Non-Executive Director - appointed 1 June 2023

In accordance with the Articles of Association, Lucy Dimes and Karyn Lamont will offer themselves for re-election at the forthcoming annual general meeting. Richard Last, Non-Executive Chair, who was appointed to the Board subsequent to the year end effective on 12 June 2024, will seek appointment at the Company's forthcoming AGM.

Details of Directors' interests in the Group's shares are set out in the Report of the Board to the Members on Directors' Remuneration on 35 to 41.

Insurance for Directors and Officers

The Group may under the Company's Articles of Association, and subject to the provisions of the Companies Act, indemnify all Directors or other officers against liability incurred by them in the execution or discharge of their duties or exercise of their powers, including but not limited to any liability for the costs of legal proceedings where judgement is given in their favour. This indemnity was in place during the financial year and is ongoing up to the date of this report. In addition, the Group has purchased and maintains appropriate insurance cover against legal action brought against Directors and officers.

Donations

It is the Group's policy not to make donations for political purposes.

Substantial shareholdings

At 28 May 2024 the following interests in 3% or more of the issued ordinary share capital, excluding shares held by the iomart Group plc Employee Benefit Trust, had been notified to the Company:

Shareholder	Shares	Percentage held
Gresham House	20,786,158	18.50%
Angus MacSween	17,343,409	15.45%
Lombard Odier Asset Management	13,313,880	11.85%
Octopus Investments	11,437,167	10.18%
Liontrust Asset Management	8,463,370	7.53%
Investec Wealth & Investment	5,962,522	5.31%

Employees

The Group seeks to ensure that employee policies and processes are aligned with the Company's core values and promote the long-term strategy of the Group. The Group regularly communicates with all staff providing information on developments within the Group including updates on the Group's strategy through Group wide announcements and all employee calls. We have a policy of encouraging training through our 'iosmart' learning management system. Further information on how the Board engages with employees and how the Board have had regard to employees on the principal decisions during the year is included in the Stakeholder Engagement report on page 25.

People are at the heart of our core values and we continuously strive to build a diverse and inclusive environment where our employees feel valued. Our employment policies in respect of equal opportunities, disabled employees and diversity are disclosed on page 38.

We are committed to attracting and retaining the highest level of personnel. We seek to achieve this through, amongst other things, the application of high standards in recruitment.

The Group has continued to focus on ensuring the health and wellbeing of our employees with a number of key initiatives during the year including:

- An employee assistance programme with a third party provider, Health Assured, offering free counselling support available 24/7 for all employees and their families;
- All employees have access to Health Assured's 'My Healthy Advantage' phone app giving access to, among other things, mindfulness videos, mini health checks, health coaching and healthy eating guidance.
- We have continued our partnership with a charity, Mindapples, as part of our employee wellbeing programme to improve mental health and help people take better care of their minds improving resilience and productivity.
- In the year we have hosted financial webinars, led by HSBC, to support our staff in managing finances in the current economic environment. There was also a Neurodiversity at Work webinar held for all employees focussing on creating a neurodivergent friendly culture.

A number of employees participate in the growth of the Company through employee Save as You Earn schemes. Some employees are eligible to receive share options in the Company under the Group's performance share plan (note 27) and it is the Board's policy to make specific awards as appropriate to attract and retain the best available people. Options in respect of Directors are detailed in the Directors Remuneration Report on page 47.

Customers and suppliers

The Group seeks to be honest and fair in all relationships with customers and encourages feedback from our customers through account managers and engagement with individual customers through customer support teams. On a regular basis we engage with customers to obtain feedback on our performance.

The Group treats all of its suppliers with the utmost respect and seeks to be honest and fair in all relationships with them. We seek to honour the terms and conditions of our agreements in place with such suppliers and subcontractors.

Additionally, we recognise the importance to the Group and our suppliers of complying with all payment terms and we report on a half-yearly basis on our payment practices, policies and performances in line with the Reporting on Payment Practices and Performance Regulations 2017.

Information on our engagement with customers and suppliers and our regard to these stakeholders on the principal decisions taken by the Group during the financial year is included in the Stakeholder Engagement report on pages 25 and 26.

Environmental Reporting

Greenhouse Gas ("GHG") Emissions reporting

We seek to minimise the impact of our operations on the environment and is committed to reducing its greenhouse gas ("GHG") emissions. We are pleased to report that iomart is aligned with the UK Government targets and committed to achieve Net Zero by 2050, and earlier, if possible. We are proud that a combination of our renewable electricity commitments and other efficiencies has already ensured we have reduced our total carbon emissions by over 99% since our benchmark year of FY2021.

Key sources of energy, primarily electricity to power our data centre estate, are monitored by the Group to allow us to be continually mindful of our energy consumption. iomart applies a set of global environmental standards to all of our activities and our environmental and energy management systems are certified to ISO 14001 and ISO 50001 (internationally accepted environmental standards). These certifications provide a framework against which we have developed comprehensive environmental procedures and monitoring systems. These processes have allowed us to measure our environmental performance and focus our activities on delivering improvements.

The table below shows total energy consumption used to calculate emissions and the total gross GHG emissions in tonnes of CO_2 ("tCO_2e") in the year ended 31 March 2024:

	Year ended 31 March 2024 Market Based	Year ended 31 March 2024 Location Based	Year ended 31 March 2023 Market Based	Year ended 31 March 2023 Location Based
Energy consumption used to calculate emissions (kWh)	50,439,236	50,439,236	54,392,418	54,392,418
Scope 1 - Emissions from combustion of fuel for transport purposes	17	17	19	19
Scope 2 - Emissions from purchased electricity	8	10,432	128	10,491
Scope 3 - Emissions from business travel in rental cars or employee-owned vehicles where the company is responsible for purchasing fuel	7	7	13	13
Total gross emissions (tCO_2e)	**32**	**10,456**	**159**	**10,522**

The table below shows the carbon intensity ratio in the year ended 31 March 2024:

	Year ended 31 March 2024 Market Based	Year ended 31 March 2024 Location Based	Year ended 31 March 2023 Market Based	Year ended 31 March 2023 Location Based
Total gross emissions (tCO_2e)	32	10,455	159	10,522
Total recurring revenue (£'000)	116,112	116,112	106,279	106,279
Carbon Intensity ratio (tCO_2e/£)	**0.000000275**	**0.00009**	**0.0000015**	**0.000099**

Methodology

There are no scope 1 direct emissions from the combustion of gas. Scope 1 transport emissions include the combustion of transport fuels in company-owned or long-term leased vehicles. Scope 2, indirect emissions, include consumption of purchased electricity in kWh. Scope 3 emissions relate to business travel in employee-owned vehicles where iomart is responsible for purchasing the fuel.

Using an operational control approach, the Group identified its population to ensure that all activities and facilities, including data centres, are being recorded and reported in line with the mandatory GHG Protocol Corporate Accounting and Reporting Standard. Relevant data is prepared on a monthly basis by our external energy management supplier. The validity, accuracy and completeness of the data was checked and used to calculate the GHG emissions for the Group. Where energy consumption data was missing, we used accepted estimation techniques by the GHG Protocol. Emissions were calculated as activity data multiplied by emission factors (DEFRA, 2022 for all emissions and conversion factors). Dual reporting approach has been taken to report on our electric power consumption, as the Group procured 100% renewable electricity backed by Renewable Energy Guarantees of Origin (REGOs) from August 2021 for its own sites. During the calculation of Scope 3 transport emissions, the statistics of the Vehicle Licensing Statistics (VEH0203) was used to divide the business mileage by fuel type. The driven miles were converted into litres using DEFRA 2022 conversion factors for average sized cars.

The Group uses total recurring revenue to calculate the intensity ratio as this allows emissions to be monitored over time taking into accounts changes in the size of the Group. This factor provides the greatest degree of accuracy and is the metric best aligned to power usage and business growth.

Energy efficiency

The proactive management of our GHG emissions is central to iomart operations with a clear focus on controlling and reducing our GHG and carbon footprint. The Group aims to improve energy efficiency of its operations and ensure continued compliance with ISO 50001:2018 as the basis for its energy management arrangements and has committed to:

- setting targets and objectives for reducing energy use and maintaining an energy efficiency programme;
- managing and reducing energy use relating to our business premises;
- respecting all existing, applicable environmental regulations and meeting all new applicable regulations;
- setting targets in the form of energy performance indicators for electricity and energy consumption and power usage effectiveness targets for each of our data centres;
- providing training on good energy management practices and encouraging employee involvement in energy efficiency improvement initiatives; and
- the Group participates in the Energy Saving Opportunities Scheme (ESOS) with annual ESOS audits carried out throughout the Group and is committed to meeting the requirements of the Streamlined Energy and Carbon Reporting (SECR) regulations.

Last year, re-contracted our core UK fibre network, refreshing the resilient network that securely connects our data centres, and accelerated the upgrade to uninterruptible power systems ("UPS") providing for greater energy efficiency in the future. In the current year, the Board approved the £1.5m replacement of a cooling system in a key data centre to help drive our carbon reduction as we work towards carbon neutrality. In addition, during the last year, the largest additional project undertaken was the investment into solar panels on the roof of our largest data centre in Maidenhead. This provides c.300kw peak power yield being around 15% of the total average site power use. Full commission was completed in May 2024.

Independent Auditor and disclosure of information to auditor

The Directors confirm that each of the persons who is a Director at the date of approval of this annual report confirms that:

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

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved and signed by the Board

Julie Brown

Company Secretary

11 June 2024

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 UK-adopted international accounting standards and applicable law the Directors have chosen 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 financial statements 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;
- 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 of the financial reporting framework 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.

This responsibility statement was approved by the Board of Directors on 11 June 2024 and is signed on its behalf by:

Lucy Dimes	**Scott Cunningham**
Chief Executive Officer	*Chief Financial Officer*
11 June 2024	11 June 2024

Harrow Council said:

“Staff had a pretty indifferent attitude to IT until we did this,” says Ben. “What they got from us and iomart was a real hands-on, caring experience. It was a massively successful project and has changed the perception of IT within Harrow Council. Whereas before IT was seen as a thorn in everyone’s side, it’s now seen as a positive force and a key enabler for the delivery of our vital public services.”

Report on the audit of the financial statements

1. OPINION

In our opinion:

- the financial statements of Iomart Group plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows;
- the related notes 1 to 32 for the consolidated financial statements; and
- the related notes 1 to 10 for the parent company financial statements.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3.SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of goodwill and other intangible assets (group) and investments (parent company); and • Business combinations: valuation and allocation of acquired intangible assets and contingent consideration. Within this report, key audit matters are identified as follows: Similar level of risk
Materiality	The materiality that we used for the group financial statements was £1.1m which was determined on the basis of 3% of Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), adjusted for acquisition costs, share-based payments and exceptional non-recurring costs (Adjusted EBITDA).
Scoping	Our audit covered 83% of the Group's revenue (2023: 92%), 91% of Adjusted EBITDA (2023: 93%), 89% of Profit Before Tax (PBT) (2023: 88%) and 96% of Net Assets (2023: 95%).
Significant changes in our approach	Our audit approach is consistent with the prior year with the exception of: • Completeness and valuation of deferred income, which is no longer a key audit matter following a re-assessment of the associated risk in the current year given the mechanical nature of the calculation. • Whilst consistent with prior year, the business combinations key audit matter relates to acquisitions made in the current year, namely Extrinsica and Accesspoint.

4. CONCLUSIONS RELATING TO GOING CONCERN

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

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

- Challenging underlying data and key assumptions, considering the impact of the current economic environment on the assumptions applied;
- Evaluating the sophistication of the model used to prepare the forecasts, testing the clerical accuracy of those forecasts, and considering the historical accuracy of the forecasts prepared by the directors;
- Assessing the headroom in the forecasts and the sensitivity analysis performed by the directors;
- Evaluating the financing facilities in place during the forecast period, repayment terms and covenants, and assessing whether these have been appropriately reflected in the model;
- Recalculating the directors' forecast covenant compliance calculations throughout the going concern period; and
- Assessing the appropriateness of going concern disclosures in the financial statements.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. KEY AUDIT MATTERS

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

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1 Valuation of goodwill and other intangible assets (Group) and investments (parent Company)

Key audit matter description	There is a risk of impairment of goodwill £110m (2023: £100m) and other intangible assets £15m (2023: £13m) in the group financial statements and a risk of impairment on the investments balance £176m (2023: £167m) in the parent company financial statements. In line with IAS 36 Impairment of Assets, management perform an impairment assessment and prepare forecast cash flows in order to determine the value in use of each cash generating unit identified. The risk relates specifically to the reasonableness of forecast cash flows and in particular the short-term revenue growth assumptions. Group revenue has increased in the current year primarily a result of recent acquisitions. Short term revenue growth, alongside consideration of appropriate discount and terminal growth rates, represent key factors in management's impairment calculation. An impairment of £1.7m to investments has been recorded in the current year in relation to Dediserve Limited which reduces the carrying value of the investment to £nil. No impairment is required for goodwill and other intangible assets (group). Further details are provided in note 13 of the consolidated financial statements and notes 2 and 3 of the parent company financial statements. Refer to the considerations of the Audit Committee on page 36.
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: • Obtaining an understanding of the relevant controls over the carrying value of goodwill, other intangible assets (group) and parent company investments, in particular the controls over the forecasts that underpin the value in use model; • Challenging the directors' cash flow assumptions including short term revenue growth in determining value in use, including sensitivities, by assessing the accuracy of historical forecasting and budgeting and considering third-party data where available; • With the involvement of our valuation specialists, we independently derived the discount rates for each cash generating unit and benchmarking these against the rates used in the value-in-use model; • Challenging the directors' assessment of the terminal growth rates by performing analysis of market forecasts; • Comparing the value in use to the market capitalisation as at the year-end date and the post year-end period to consider market expectations against management forecasts; and • Assessing the disclosure made in the financial statements including those around sensitivities.
Key observations	We concluded that the valuation of goodwill, other intangible assets (group) and parent company investments and the disclosures in the financial statements are appropriate.

5. KEY AUDIT MATTERS (CONTINUED)

5.2. Business Combinations: valuation and allocation of acquired intangible assets and contingent consideration

Key audit matter description	The Group completed two business combinations in the year: • Extrinsica, for total consideration of £4.4m. As part of the acquisition, there was contingent consideration of £4.0m to £7.0m however following performance post-acquisition, no earn out payment was payable. At the date of acquisition the consideration comprises £0.5m of identifiable net liabilities (including £4.9m customer relationships) and £4.9m goodwill. • Accesspoint, for total consideration of £6.4m, including £1.4m contingent consideration. The consideration comprises £1.5m of identifiable net assets (including £2.1m customer relationships) and £4.9m goodwill. The directors performed a purchase price allocation exercise to allocate the consideration in excess of the net asset/liability values acquired to goodwill and other intangibles. Given the judgement involved in valuing acquired intangible assets and in forecasting post-acquisition performance, we have identified a risk of material misstatement in relation to the valuation and allocation of acquired intangible assets and the valuation of contingent consideration. Business combinations are included within notes 2 and 11 to the financial statements. The Audit Committee's consideration in respect of the risk is included on page 36 .
How the scope of our audit responded to the key audit matter	The audit procedures we performed in respect of this matter included: • Obtaining an understanding of the process undertaken by the directors to perform the purchase price allocation and contingent consideration calculation and gaining an understanding of the relevant controls; • Reviewing the share purchase agreement to assess whether the acquisition has been accounted for correctly in the financial statements; • With the involvement of our valuation specialists, we have understood the inputs and methodology, assessing the appropriateness of the methodology and assumptions used by the directors; • Challenging the assumptions for the inputs to the purchase price allocation and the valuation of intangible assets including the useful economic life with reference to comparable company benchmarks; • Assessing director's forecast of post-acquisition performance for the remaining earn-out periods, and recalculated the expected contingent consideration, including consideration of sensitivity analysis performed; and • Assessing the disclosures made in the financial statements.
Key observations	We concluded that assumptions made by management in determining the valuation and allocation of acquired intangible assets and contingent consideration are reasonable.

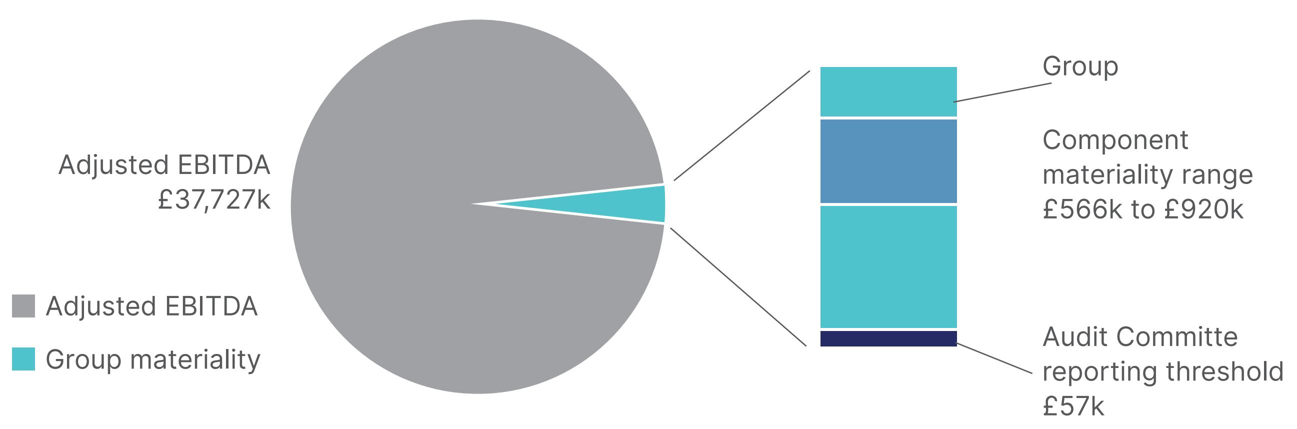
6. OUR APPLICATION OF MATERIALITY

6.1 Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£1,132k (2023: £1,017k)	£565k (2023: £508k)
Basis for determining materiality	3% of Adjusted EBITDA (2023: 3% of Adjusted EBITDA)	0.7% of net assets (2023: 0.4% of net assets), capped at 50% (2023: 50%) of Group materiality.
Rationale for the benchmark applied	We have used Adjusted EBITDA measure as the benchmark for our determination of materiality as we consider this to be a critical performance measure for the Group on the basis that it is a key metric to analysts and investors and has equal prominence to statutory measures in the Annual Report. The above items are adjusted in order to reflect operating performance.	We have used net assets as the benchmark for our determination of materiality as the parent company is not a trading entity and instead holds the Group's investments in subsidiaries.



6. OUR APPLICATION OF MATERIALITY (CONTINUED)

6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (2023: 70%) of Group materiality	60% (2023: 70%) of parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • the quantum and nature of uncorrected misstatements identified in the prior year audit; • our assessment of the potential for uncorrected misstatements in the current year; and • our risk assessment, including the quality of the control environment. In the prior year, we relied on the automated controls in place across the revenue cycle. In the current year, due to IT control deficiencies identified, no reliance was placed on these controls. In response, we have reduced performance materiality from 70% to 60% of group materiality.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £57k (2023: £51k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1 Identification and scoping of components

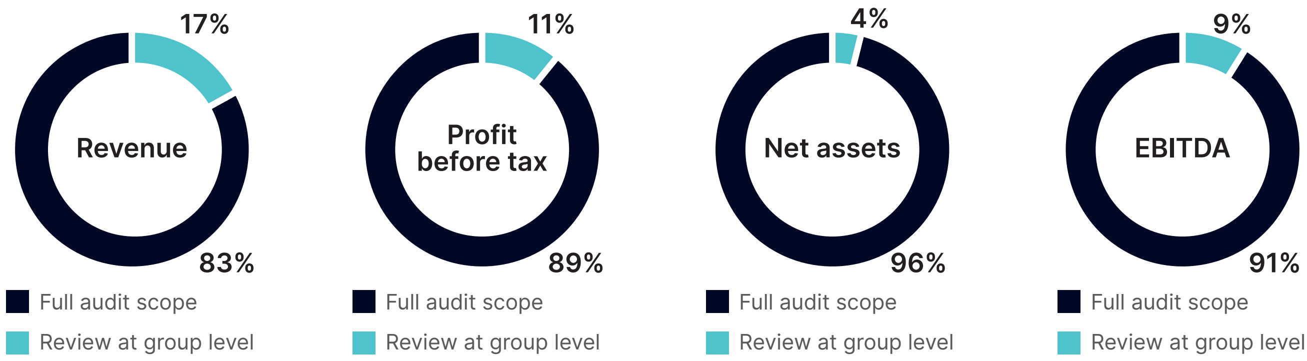
Our Group audit was scoped by obtaining an understanding of the Group and its environment through discussion with IT and the Group finance teams and by performing walkthroughs of processes across each of the key business areas, including Group-wide controls, and assessing the risk of material misstatement at a Group level.

The group is headquartered in Glasgow and operates in the UK. For components deemed significant to the Group which was based upon their contribution to Group adjusted EBITDA, full scope audit procedures were performed to materiality levels applicable to each entity, which was lower than the Group materiality level and ranged from £565k to £920k (2023: £508k to £859k). Components deemed significant are as follows:

- iomart Group plc
- iomart Managed Services Limited (previously iomart Hosting Limited)
- Easyspace Limited
- Cristie Data Limited

Our audit covered 83% of the Group's revenue (2023: 92%), 89% of Profit Before Tax (PBT) (2023: 88%), 96% of Net Assets (2023: 95%) and 91% of Adjusted EBITDA (2023: 93%).

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT (CONTINUED)



The remaining non-significant components were subject to analytical reviews. This is consistent with our scoping performed in the prior year with the exception of iomart Group plc which was considered non-significant in the prior year. At the group level, we also tested the consolidation process.

All work on the significant components and consolidation process was performed by the group engagement team.

7.2. Our consideration of the control environment

With the involvement of our IT specialists, we obtained an understanding of the relevant IT environment by performing walkthroughs of key processes and performed testing on the relevant general IT controls. We also obtained an understanding of all key business cycles. We planned to rely on the relevant general IT controls associated with the key financial systems and the relevant controls within the revenue business process. However, we identified deficiencies in the general IT environment and therefore modified our audit approach so that we did not place any reliance on the general IT controls and revenue business process. This changed the nature, timing and extent of our substantive audit procedures over the revenue balance.

The Audit Committee discusses their review of the effectiveness of risk management and internal control on page 37.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the group's business and its financial statements, based on our cumulative knowledge and experience of the group and environment in which it operates. Management have assessed that there is currently no material impact arising from climate change on the judgements and estimates within the financial statements. This is disclosed in Note 2 to the financial statements. We performed a risk assessment including inspecting the group's risk register and Board minutes and did not identify any additional risks of material misstatement.

In addition, we have read the related climate change disclosures made within the annual report and ascertained whether they are materially consistent with the financial statements and our knowledge obtained during our audit.

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. RESPONSBILITIES OF DIRECTORS

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

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

10. AUDITOR'S RESPONSBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - o the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Valuation of goodwill and other intangible assets (group) and investments (parent company). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, and tax legislation.

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING (CONTINUED)

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK employment law, Data Protection Act, Listing Rules, environmental regulations and labour laws.

11.2. Audit response to risks identified

As a result of performing the above, we identified the Valuation of goodwill and other intangible assets (group) and investments (parent company) as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. OPINION ON OTHER MATTER PRESCRIBED BY OUR ENGAGEMENT LETTER

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

14. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors’ remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors’ remuneration have not been made.

We have nothing to report in respect of this matter.

15. USE OF OUR REPORT

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

David Sweeney, CA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Glasgow, United Kingdom

11 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Revenue	3	127,049	115,638
Cost of sales		(57,469)	(52,080)
Gross profit		**69,580**	**63,558**
Administrative expenses		(56,552)	(52,141)
Operating profit	4	**13,028**	**11,417**
Analysed as:			
Earnings before interest, tax, depreciation, amortisation, acquisition costs, share-based payments and exceptional non-recurring costs		**37,728**	**36,161**
Share-based payments	27	(517)	(696)
Acquisition costs	6	(1,010)	(922)
Administrative expenses – exceptional non-recurring costs	6	(462)	-
Cost of sales- exceptional non-recurring costs	4	-	(820)
Depreciation	4	(15,715)	(15,861)
Amortisation – acquired intangible assets	4	(4,226)	(3,880)
Amortisation – other intangible assets	4	(2,770)	(2,565)
Finance costs - net	7	(4,287)	(2,915)
Profit before taxation		**8,741**	**8,502**
Taxation	9	(2,300)	(1,507)
Profit for the year attributable to equity holders of the parent		**6,441**	**6,995**
Other comprehensive income			
Amounts which may be reclassified to profit or loss			
Currency translation differences		(25)	60
Other comprehensive income for the year		**(25)**	**60**
Total comprehensive income for the year attributable to equity holders of the parent		**6,416**	**7,055**
Basic and diluted earnings per share			
Basic earnings per share	12	5.8p	6.4p
Diluted earnings per share	12	5.6p	6.2p

All of the activities of the Group are classed as continuing. The following notes form part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 March 2024

	Note	2024 £'000	2023 £'000
ASSETS			
Non-current assets			
Intangible assets – goodwill	13	109,821	99,950
Intangible assets – other	13	15,231	12,981
Trade and other receivables	14	111	177
Property, plant and equipment	16	63,492	64,959
		188,655	**178,067**
Current assets			
Cash and cash equivalents	18	15,755	13,818
Trade and other receivables	17	26,460	25,804
Current tax asset		-	987
		42,215	**40,609**
Total assets		**230,870**	**218,676**
LIABILITIES			
Non-current liabilities			
Trade and other payables	19	(2,834)	(2,666)
Non-current borrowings	21	(55,582)	(50,203)
Provisions	22	(3,052)	(2,755)
Deferred tax	10	(4,884)	(3,221)
		(66,352)	**(58,845)**
Current liabilities			
Contingent consideration due on acquisitions	20	(2,080)	(4,000)
Trade and other payables	19	(35,728)	(31,898)
Current tax liability		(804)	-
Current borrowings	21	(2,509)	(3,377)
		(41,121)	**(39,275)**
Total liabilities		**(107,473)**	**(98,120)**
Net assets		**123,397**	**120,556**
EQUITY			
Share capital	24	1,124	1,106
Own shares	25	(70)	(70)
Capital redemption reserve		1,200	1,200
Share premium		22,500	22,495
Merger reserve	26	6,967	4,983
Foreign currency translation reserve		21	46
Retained earnings		91,655	90,796
Total equity		**123,397**	**120,556**

These financial statements were approved by the Board of Directors and authorised for issue on 11 June 2024. Signed on behalf of the Board of Directors

Lucy Dimes

Director and Chief Executive Officer
iomart Group plc – Company Number: SC204560
The following notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Profit before taxation		**8,741**	**8,502**
Finance costs – net	7	4,287	2,915
Depreciation	16	15,764	16,492
Amortisation	13	6,996	6,445
Share-based payments	27	517	696
Research and development tax credit		(364)	-
Movement in trade receivables		1,620	(3,256)
Movement in trade payables		(914)	2,045
Cash flow from operations		**36,647**	**33,839**
Taxation (paid)/received		(710)	48
Net cash flow from operating activities		**35,937**	**33,887**
Cash flow from investing activities			
Purchase of property, plant and equipment	16	(9,513)	(8,918)
Development costs	13	(2,178)	(1,887)
Purchase of intangible assets	13	(113)	(44)
Payment for current period acquisitions net of cash acquired		(5,710)	(10,307)
Payment of contingent consideration	20	(4,180)	-
Net cash used in investing activities		**(21,694)**	**(21,156)**
Cash flow from financing activities			
Issue of shares	24	7	5
Drawdown of bank loans	21	7,600	10,400
Payments under lease liabilities		(5,017)	(4,902)
Repayment of bank loans	21	(2,000)	(10,000)
Repayment of debt acquired on acquisition	21	(3,728)	(1,508)
Finance costs paid		(3,069)	(1,900)
Refinancing costs paid		-	(249)
Dividends paid	8	(6,099)	(6,091)
Net cash used in financing activities		**(12,306)**	**(14,245)**
Net increase/(decrease) in cash and cash equivalents		**1,937**	**(1,514)**
Cash and cash equivalents at the beginning of the year		13,818	15,332
Cash and cash equivalents at the end of the year	18	**15,755**	**13,818**

The following notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 March 2024

	Note	Share capital £'000	Own shares EBT £'000	Foreign currency translation reserve £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2022		**1,101**	**(70)**	**(14)**	**1,200**	**22,495**	**4,983**	**89,196**	**118,891**
Profit for the year		-	-	-	-	-	-	6,995	6,995
Currency translation differences		-	-	60	-	-	-	-	60
Total comprehensive income		**-**	**-**	**60**	**-**	**-**	**-**	**6,995**	**7,055**
Dividends – final (paid)	8	-	-	-	-	-	-	(3,957)	(3,957)
Dividends – interim (paid)	8	-	-	-	-	-	-	(2,134)	(2,134)
Share-based payments	27	-	-	-	-	-	-	696	696
Issue of share capital	24	5	-	-	-	-	-	-	5
Total transactions with owners		5	-	-	-	-	-	**(5,395)**	**(5,390)**
Balance at 31 March 2023		**1,106**	**(70)**	**46**	**1,200**	**22,495**	**4,983**	**90,796**	**120,556**
Profit for the year		-	-	-	-	-	-	6,441	6,441
Currency translation differences		-	-	(25)	-	-	-	-	(25)
Total comprehensive income		**-**	**-**	**(25)**	**-**	**-**	**-**	**6,441**	**6,416**
Dividends – final (paid)	8	-	-	-	-	-	-	(3,922)	(3,922)
Dividends – interim (paid)	8	-	-	-	-	-	-	(2,177)	(2,177)
Share-based payments	27	-	-	-	-	-	-	517	517
Issue of share capital	24, 26	18	-	-	-	5	1,984	-	2,007
Total transactions with owners		**18**	-	**-**	-	5	**1,984**	**(5,582)**	**(3,575)**
Balance at 31 March 2024		**1,124**	**(70)**	**21**	**1,200**	**22,500**	**6,967**	**91,655**	**123,397**

The nature of equity in the statement of changes in equity is disclosed in the accounting policies (note 2).

The following notes form part of the financial statements.

1. GENERAL INFORMATION

iomart Group plc is a public listed company, limited by shares, listed on the Alternative Investment Market ("AIM"), incorporated and domiciled in the United Kingdom and registered in Scotland under the Companies Act 2006. The address of the registered office is 6 Atlantic Quay, 55 Robertson Street, Glasgow, G2 8JD. The nature of the Group's operations and its principal activities are set out in the Strategic Report and Directors' Report.

The financial statements are presented in UK Pounds Sterling because that is the currency of the primary economic environment in which the Group operates.

2. ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements have been prepared in accordance with applicable law and UK-adopted international accounting standards. The financial statements have been prepared on the historical cost basis as explained in the accounting policies below.

The measurement bases and principal accounting policies of the Group are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Impact of climate change on the financial statements and related notes

Climate change and the transition to a lower-carbon system were considered in preparing the consolidated financial statements, concluding that this does not have a material impact on the carrying values of the Group's assets and liabilities.

Audit exemption of subsidiaries

For the year ended 31 March 2024, the following subsidiaries of the Group were entitled to exemption from audit under s479A of the Companies Act 2006.

Subsidiary	Registered number
Accesspoint Group Holdings Limited	09903087
Accesspoint Technologies Limited	05895234
Add3 Limited	05541061
Bytemark Holdings Limited	08150076
Bytemark Limited	04484629
Concepta Capital Limited	09727873
Extrinsica Global Holdings Limited	10748417
Extrinsica Global Limited	07293625
Datanics Limited	09925398
iomart Cloud Services Limited	SC187413
London Data Exchange Limited	07772407
LDeX Connect Limited	06389332
LDeX Group Limited	08777552
Memset Limited	04504980
Oriium Consulting Limited	06146501
P2 Technologies Limited	06254265
Pav IT Services Limited	02314882
SimpleServers Limited	06813119
Sonassi Limited	07715859
SystemsUp Limited	05212115
United Communications Limited	03651923

2. ACCOUNTING POLICIES (CONTINUED)

Operating segments – prior period reclassification (note 3 only)

During the year we moved the financial results of the brand SimpleServers into the Easyspace division as the nature of the services provided and the profile of the customer base are aligned better with the mass market hosting sector which we address in the Easyspace division. As a result, operating segment disclosures for the year ended 31 March 2023 have been reclassified resulting in an increase in Easyspace revenue and adjusted EBITDA with the opposite impact in Self-managed infrastructure in Cloud Services (Revenue impact 2023: £864k, EBITDA impact 2023: £55k).

New and revised IFRSs in issue but not yet effective and have not been adopted by the Group

At the date of authorisation of these financial statements, the following standards, interpretations and amendments have been issued but are not yet effective and have no material impact on the Group's financial statements:

- Amendment to IAS 1 – Classification of liabilities as Current or Non-Current
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1: Non-current Liabilities with Covenants

None of these have been adopted early and the Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Adoption of new and revised Standards - amendments to IFRS that are mandatorily effective for the current year

In the current year, the group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 8 Accounting Polices, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

There are no new accounting policies applied in the year ended 31 March 2024 which have had a material effect on these accounts.

Summary of Accounting Policies

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 March 2024. Under IFRS 10, control exists when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As each of the divisions within the Group are 100% wholly owned subsidiaries, the Group has full control over each of its investees.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are eliminated on consolidation and the underlying value of the asset transferred is tested for impairment. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

2. ACCOUNTING POLICIES (CONTINUED)

Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies.

Where the Group's assessment of the net fair value of a subsidiary's identifiable assets acquired and liabilities assumed is less than the fair value of the consideration including contingent consideration of the business combination then the excess is treated as goodwill. Where the Group's assessment of the net fair value of a subsidiary's net assets and liabilities exceeds the fair value of the consideration including contingent consideration of the business combination then the excess is recognised through profit or loss immediately.

Where an acquisition involves a potential payment of contingent consideration the estimate of any such payment is based on its fair value. To estimate the fair value an assessment is made as to the amount of contingent consideration which is likely to be paid having regard to the criteria on which any sum due will be calculated and is probability based to reflect the likelihood of different amounts being paid. Where a change is made to the fair value of contingent consideration within the initial measurement period as a result of additional information obtained on facts and circumstances that existed at the acquisition date then this is accounted for as a change in goodwill. Where changes are made to the fair value of contingent consideration as a result of events that occurred after the acquisition date then the adjustment is accounted for as a charge or credit to profit or loss.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services and goods (software and hardware) in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow from the transaction and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on prior experience, taking into consideration the type of customer and the type of transaction**.**

The Group will typically enter multi-element contracts where more than one service is provided such as a private cloud platform combined with an online backup portal, and in such instances the delivery of these multi-element contracts are treated as a single performance obligation. Revenue is then subsequently recognised over the period of service delivery, in line with the benefit to the customer, when the criteria for recognition has been met. Revenue recognised at a point in time predominantly consists of both software and hardware sales in which revenue is recognised at the point in which the customer receives the goods. Revenue recognition policies in our operating segments are as follows:

Cloud Services

This operating segment provides managed cloud computing infrastructure and services including consultancy. Revenue from the sale of cloud computing infrastructure and managed services is recognised on an over time basis over the life of the agreement and only after the service has been established. Set-up fees charged on contracts are spread over the life of the contract. Consultancy services are generally provided on a "time and materials" basis and therefore revenue is recognised as these services are rendered. Revenue from the supply of hardware or software, and the provision of services in respect of installation or training, is recognised when delivery and installation of the equipment is completed on a point in time basis. Any unearned portion of revenue is included in payables as deferred revenue.

2. ACCOUNTING POLICIES (CONTINUED)

Revenue (continued)

Easyspace

This operating segment provides domain name registration and hosting services. Revenue from the provision of domain names is split between the registration of the domain and the ongoing services associated with each domain registration. The registration of the domain is recognised on a point in time basis, whilst the ongoing service associated with each domain registration is spread over the length of the registration. Revenue from the provision of hosting services is recognised evenly over the period of the service on an over time basis and only after the service has been established. Any unearned portion of revenue is included in payables as deferred revenue.

Exceptional costs

The Group defines exceptional items as costs incurred by the Group which relate to quantitative or qualitative material non-recurring costs. These are disclosed separately where it is considered it provides additional useful information to the users of the financial statements.

Interest

Interest is recognised on an accruals basis using the effective interest method.

Intangible assets

Goodwill

Goodwill represents the excess of the consideration of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. Impairments to goodwill are charged to profit or loss in the period in which they arise.

Intangible assets – acquired customer relationships

Customer relationships are recognised only on acquisition. The fair value is derived based on discounted cash flows from estimated recurring revenue streams. The carrying value is stated at fair value at acquisition less accumulated amortisation and impairment losses. The useful economic life is assessed for each acquisition separately. Amortisation is charged straight line over the useful life of the relationships in proportion to the estimated future cash flows, a period which is generally between five and eight years.

Intangible assets - development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. Development costs incurred are capitalised when all the following conditions are satisfied:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred. The costs which do meet the criteria range from new product development to the enhancement of existing services such as mail or hosting platforms. The scope of the development team's work continues to evolve as the Group continues to deliver business critical solutions to a growing customer base. Development costs capitalised are amortised on a straight-line basis over the estimated useful life of the asset. The estimated useful life is deemed to be three years for all developments capitalised. Amortisation charges are recognised through profit or loss in the period in which they are incurred.

2. ACCOUNTING POLICIES (CONTINUED)

Intangible assets - software

Software is recognised at cost on purchase or fair value on acquisition and amortised on a straight-line basis over its useful economic life, which does not generally exceed five years for purchased software or eight years in the case of acquired software.

Acquisition costs

In accordance with IFRS 3 Business Combinations costs incurred on professional fees and attributable internal acquisition costs are not included in the overall cost of the investment in the acquired business. Consequently, these acquisition costs are included as administrative expenses in the consolidated statement of comprehensive income. In addition, the costs associated with integrating the acquired businesses into the Group are also included in this category. The combination of both these types of expenses is also shown in the consolidated statement of comprehensive income as acquisition costs.

Alternative performance measures

In addition to measuring financial performance of the Group based on statutory profit measures, the Group also measures performance based on adjusted EBITDA, adjusted profit before tax and adjusted diluted earnings per share.

Adjusted EBITDA

Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortisation (EBITDA) before share-based payment charges, acquisition costs, any gains or losses on revaluation of contingent consideration and material non-recurring items. Adjusted EBITDA is a common measure used by investors and analysts to evaluate the operating financial performance of companies, particularly in the sector that the Group operates.

The Group considers adjusted EBITDA to be a useful measure of operating performance because it approximates the underlying operating cash flow by eliminating the charges mentioned above. It is not a direct measure of liquidity, which is shown in the consolidated statement of cash flows, and needs to be considered in the context of the Group's financial commitments.

Adjusted profit before tax

Adjusted profit before tax is defined as profit before tax adjusted for the following:

- amortisation charges on acquired intangible assets;
- share-based payment charges;
- where bank facilities are restructured during the year any accelerated write off of arrangement fees;
- M&A activity including:
    - o professional fees;
    - o any non-recurring integration costs;
    - o any gain or loss on the revaluation of contingent consideration;
    - o any interest charge on contingent consideration; and
- Any material non-recurring costs where their removal is necessary for the proper understanding of the underlying profit for the period.

The Group considers adjusted profit before tax to be a useful measure of performance because it eliminates the impact of certain non-recurring items including those associated with acquisitions and other charges commonly excluded from profit before tax by investors and analysts for valuation purposes.

Adjusted diluted earnings per share

Adjusted diluted earnings per share is calculated by taking the adjusted profit before tax as described after deducting an appropriate taxation charge and dividing by the total weighted average number of ordinary shares in issue during the year and adjusting for the dilutive potential ordinary shares relating to share options. The Group considers adjusted diluted earnings per share to be a useful measure of performance for the same reasons as adjusted profit before tax. In addition, it is used as the basis for consideration to the level of dividend payments.

2. ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment is stated at cost net of depreciation and any provision for impairment. Leasehold property is included in property, plant and equipment only where it is held under IFRS 16.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds

and the carrying amount of the asset and is recognised in profit or loss.

Depreciation

Depreciation is calculated to write down the cost of all property, plant and equipment to the expected residual value by equal annual instalments over their estimated useful economic lives. All items of plant and equipment have immaterial residual values. The straight line rates generally applicable are:

Freehold property	Between 2.00% and 3.33% per annum
Leasehold improvements	Between 6% and 10% per annum
Data centre equipment	Between 6% and 50% per annum
Computer equipment	Between 6% and 50% per annum
Office equipment	Between 10% and 25% per annum
Motor vehicles	25% per annum

Leases

When entering into a new contract, the Group assesses whether it is, or contains, a lease. A lease conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

At the lease commencement date, the Group recognises a right-of-use asset and a corresponding lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability measured at the present value of future lease payments, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group assesses the right-of-use asset for impairment under IAS 36 'Impairment of Assets' where such indicators exist.

Lease liabilities are presented on two separate lines in the balance sheet for amounts due within one year and amounts due after more than one year. The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted at the Group's incremental borrowing rate. Subsequently, the liability will be reduced for payments made and increased for the interest applied and it is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or in the consolidated income statement if the right of use asset is already reduced to zero.

The Group adopts recognition exemptions for short term leases of twelve months or less and leases of low value where associated costs are expensed to the consolidated income statement.

Impairment testing of goodwill, other intangible assets and property, plant and equipment

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Goodwill, other individual assets or cash-generating units that include goodwill, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

2. ACCOUNTING POLICIES (CONTINUED)

Impairment testing of goodwill, other intangible assets and property, plant and equipment (continued)

An impairment loss is recognised for the amount by which the assets or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Management estimate expected future cash flows from each cash generating unit and determine a suitable interest rate to calculate the present value of the future cash flows. Discount factors are determined for each cash generating unit to reflect the underlying risks involved. The future cash flows used in the calculation are based on the Group's latest approved budget.

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Trade and other receivable - lease deposits

Rental and re-instatement deposits for leasehold premises are included in the consolidated statement of financial position as either non-current assets or current assets depending on the length of time to maturity. Where lease deposits are interest earning the amount of deposit is not discounted and where they are not interest earning they are discounted at an appropriate rate.

Reinstatement costs

The Group has made alterations to properties which it occupies under lease arrangements. These lease arrangements contain provision for reinstatement of the property to its original condition at the Group's cost at the end of the lease should the landlord require that to happen. In respect of property leases which contain such a reinstatement provision the estimated cost of the reinstatement is provided in the financial statements. The discounted value of the expected cost of reinstatement is recorded as a leasehold improvement within property, plant and equipment and is then depreciated over the remaining term of the lease. A matching provision is recognised at the same time which is increased over the period of the lease by way of an interest charge such that the estimated cost of the reinstatement has been fully provided at the end of the lease period.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Taxation

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the tax currently payable based on taxable profit for the year and any adjustment to tax payable in respect of prior years. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are provided in full and are generally recognised for all taxable temporary differences, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. ACCOUNTING POLICIES (CONTINUED)

Deferred tax (continued)

Deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed

for recognition as deferred tax assets. Where current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities arising in the same tax jurisdiction are offset and the Group intends to settles its current tax assets and liabilities on a net basis.

Changes in current and deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income, except where they relate to items that are recognised directly in other comprehensive income or equity (such as share-based remuneration) in which case the related deferred tax is also recognised in other comprehensive income or equity accordingly.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The classification of financial assets is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics associated with the financial asset. Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Financial assets

Trade receivables

Trade receivables are amounts due from customers for goods sold and services provided in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. In recognising any provision for impairment, the Group applies the IFRS 9 approach to measuring expected credit losses which uses a lifetime expected loss allowance for all assets held at amortised cost. The Group recognises a loss allowance for all expected credit losses on initial recognition of trade receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short-term deposits that are readily convertible into known amounts of cash with maturities of three months or less from inception and which are subject to an insignificant risk of changes in value.

Financial liabilities

Trade payables

Trade payables are stated at their nominal value, recognised initially at fair value and subsequently valued at amortised cost.

Borrowings

Borrowings are initially stated at fair value after deduction of any issue costs. The carrying amount is increased by the finance costs in respect of the accounting period and reduced by payments made in the period. Borrowings are subsequently stated at amortised cost, any difference between the periods (net of transaction costs) and the redemption value is recognised through profit or loss over the period of the borrowings using the effective interest method. Where borrowings are repaid early and new loan facilities agreed the terms of each loan facility are compared. Where the terms of the new borrowings are significantly different from those of the previous borrowings, the previous borrowings are treated as extinguished rather than modified as prescribed under IFRS 9.

2. ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the rates ruling at that date. Any gains or losses arising on assets and liabilities between the date of recording and the date of settlement are treated as gains or losses through profit or loss. Forward foreign exchange contracts used to hedge the Group's exposure to foreign currency transactions are fair valued at the balance date and the gain or loss is recognised through profit or loss for the period.

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component of equity in the foreign currency translation reserve.

Dividends

Dividend distributions payable to equity shareholders are included in the financial statements within 'other short term financial liabilities' when a final dividend is approved in a general meeting. Interim dividend distributions to equity shareholders approved by the Board are not included in the financial statements until paid.

Equity

Equity comprises the following:

- "share capital" represents the nominal value of equity shares;
- "own shares EBT" represents the amount of the Company's own equity shares, plus attributable transaction costs, that is held by the Company within the iomart Group plc Employee Benefit Trust;
- "share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- "merger reserve" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue, when ordinary share capital is included in the consideration for business acquisitions;
- "capital redemption reserve" represents set aside reserves in relation to previous redemption of own shares;
- "foreign currency translation reserve" represents all exchange differences on the translation of the results and financial position of Group entities that have a functional currency different from the presentation currency; and
- "retained earnings" represents retained profits and share-based payment reserve.

Employee benefits - pensions

The Group contributes to an auto-enrolment pension scheme and also to a number of personal pension schemes on behalf of Executive Directors and some senior employees. The pension costs charged against operating profit are the contributions payable to the schemes in respect of the accounting period.

Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All share-based remuneration plans are ultimately recognised as an expense through profit or loss with a corresponding credit to 'retained earnings'.

For share-based payment awards based on market conditions, such as total shareholder return %, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

2. ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share-based incentives expected to vest differs from previous estimates, with the exception of any estimates based on a market condition which are not revised. The three main non-market vesting conditions that apply to share options relate to the achievement of annual objectives, continuous employment and achievement of Group results. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share-based incentives ultimately exercised are different to that estimated on vesting.

Upon exercise of share-based incentives the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Segmental reporting

The Group provides segmental reporting on a basis consistent with the provision of internal financial information used for decision making purposes by the Chief Operating Decision-Maker. Internal reports are produced on a basis consistent with the accounting policies adopted in the Group's financial statements.

The Group calculates geographical information on the basis of the location of the customer.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 to 28. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Report on pages 16 to 21.

Note 30 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has a single £100m Revolving Credit Facility ("RCF") provided by four banks consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank. The facility has maturity date of 30 June 2026 and benefits from a £50m Accordion Facility. The RCF has a borrowing cost at the Group's current leverage levels of 180 basis points over SONIA. The RCF and the Accordion Facility (if exercised) provide the Group with additional liquidity which will be used for general business purposes and to fund investments, in accordance with the Group's three-year strategic plan. The Directors are of the opinion that the Group can operate within the current facility and comply with its financial bank covenants which consists of an interest cover and leverage cover ratio.

At the end of the financial year, the Group had net debt of £42.3m (2023: £41.3m) a level which the Board is comfortable with given the strong cash generation of the Group. The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Group is well placed to manage its business risks.

The Directors have considered the Group budgets and the cash flow forecasts for the next three financial years, and associated risks, including the risk of climate change and the impact on our data centre estate and useful economic life of assets, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities in respect of profitability and associated cash flow generation and are confident we have the resources to meet our liabilities as they fall due.

After making enquiries, the Directors have a reasonable expectation that the Group will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future (being a period extending at least twelve months from the date of approval of these financial statements). For this reason they continue to adopt the going concern basis in preparing the financial statements.

2. ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgements and key sources of estimation uncertainty

The Group do not consider that there are any critical accounting judgements in the preparation of the financial statements. The key assumption concerning the future, and other key sources of estimation uncertainty at the year end, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, relates to contingent consideration. Where an acquisition involves a potential payment of contingent consideration the Group is required to make an assessment as to whether any contingent consideration payment is likely. If it is, then an estimate of any such payment is based on its fair value. To estimate the fair value an assessment is made as to the amount of contingent consideration which is likely to be paid having regard to future forecasts, the criteria on which any sum due will be calculated and is probability based to reflect the likelihood of different amounts being paid. The range of possible outcomes on contingent consideration on acquisitions at 31 March 2024 is disclosed in note 20.

3. SEGMENTAL ANALYSIS

The Chief Operating Decision-Maker has been identified as the Chief Executive Officer ("CEO") of the Company. The Group has two operating segments and the CEO reviews the Group's internal reporting which recognises these two segments in order to assess performance and to allocate resources. The Group has determined its reportable segments are also its operating segments based on these reports.

The Group currently has two operating and reportable segments being Easyspace and Cloud Services.

- Easyspace – this segment provides a range of shared hosting and domain registration services to micro and SME companies.
- Cloud Services – this segment provides managed cloud computing facilities and services, through a network of owned data centres, to the larger SME and corporate markets.

Information regarding the operation of the reportable segments is included below. The CEO assesses the performance of the operating segments based on revenue and a measure of earnings before interest, tax, depreciation and amortisation (EBITDA) before any allocation of Group overheads, charges for share-based payments, costs associated with acquisitions, any gain or loss on revaluation of contingent consideration and material non-recurring items. This segment EBITDA is used to measure performance as the CEO believes that such information is the most relevant in evaluating the results of the segment.

The Group's EBITDA for the year has been calculated after deducting Group overheads from the EBITDA of the two segments as reported internally. Group overheads include the cost of the Board, all the costs of running the premises in Glasgow, the Group marketing, human resource, finance and design functions and legal and professional fees.

The segment information is prepared using accounting policies consistent with those of the Group as a whole.

The assets and liabilities of the Group are not reviewed by the Chief Operating Decision-Maker on a segment basis. Therefore none of the Group's assets and liabilities are segmental assets and liabilities and are all unallocated for segmental disclosure purposes. For that reason the Group has not disclosed details of segmental assets and liabilities.

All segments are continuing operations. No customer accounts for 10% or more of external revenues. Inter-segment transactions are accounted for using an arms-length commercial basis.

Operating Segments

Revenue by Operating Segment

	2024 £'000	2023 £'000 (restated note 2)
Easyspace	12,471	12,548
Cloud Services	114,578	103,090
	127,049	**115,638**

3. SEGMENTAL ANALYSIS (CONTINUED)

Cloud Services revenue can be further disaggregated as follows:

	2024 £'000	2023 £'000 (restated note 2)
Cloud managed services	75,212	64,115
Self-managed infrastructure	28,429	29,616
Non-recurring revenue	10,937	9,359
	114,578	**103,090**

The nature of these three offerings are explained within the Chief Executive Officer report on page 15.

Recurring and Non-recurring Revenue

The amount of recurring and non-recurring revenue recognised during the year can be summarised as follows:

	2024 £'000	2023 £'000
Recurring - over time	116,112	106,279
Non-recurring - point in time	10,937	9,359
	127,049	**115,638**

Geographical Information

In presenting the consolidated information on a geographical basis, revenue is based on the geographical location of customers. There is no single country where revenues are individually material other than the United Kingdom. The United Kingdom is the place of domicile of the parent company, iomart Group plc.

Analysis of Revenue by Destination

	2024 £'000	2023 £'000
United Kingdom	107,864	99,961
Rest of the World	19,185	15,677
Revenue from operations	**127,049**	**115,638**

3. SEGMENTAL ANALYSIS (CONTINUED)

Profit by Operating Segment

	2024			2023 (restated note 2)		
	Adjusted EBITDA £'000	Depreciation, amortisation, acquisition costs, share-based payments and exceptional non-recurring costs £'000	Operating profit/(loss) £'000	Adjusted EBITDA £'000	Depreciation, amortisation, acquisition costs, share-based payments and exceptional non-recurring costs £'000	Operating profit/(loss) £'000
Easyspace	6,161	(570)	5,591	6,173	(698)	5,475
Cloud Services	36,729	(22,141)	14,588	34,796	(22,428)	12,368
Group overheads	(5,162)	-	(5,162)	(4,808)	-	(4,808)
Administrative expenses – exceptional non recurring cost	-	(462)	(462)	-	-	-
Acquisition costs	-	(1,010)	(1,010)	-	(922)	(922)
Share-based payments	-	(517)	(517)	-	(696)	(696)
	37,728	(24,700)	13,028	36,161	(24,744)	11,417
Group interest and tax			(6,587)			(4,422)
Profit for the year			**6,441**			**6,995**

Group overheads, acquisition costs, share-based payments, interest and tax are not allocated to segments.

4. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	2024 £'000	2023 £'000
Staff costs (note 5) excluding development costs capitalised (note 13)	26,421	23,079
Depreciation of property, plant and equipment:		
- Owned assets - property, plant and equipment	11,782	12,176
- Owned assets – closure of data centre included in non-recurring acquisition integration costs (note 6)	49	631
- Right-of-use assets (note 23)	3,933	3,685
Short-term and low value lease expense (note 23)	1,711	1,750
Amortisation of intangibles:		
- Acquired intangible assets	4,226	3,880
- Other intangible assets	2,485	2,280
- Right-of-use assets (note 23)	285	285
Bad debt expense	810	682
Net foreign exchange loss/(gain)	94	(248)

In the prior year, the Group incurred £0.8m of exceptional non-recurring costs in relation to power costs.

4. OPERATING PROFIT (CONTINUED)

Included within administrative expenses are fees paid to the Group's auditor's as follows:

Auditor's remuneration	2024 £'000	2023 £'000
Audit services:		
- Fees payable for the audit of the consolidation and the parent company financial statements	190	130
- Fees payable for audit of subsidiaries, pursuant to legislation – UK	170	146
- Fees payable for audit of subsidiaries, pursuant to legislation – International	-	15
Total audit services fees	**360**	**291**
Non-audit services:		
- Interim review	35	30
- Covenant compliance certification	3	3
Total non-audit services fees	**38**	**33**
Total Auditor's remuneration	**398**	**324**

5. INFORMATION REGARDING EMPLOYEES AND DIRECTORS

The average number of persons (including all Directors) employed by the Group during the year was as follows:

	2024 No.	2023 No.
Technical	332	293
Sales and marketing	95	95
Administration	63	57
	490	**445**

Staff costs of the Group during the year in respect of employees and all Directors were:

	2024 £'000	2023 £'000
Wages and salaries	25,056	21,567
Social security costs	2,451	2,294
Pension costs	575	409
Share-based payments (note 27)	517	696
	28,599	**24,966**

The Group operates a stakeholder pension scheme and also contributes to a number of personal pension schemes on behalf of executive Directors and some senior employees. In the case of executive Directors, details of the pension arrangements are given within the Report of the Board to the Members on Directors' Remuneration on pages 41 to 47. In the case of senior employees, pension contributions to individuals' personal pension arrangements are payable by the Group at a rate equal to the contribution made by the senior employee subject to a maximum employer contribution of 5% of basic salary.

5. INFORMATION REGARDING EMPLOYEES AND DIRECTORS (CONTINUED)

The remuneration of the Directors are as follows:

	2024 £'000	2023 £'000
Directors' emoluments		
Aggregate emoluments	1,683	1,204

Emoluments payable to the highest paid Director are as follows:

	2024 £'000	2023 £'000
Aggregate emoluments	591	537

During the year the Company made personal pension contributions to personal pension schemes or paid a pension allowance to three of the Directors (2023: two) of £60,415 (2023: £54,013).

The aggregate amount of gains during the year realised by Reece Donovan, previous CEO, on the exercise of share options, was £139,886 (2023: £518,471).

The share-based payment charge in relation to Directors, who served during the year, was £311,000 (2023: £519,000).

The detailed numerical analysis of Directors' remuneration and share options is included in the Report of the Board to the Members on Directors' Remuneration on pages 41 to 47.

6. ACQUISITION COSTS AND ADMINISTRATIVE EXPENSES – EXCEPTIONAL NON-RECURRING COSTS

	2024 £'000	2023 £'000
Professional fees	537	236
Non-recurring acquisition integration costs	473	686
Total acquisition costs	**1,010**	**922**

	2024 £'000	2023 £'000
Administrative expenses – exceptional non-recurring costs	**462**	**-**

Professional fees of £537,000 (2023: £236,000) relates to fees incurred in relation to the acquisition of Extrinsica Global Holdings Ltd and Accesspoint Group Holdings Ltd in the year.

In the current year, the Group incurred £462,000 (2023: £nil) of administrative expenses - exceptional non-recurring costs in relation to the change of CEO during September which we consider to be material in nature and size.

7. FINANCE COSTS (NET)

	2024 £'000	2023 £'000
Finance income:		
Bank interest receivable	64	-
Finance income	**64**	-
Finance costs:		
Bank loan	(3,366)	(2,216)
Interest on lease liabilities (note 23)	(854)	(586)
Other interest charges (note 22)	(131)	(113)
Finance costs	**(4,351)**	**(2,915)**
Net finance costs	**(4,287)**	**(2,915)**

8. DIVIDENDS PAID ON SHARES CLASSED AS EQUITY

Group and Company only	2024 Pence per share	2024 £'000	2023 Pence per share	2023 £'000
Paid during the year:				
Final dividend (proposed in the prior year)				
Equity dividends on ordinary shares	3.50p	3,922	3.60p	3,957
Interim dividend				
Equity dividends on ordinary shares	1.94p	2,177	1.94p	2,134
Total dividend paid in cash		**6,099**		**6,091**

The Directors have recommended a final dividend for the year ended 31 March 2024 of 3.0p per share (2023: 3.50p per share). Subject to shareholder approval this proposed final dividend would be payable on 9 September 2024 to shareholders on the register at close on 16 August 2024.

9. TAXATION

	2024 £'000	2023 £'000
Corporation Tax:		
Tax charge for the year	(2,536)	(935)
Adjustment relating to prior years	(130)	-
Total current taxation charge	**(2,666)**	**(935)**
Deferred Tax:		
Origination and reversal of temporary differences	380	(597)
Adjustment relating to prior years	(21)	36
Effect of different statutory tax rates of overseas jurisdictions	7	(11)
Total deferred taxation credit/(charge)	**366**	**(572)**
Total taxation charge	**(2,300)**	**(1,507)**

The differences between the total taxation charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2024 £'000	2023 £'000
Profit before tax	8,741	8,502
Tax charge @ 25% (2023: 19%)	2,185	1,615
Expenses disallowed for tax purposes and non-taxable income	135	28
Adjustments in current tax relating to prior years	130	-
Tax effect of different statutory tax rates of overseas jurisdictions	(7)	11
Movement in tax relating to changes in tax rates	-	95
Tax effect of share-based remuneration	(207)	253
Effect of super-deduction	-	(505)
Movement in deferred tax related to property, plant and equipment	43	46
Movement in deferred tax relating to prior years	21	(36)
Total taxation charge for the year	**2,300**	**1,507**

The weighted average applicable tax rate for the year ended 31 March 2024 was 25% (2023: 19%). The effective rate of tax for the year, based on the taxation charge for the year as a percentage of the profit before tax is 26% (2023: 18%). The effective rate of tax has increased largely driven by the adoption of the UK Corporation tax rate of 25% (2023: 19%), effective 1 April 2023, to corporation tax, the net result of higher taxable income and the effect of the "full expensing relief" available for capital investments.

Deferred tax assets and liabilities at 31 March 2024 have been calculated based on the rate of 25% enacted at the balance sheet date (2023: 25%).

10. DEFERRED TAX

The Group recognised deferred tax assets/(liabilities) as follows:

	2024 £'000	2023 £'000
Share-based remuneration	891	638
Capital allowances temporary differences	(1,687)	(319)
Deferred tax on development costs	(720)	(648)
Deferred tax on customer relationships	(3,286)	(2,762)
Deferred tax on intangible software	(82)	(130)
Deferred tax liability	**(4,884)**	**(3,221)**

At the year end, the Group had £2.4m (2023: £nil) of brought forward tax losses acquired through an acquisition of in the year, no deferred tax asset has been recorded against these losses.

The movement in the deferred tax account during the year was:

	Share-based remuneration £'000	Capital allowances temporary differences £'000	Development costs £'000	Deferred tax on acquired assets with no capital allowances £'000	Customer relationships £'000	Intangible software £'000	Brought forward Tax Losses £'000	Total £'000
Balance at 1 April 2022	**884**	**843**	**(542)**	**(19)**	**(2,499)**	**(177)**	**-**	**(1,510)**
Acquired on acquisition of subsidiary	-	(133)	-	-	(1,074)	-	68	**(1,139)**
Movement relating to prior year	-	36	-	-	-	-	-	**36**
Credited/(charged) to statement of comprehensive income	(246)	(1,065)	(106)	19	822	47	(68)	**(597)**
Effect of different tax rates of overseas jurisdictions	-	-	-	-	(11)	-	**-**	**(11)**
Balance at 31 March 2023	**638**	**(319)**	**(648)**	-	**(2,762)**	**(130)**	**-**	**(3,221)**
Acquired on acquisition of subsidiary	-	(578)	-	-	(1,451)	-	-	**(2,029)**
Movement relating to prior year	-	(21)	-	-	-	-	-	**(21)**
Credited/(charged) to statement of comprehensive income	253	(769)	(72)	-	927	48	-	**387**
Balance at 31 March 2024	**891**	**(1,687)**	**(720)**	-	**(3,286)**	**(82)**	**-**	**(4,884)**

The deferred tax asset in relation to share-based remuneration arises from the anticipated future tax relief on the exercise of share options.

The deferred tax on capital allowances temporary differences arises mainly from plant and equipment in the Cloud Services segment where the tax written down value varies from the net book value.

The deferred tax on development costs arose from development expenditure on which tax relief was received in advance of the amortisation charge.

The deferred tax on customer relationships and intangible software arises from permanent differences on acquired intangible assets.

11. ACQUISITIONS

Extrinsica Global Holdings Limited

On 5 June 2023, the Group acquired the entire issued share capital of Extrinsica Global Holdings Limited ("Extrinsica"), the holding company of Extrinsica Global Limited. Extrinsica is a Microsoft Azure Cloud solution services provider with offerings including managed Azure Cloud, Azure solution design and implementation services, support & optimisation services and licencing.

During the current year, the Group incurred £307,000 of third party acquisition related costs in respect of this acquisition. These expenses are included in administrative expenses in the Group's consolidated statement of comprehensive income and in cash flow from operating activities for the period ended 31 March 2024.

The following table summarises the consideration to acquire Extrinsica, the amounts of identified assets acquired, and liabilities assumed at the acquisition date.

	£'000
Recognised amounts of net assets acquired and liabilities assumed:	
Cash and cash equivalents	628
Trade and other receivables	1,439
Property, plant and equipment	44
Intangible assets	4,879
Borrowings	(3,728)
Trade and other payables	(2,326)
Deferred tax liability	(1,451)
Identifiable net liabilities	**(515)**
Goodwill	4,943
Total consideration	**4,428**
Satisfied by:	
Cash – paid on acquisition	1,853
Deferred consideration on acquisition paid	215
Shares – issued on acquisition	2,000
Contingent consideration	360
Total consideration to be transferred	**4,428**

The acquisition of Extrinsica was completed using a "completion accounts" mechanism, on a no cash, no debt, and normalised working capital basis.

The initial consideration for the acquisition was £4,068,000. Of the initial consideration, £1,853,000 was settled by cash, £215,000 was deferred pending finalisation of the completion accounts and was paid in October 2023 and £2,000,000 was satisfied by the issue of 1,562,500 new ordinary shares in iomart Group plc, which under the terms of the Sale and Purchase Agreement (SPA) are subject to a 12 month "lock in" provision and based on a fixed share price of £1.28, being the volume weighted average price for the 90 days prior to completion. This has resulted in an increase to share capital of £16,000 and an increase to the merger reserve of £1,984,000.

Under the terms of the SPA, a potential further £360,000 in cash was payable on the achievement of certain key customer targets, £180,000 of this amount was settled during the year ended 31 March 2024 and £180,000 is included in contingent consideration at 31 March 2024 (note 20) and was paid subsequent to the year end in April 2024.

At the date of acquisition, Extrinsica had bank debt of £3,728,000 which was taken on by iomart and settled as part of the completion process.

The fair value of the financial assets acquired includes trade receivables with a fair value of £673,000. The Gross amount due under contracts is £678,000.

11. ACQUISITIONS (CONTINUED)

The SPA included a provision requiring the Company to pay the former shareholders of Extrinsica a further £4,000,000 to £7,000,000 of contingent earn-out payments which are calculated based on Extrinsica's profitability for the 12 months ending 31 March 2024 ("the earn-out payment"). The level of profitability for the earn-out payment was not achieved during the year. As such, there is no contingent earn-out consideration payable.

The goodwill arising on the acquisition of Extrinsica is attributable to the premium payable for a pre-existing, well positioned business specialising in Microsoft's Azure cloud platform, together with the benefits to the Group in merging the business with its existing infrastructure and the anticipated future revenue synergies from the combination. The goodwill is not expected to be deductible for tax purposes.

The trading name "Extrinsica" is not actively advertised or promoted. Extrinsca's standard terms and conditions restrict the ability of Extrinsica to sell, distribute or lease any personal information it holds on customers. As a consequence, there is no significant value in either the trade name/brand or customer lists acquired at the acquisition date and therefore no value has been attributed to either intangible asset.

Included in intangible assets is the fair value included in respect of the acquired customer relationships intangible asset of £3,824,000. To estimate the fair value of the customer relationships intangible asset, a discounted cash flow method, specifically the income approach, was used with reference to the directors' estimates of the level of revenue, which will be generated from them. A pre-tax discount rate of 14.11% was used for the valuation. Customer relationships are being amortised over an estimated useful life of 8 years.

Extrinsica earned revenue of £6,966,000 and generated profit, before allocation of group overheads and tax, of £95,000 in the period since acquisition.

If Extrinsca had been part of the iomart group from 1 April 2023, revenue earned for the twelve month period for iomart would have been £8,363,463 and profit after tax of £29,346 for the year ended 31 March 2024.

11. ACQUISITIONS (CONTINUED)

Accesspoint Group Holdings Limited

On 5 December 2023, iomart Group plc acquired the entire issued share capital of Accesspoint Group Holdings Limited ("Accesspoint"), the holding company of Accesspoint Technologies Limited. Based in North East London, Accesspoint is an IT hosting partner focused on the UK legal industry since 2009. Accesspoint provides a suite of managed and hosted services including infrastructure hosting, software licensing, security management, business continuity services and communications provisioning

During the current year, the Group incurred £230,000 of third party acquisition related costs in respect of this acquisition. These expenses are included in administrative expenses in the Group's consolidated statement of comprehensive income and in cash flow from operating activities for the year ended 31 March 2024.

The following table summarises the consideration to acquire Accesspoint, the amounts of identified assets acquired, and liabilities assumed at the acquisition date.

	£'000
Recognised amounts of net assets acquired and liabilities assumed:	
Cash and cash equivalents	322
Trade and other receivables	772
Property, plant and equipment	342
Intangible assets	2,077
Trade and other payables	(1,249)
Corporation tax liability	(215)
Deferred tax liability	(578)
Identifiable net assets	**1,471**
Goodwill	4,928
Total consideration	**6,399**
Satisfied by:	
Cash – paid on acquisition	4,499
Deferred consideration (included in contingent consideration note 20)	500
Contingent consideration (note 20)	1,400
Total consideration to be transferred	**6,399**

The acquisition of Accesspoint was completed using a "completion accounts" mechanism, on a no cash, no debt, and normalised working capital basis. At the date of acquisition, Accesspoint had no bank debt.

The initial consideration for the acquisition was £4,480,000 paid in cash on completion on a debt and cash free basis, with a potential further £500,000 in cash payable on the achievement of certain post-acquisition milestones. These milestones were achieved and subsequent to the year end, in May 2024, the £500,000 was paid in cash.

11. ACQUISITIONS (CONTINUED)

In line with the SPA, the total consideration payable was adjusted based on the level of cash, debt and working capital shown in the agreed set of accounts (the Completion Accounts) made up to 30 November 2023. Following agreement of the Completion Accounts an additional payment of £19,000 was paid to the former shareholders of Accesspoint on 19 March 2024.

The SPA included a provision requiring the Company to pay the former shareholders of Accesspoint a further £1,400,000 of contingent earn-out payments which are calculated based on Accesspoint's profitability for the twelve months ending 31 August 2024 ("the earn-out payment").

The potential undiscounted amount of the earn-out payment that the Company could be required to pay is between £nil and £1,400,000. The amount of contingent earn-out consideration payable, which is recognised as of 31 March 2024, is £1,400,000 (note 20). The level of profitability for the earn-out payment was estimated taking into account actual performance to date and management's estimates of profitability for the remaining months to August 2024.

The goodwill arising on the acquisition of Accesspoint is attributable to the premium payable for a Company with deep industry expertise and a highly capable team with a strong reputation within the legal sector. The addition of the new customer base when combined with iomart's existing legal customers consolidates iomart's position in a key sector. The goodwill is not expected to be deductible for tax purposes.

The trading name "Accesspoint" is not actively advertised or promoted. Accesspoint's standard terms and conditions restrict the ability of Accesspoint to sell, distribute or lease any personal information it holds on customers. As a consequence, there is no significant value in either the trade name/brand or customer lists acquired at the acquisition date and therefore no value has been attributed to either intangible asset.

Included in intangible assets is the fair value included in respect of the acquired customer relationships intangible asset of £2,077,000. To estimate the fair value of the customer relationships intangible asset, a discounted cash flow method, specifically the income approach, was used with reference to the directors' estimates of the level of revenue, which will be generated from them. A pre-tax discount rate of 12.82% was used for the valuation. Customer relationships are being amortised over an estimated useful life of 8 years.

The fair value of the financial assets acquired includes trade receivables with a fair value of £682,000. The Gross amount due under contracts is £682,000.

Accesspoint earned revenue of £1,390,000 and generated profit, before allocation of group overheads and tax, of £202,000 in the period since acquisition.

If Accesspoint had been part of the iomart group from 1 April 2023, revenue earned for the twelve month period for iomart would have been £4,763,000 and statutory profit after tax of £536,000 for the year ended 31 March 2024.

12. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, after deducting any own shares held in Treasury and held by the Employee Benefit Trust. Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the total of the weighted average number of ordinary shares in issue during the year, after deducting any own shares, and adjusting for the dilutive potential ordinary shares relating to share options.

	2024 £'000	2023 £'000
Profit for the financial year and basic earnings attributed to ordinary shareholders	**6,441**	**6,995**
	No	**No**
Weighted average number of ordinary shares:	**000**	**000**
Called up, allotted and fully paid at start of year	110,422	110,065
Own shares held by Employee Benefit Trust	(141)	(141)
Issued share capital in the year	1,391	170
Weighted average number of ordinary shares - basic	**111,672**	**110,094**
Dilutive impact of share options	2,710	2,575
Weighted average number of ordinary shares - diluted	**114,382**	**112,669**
Basic earnings per share	5.8 p	6.4 p
Diluted earnings per share	5.6 p	6.2 p

Adjusted earnings per share	2024 £'000	2023 £'000
Profit for the financial year and basic earnings attributed to ordinary shareholders	6,441	6,995
Amortisation of acquired intangible assets	4,226	3,880
Acquisition costs	1,010	922
Administrative expenses – exceptional non-recurring costs	462	-
Cost of sales - exceptional non-recurring costs	-	820
Share-based payments	517	696
Tax impact of adjusted items	(1,421)	(1,025)
Adjusted profit for the financial year and adjusted earnings attributed to ordinary shareholders	**11,235**	**12,288**
Adjusted basic earnings per share	10.0 p	11.2 p
Adjusted diluted earnings per share	9.8 p	10.9 p

13. INTANGIBLE ASSETS

	Goodwill	Development costs	Acquired customer relationships	Software	Beneficial contracts	Domain names & IP addresses	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2022	86,479	13,256	57,299	10,945	86	336	168,401
Acquired on acquisition of subsidiary	13,471	159	4,462	-	-	-	18,092
Additions	-	-	-	44	-	-	44
Currency translation differences	-	-	48	39	-	-	87
Development cost capitalised	-	1,887	-	-	-	-	1,887
At 31 March 2023	**99,950**	**15,302**	**61,809**	**11,028**	**86**	**336**	**188,511**
Acquired on acquisition of subsidiary	9,871	1,055	5,803	97	-	-	16,826
Additions	-	-	-	113	-	-	113
Disposals		(112)					(112)
Currency translation differences	-	-	(16)	(12)	-	-	(28)
Development cost capitalised	-	2,178	-	-	-	-	2,178
At 31 March 2024	**109,821**	**18,423**	**67,596**	**11,226**	**86**	**336**	**207,488**
Accumulated amortisation:							
At 1 April 2022	**-**	**(11,166)**	**(49,396)**	**(8,142)**	**(69)**	**(297)**	**(69,070)**
Charge for the year	-	(1,434)	(3,880)	(1,116)	(8)	(7)	(6,445)
Currency translation differences	-	-	(49)	(16)	-	-	(65)
At 31 March 2023	**-**	**(12,600)**	**(53,325)**	**(9,274)**	**(77)**	**(304)**	**(75,580)**
Disposals	**-**	112	**-**	**-**	**-**	**-**	112
Charge for the year	-	(1,892)	(4,226)	(864)	(6)	(8)	(6,996)
Currency translation differences	-	-	14	14	-	-	28
At 31 March 2024	-	**(14,380)**	**(57,537)**	**(10,124)**	**(83)**	**(312)**	**(82,436)**
Carrying amount:							
At 31 March 2024	**109,821**	**4,043**	**10,059**	**1,102**	**3**	**24**	**125,052**
At 31 March 2023	99,950	2,702	8,484	1,754	9	32	112,931

Of the total additions in the year of £114,000 (2023: £44,000), no amounts related to leases under IFRS 16 (note 23) (2023: £nil). There were no amounts included in trade payables at the year end (2023: £nil). Consequently, the consolidated statement of cash flows discloses a figure of £114,000 (2023: £44,000) as the cash outflow in respect of the purchase of intangible asset in the year.

All amortisation and impairment charges are included in the depreciation, amortisation and impairment of non-financial assets classification, which is disclosed as administrative expenses in the statement of comprehensive income.

Included within customer relationships are the following significant net book values: £3.4m in relation to the acquisition of Extrinsica Global Holdings Limited and £1.7m in relation to the acquisition of Accesspoint Group Holdings Limited both with a remaining useful life of 7 years, £2.6m in relation to the acquisition of Concepta Capital Limited with a remaining useful life of 6 years, £0.6m in relation to the acquisitions of Memset Limited with a remaining useful life of 4 years, Bytemark Limited with a net book value of £0.2m and LDeX Group Limited of £0.6 both with a remaining useful life of 3 years, Sonassi Limited of £0.7m, Dediserve Limited of £0.1m, SimpleServers Limited of £0.1m all three with a remaining useful life of 2 years.

During the year, goodwill was reviewed for impairment in accordance with IAS 36 “Impairment of Assets”. No impairment charges (2023: £nil) arose as a result of this review. For this review goodwill was allocated to individual Cash Generating Units (CGU) on the basis of the Group’s operations.

13. INTANGIBLE ASSETS (CONTINUED)

The carrying value of goodwill by each CGU is as follows:

Cash Generating Units (CGU)	2024 £'000	2023 £'000
Easyspace	26,685	23,315
Cloud Services	83,136	76,635
	109,821	**99,950**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets approved by the Board covering a five year period. These projections are the result of detailed planning and assume similar levels of organic growth as the Group has experienced in the previous years.

The growth rates and margins used to extrapolate estimated future performance continue to be based on past growth performance adjusted downwards to take into account the additional risk due to the passage of time. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates. The growth rates used to estimate future performance beyond the periods covered by the annual and strategic planning processes do not exceed the long-term average growth rates for similar products.

In determining the value-in-use, the estimated post-tax future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Management continue to apply the judgement that there are two distinct CGUs within the Group, namely Cloud Services and Easyspace which have been derived with due consideration to IAS 36. The assumptions used for the CGU included within the impairment reviews are as follows:

	Easyspace		Cloud Services	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
Discount rate (pre-tax)	14.9%	14.3%	14.9%	14.3%
Discount rate (post-tax)	11.2%	10.7%	11.2%	10.7%
Future perpetuity rate	0.0%	0.0%	2.5%	2.5%
Initial period for which cash flows are estimated (years)	5	5	5	5

Based on an analysis of the impairment calculation's sensitivities to changes in key parameters (growth rate, discount rate and pre-tax cash flow projections) there was no reasonably possible scenario where the CGU's recoverable amount would fall below its carrying amount.

14. TRADE AND OTHER RECEIVABLES – NON-CURRENT

Non-current trade and other receivables relates to rent deposits on leases of £111,000 (2023: £177,000) and is due to be repaid at the end of the lease which, at the earliest, is June 2035.

The Group is due to receive interest on the lease deposits at the prevailing market rate and therefore they have not been discounted.

15. SUBSIDIARIES

The following are subsidiaries and have all been consolidated in the Group financial statements:

	Country of registration and operation*	Activity	Owned by the company %	Owned by subsidiary undertakings %
Accesspoint Group Holdings Limited	England	Non-trading	100	-
Accesspoint Technologies Limited	England	Managed hosting services	-	100
Add3 Limited	England	Non-trading	-	100
Bytemark Holdings Limited	England	Non-trading	100	-
Bytemark Limited	England	Non-trading	100	-
Concepta Capital Limited	England	Non-trading	100	-
Cristie Data Limited	England	Provision of data storage, backup and virtualisation solutions	100	-
Datanics Limited	England	Non-trading	-	100
Dediserve Limited	Republic of Ireland	Managed hosting services	100	-
Easyspace Limited	England	Webservices	100	-
Extrinsica Global Limited	England	Managed hosting services	-	100
Extrinsica Global Holdings Limited	England	Non-trading	100	-
iomart Cloud Inc	USA	Managed hosting services	100	-
iomart Cloud Services Limited	Scotland	Non-trading	100	-
iomart Managed Services Limited	Scotland	Managed hosting services	100	-
LDeX Connect Limited	England	Non-trading	100	-
LDeX Group Limited	England	Non-trading	100	-
London Data Exchange Limited	England	Non-trading	100	-
Memset Limited	England	Non-trading	100	-
Oriium Consulting Limited	England	Data management products and managed services	-	100
P2 Technologies Limited	England	Reseller of IT hardware, software and services	-	100
PAV IT Services Limited	England	Reseller of IT hardware, software and services	-	100
SimpleServers Limited	England	Non-trading	100	-
Sonassi Limited	England	Non-trading	100	-
Switch Media Limited	England	Non-trading	100	-
Systems Up Limited	England	Non-trading	100	-
United Communications Limited	England	Non-trading	100	-

*All subsidiaries with a country of registration in England have a registered office of 3rd Floor, 11-21 Paul Street, London, EC2A 4JU. All subsidiaries with a country of registration in Scotland have a registered office of 6 Atlantic Quay, 55 Robertson Street, Glasgow, G2 8JD. The registered office of Dediserve Limited is 13-18 City Quay, Dublin 2. The registered office of iomart Cloud Inc is Miracle Mile Plaza, 601 21st Street, Suite 300, Vero Beach, FL 32960.

Backup Technology Limited, iomart Datacentres Limited, iomart Limited, Melbourne Server Hosting Limited, Netintelligence Limited, Rapidswitch Limited, Redstation Limited and Serverspace Limited are 100% owned by iomart Group plc and are dormant companies.

All of the above subsidiaries are wholly owned by iomart Group plc or one of its subsidiary companies and operate in the country of registration. The Group controls 100% of the ordinary share capital of each subsidiary.

16. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £'000	Leasehold property and improvements £'000	Data centre equipment £'000	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost:							
At 1 April 2022	8,236	40,424	30,524	114,268	2,840	23	196,315
Acquired on acquisition of subsidiary	-	300	872	1	30	-	1,203
Additions in the year	-	969	1,849	6,591	116	23	9,548
Disposals in the year	-	(309)	(1,402)	-	-	-	(1,711)
Currency translation differences	-	132	-	378	-	-	510
At 31 March 2023	**8,236**	**41,516**	**31,843**	**121,238**	**2,986**	**46**	**205,865**
Acquired on acquisition of subsidiary	-	16	-	345	25	-	386
Additions in the year	-	6,316	2,624	5,876	83	48	14,947
Disposals in the year	-	(2,129)	-	-	-	(5)	(2,134)
Currency translation differences	-	(49)	-	(167)	-	-	(216)
At 31 March 2024	**8,236**	**45,670**	**34,467**	**127,292**	**3,094**	**89**	**218,848**
Accumulated depreciation:							
At 1 April 2022	(1,054)	(16,214)	(18,041)	(87,750)	(2,340)	(23)	(125,422)
Charge for the year	(241)	(4,663)	(2,072)	(9,333)	(180)	(3)	(16,492)
Disposals in the year	-	-	1,402	-	-	-	1,402
Currency translation differences	-	(74)	-	(320)	-	-	(394)
At 31 March 2023	**(1,295)**	**(20,951)**	**(18,711)**	**(97,403)**	**(2,520)**	**(26)**	**(140,906)**
Charge for the year	(238)	(4,984)	(1,591)	(8,754)	(184)	(13)	(15,764)
Disposals in the year	-	1,117	-	-	-	5	1,122
Currency translation differences	-	41	-	151	-	-	192
At 31 March 2024	**(1,533)**	**(24,777)**	**(20,302)**	**(106,006)**	**(2,704)**	**(34)**	**(155,356)**
Carrying amount:							
At 31 March 2024	**6,703**	**20,893**	**14,165**	**21,286**	**390**	**55**	**63,492**
At 31 March 2023	6,941	20,565	13,132	23,835	466	20	64,959

Depreciation charge in the current year is comprised of £15,715,000 as disclosed in the statement of comprehensive income and £49,000 of accelerated depreciation in respect of the closure of a data centre in the prior year, as included in non-recurring acquisition integration costs.

During the year there were additions of £231,000 (2023: £70,000) in respect of reinstatement provisions (note 22) and additions of £4,270,000 (2023: £666,000) in respect of leases under IFRS 16 (note 23). Of the total remaining additions in the year of £10,446,000 (2023: £8,812,000), £1,247,000 (2023: £314,000) was included in trade payables as unpaid invoices at the year end resulting in a net increase of £933,000 (2023: net decrease of £106,000) in trade payables. Consequently, the consolidated statement of cash flows discloses a figure of £9,513,000 (2023: £8,918,000) as the cash outflow in respect of property, plant and equipment additions in the year.

Additions of £1,400,000 included in computer equipment are under construction and are not yet being depreciated.

See note 23 for movements in the year relating to right-of-use assets under IFRS 16 as included in the above table.

17. TRADE AND OTHER RECEIVABLES - CURRENT

	2024 £'000	2023 £'000
Trade receivables	14,065	13,514
Less: expected credit loss	(423)	(405)
Trade receivables (net)	**13,642**	**13,109**
Other receivables	502	157
Prepayments	10,480	11,132
Accrued income	1,836	1,406
Trade and other receivables	**26,460**	**25,804**

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

The Group applies the simplified approach to providing for expected credit losses prescribed, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Risk profile category (ageing)	2024 £'000	ECL rate %	2024 ECL allowance £'000	2023 £'000	ECL rate %	2023 ECL allowance £'000
Current						
Current	5,919	1.64%	(97)	7,163	1.14%	(82)
0-30 days	3,634	2.30%	(84)	3,510	1.72%	(61)
30-60 days	1,193	3.64%	(43)	1,240	3.39%	(42)
60-90 days	197	5.19%	(10)	395	5.85%	(23)
Over 90 days	3,122	6.90%	(189)	1,206	16.33%	(197)
Total	**14,065**		**(423)**	**13,514**		**(405)**

To consider the total exposure to credit risks, the Group uses figures net of VAT. At 31 March 2024, £5,919,000 (2023: £7,163,000) of net trade receivables were fully performing. Net trade receivables of £7,723,000 (2023: £5,946,000) were past due, but not impaired. The credit quality of financial assets that are neither past due or impaired can be assessed by reference to the customer type. Trade receivables consist of a large number of customers in various industries and geographical areas. The Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

18. CASH AND CASH EQUIVALENTS

	2024 £'000	2023 £'000
Cash at bank and in hand	15,755	13,818
Cash and cash equivalents	**15,755**	**13,818**

The credit risk on cash and cash equivalents is considered to be negligible because the counter parties are largely UK banking institutions. The effective interest rate earned on short-term deposits was 0% (2023: 0%).

19. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Trade payables	(12,163)	(8,993)
Other taxation and social security	(2,538)	(2,322)
Accruals	(8,437)	(8,199)
Deferred income	(11,536)	(12,117)
Other creditors	(1,054)	(267)
Trade and other payables - current	**(35,728)**	**(31,898)**

The carrying amount of trade and other payables approximates to their fair value. Current trade payables and accruals are non-interest bearing and generally mature within three months.

	2024 £'000	2023 £'000
Deferred income	(2,834)	(2,666)
Trade and other payables – non-current	**(2,834)**	**(2,666)**

Non-current deferred income in the year predominantly relates to support contracts that span over one year.

Revenue of £12,117,000 (2023: £11,138,000) recognised in the current year was included in deferred income at 31 March 2023 (2023: 31 March 2022).

20. CONTINGENT CONSIDERATION DUE ON ACQUISITIONS

	2024 £'000	2023 £'000
Contingent consideration due on acquisitions within one year:		
Concepta Capital Limited	-	(4,000)
Extrinsica Global Holdings Limited	(180)	-
Accesspoint Group Holdings Limited	(1,900)	-
Total contingent consideration due on acquisitions	**(2,080)**	**(4,000)**

Contingent consideration recognised in the prior year on Concepta Capital Limited of £4,000,000 was paid during the year as disclosed in the consolidated cash flow statement.

Contingent consideration of £360,000 was recognised on the acquisition of Extrinsica Global Holdings Limited (note 11). £180,000 was paid during the year as disclosed in the consolidated cash flow statement and the remaining £180,000 was paid subsequent to the year end in April 2024.

£500,000 of the £1,900,000 in relation to Accesspoint Group Holdings Limited was paid subsequent to the year end in May 2024. The remaining £1,400,000 recognised is based on the Directors' best estimate due at 31 March 2024. Under the Sale and Purchase Agreement, the earn-out range from £nil to £1,400,000 consideration is represented by a narrow EBITDA range of £100,000. This means for every £1 of additional EBITDA above a target EBITDA, then £9.00 consideration is earned. This means the forecasted estimate is sensitive to small variances.

21. BORROWINGS

	2024 £'000	2023 £'000
Current:		
Lease liabilities (note 23)	(2,509)	(3,377)
Current borrowings	**(2,509)**	**(3,377)**
Non-current:		
Lease liabilities (note 23)	(15,582)	(15,803)
Bank loans	(40,000)	(34,400)
Total non-current borrowings	**(55,582)**	**(50,203)**
Total borrowings	**(58,091)**	**(53,580)**

The carrying amount of borrowings approximates to their fair value.

At the start of the year there was £34.4m (2023: £34.0m) outstanding on the multi option revolving credit facility and drawdowns of £7.6m (2023: £10.4m) were made from the facility during the year. Repayments totalling £2.0m (2023: £10.0m) were made in the year resulting in a balance outstanding at the end of the year of £40.0m (2023: £34.4m).

At the year end, the Group has access to a £100m multi option revolving credit facility that matures on 30 June 2026, which also benefits from a £50m Accordion Facility. The directors are of the opinion that the Group can operate within the current facility and comply with its banking covenants. The RCF has a borrowing cost at the Group's current leverage levels of 1.8% margin over SONIA. The revolving credit facility incurs a non-utilisation fee of 35% of the 1.8% margin. The effective interest rate for the multi option revolving credit facility in the current year was 6.85% (2023: 4.26%).

The RCF and the Accordion Facility (if exercised) provide the Group with additional liquidity which will be used for general business purposes and to fund investments, in accordance with the Group's three-year strategic plan.

Given the terms of the revolving credit facility and the ability for any drawdowns made to be extended beyond 31 March 2024 at the discretion of the Group, the total amount outstanding has been classified as non-current.

The obligations under the multi option revolving credit facility are repayable as follows:

	2024			2023		
Group and Company only	**Capital £'000**	**Interest £'000**	**Total £'000**	**Capital £'000**	**Interest £'000**	**Total £'000**
Due within one year	-	(698)	(698)	-	(540)	(540)
Due within two to five years	(40,000)	-	(40,000)	(34,400)	-	(34,400)
	(40,000)	**(698)**	**(40,698)**	**(34,400)**	**(540)**	**(34,940)**

The Directors estimate that the fair value of the Group's borrowing is not significantly different to the carrying value.

21. BORROWINGS (CONTINUED)

Analysis of change in net debt	Cash and cash equivalents £'000	Bank loans £'000	Lease liabilities £'000	Total liabilities £'000	Total net debt £'000
At 1 April 2022	15,332	(34,000)	(22,623)	(56,623)	**(41,291)**
Acquired on acquisition of subsidiary	-	-	(235)	(235)	**(235)**
Additions to lease liabilities	-	-	(666)	(666)	**(666)**
Disposals from lease liabilities	-	-	449	449	**449**
Drawdown of bank loans	-	(10,400)	-	(10,400)	**(10,400)**
Repayment of bank loans	-	10,000	-	10,000	**10,000**
Currency translation	-	-	(33)	(33)	**(33)**
Cash and cash equivalent cash outflow	(1,514)	-	-	-	**(1,514)**
Lease liabilities cash outflow	-	-	3,928	3,928	**3,928**
At 31 March 2023	**13,818**	**(34,400)**	**(19,180)**	**(53,580)**	**(39,762)**
Acquired on acquisition of subsidiary	-	(3,728)	-	(3,977)	**(3,977)**
Repayment of debt acquired on acquisition		3,728	-	3,728	**3,728**
Additions to lease liabilities	-	-	(4,148)	(4,148)	**(4,148)**
Disposals from lease liabilities	-	-	1,063	1,063	**1,063**
Drawdown of bank loans	-	(7,600)	-	(7,600)	**(7,600)**
Repayment of bank loans	-	2,000	-	2,000	**2,000**
Currency translation	-	-	11	11	**11**
Cash and cash equivalent cash inflow	1,937	-	-	-	**1,937**
Lease liabilities cash outflow*	-	-	4,163	4,163	**4,163**
At 31 March 2024	**15,755**	**(40,000)**	**(18,091)**	**(58,091)**	**(42,336)**

** Lease liabilities cash outflow in the year is reconciled as £5,017,000 payments to lease provider as disclosed in the consolidated cash flow statement netted with lease interest of £854,000.*

22. PROVISIONS

The Group has made provision for the reinstatement of certain leasehold properties and after initial measurement, any subsequent adjustments to reinstatement provisions will be recorded against the original amount included in leasehold improvements with a corresponding adjustment to future depreciation charges. The utilisation of the reinstatement provision is in line with the end of the various leasehold properties lease terms to which the provisions relate, the furthest of which ends in June 2035.

	2024 £'000	2023 £'000
Non-current:		
Reinstatement provision	(3,052)	(2,755)
Total non-current provisions	**(3,052)**	**(2,755)**

The movement in the reinstatement provision during the year was as follows:

	2024 £'000	2023 £'000
Balance at the start of the year	(2,755)	(2,438)
Acquisition of subsidiary	(70)	(134)
Increase in provision	(231)	(70)
Provision utilised	135	-
Unwinding of discount (note 7)	(131)	(113)
	(3,052)	**(2,755)**

23. LEASES

The Group leases assets including buildings, fibre contracts, colocation and software contracts. Information about leases for which the Group is a lessee is presented below:

Right-of-use assets	Leasehold Property £'000	Data centre equipment £'000	Software £'000	Total £'000
Balance at 1 April 2023	16,127	1,813	380	18,320
Additions	2,380	1,890	-	4,270
Disposals	(462)	(550)	-	(1,012)
Currency translation differences	-	(23)	-	(23)
Depreciation	(2,130)	(1,803)	-	(3,933)
Amortisation	-	-	(285)	(285)
Balance at 31 March 2024	**15,915**	**1,327**	**95**	**17,337**

The right-of-use assets in relation to leasehold property and data centre equipment are disclosed as non-current assets and are disclosed within property, plant and equipment (note 16). The right-of-use assets in relation to software are disclosed as non-current assets and are disclosed within intangibles (note 13).

Disposals in the year relate to lease modifications in the year on the exit of a property lease and a co-location lease.

23. LEASES (CONTINUED)

Lease liabilities

Lease liabilities are presented in the balance sheet within borrowings as follows:

	2024 £'000	2023 £'000
Current:		
Lease liabilities (note 21)	(2,509)	(3,377)
Non-current:		
Lease liabilities (note 21)	(15,582)	(15,803)
Total lease liabilities	**(18,091)**	**(19,180)**

The maturity analysis of undiscounted lease liabilities are shown in the table below:

	2024 £'000	2023 £'000
Amounts payable under leases:		
Within one year	(3,332)	(3,880)
Between two to five years	(9,294)	(8,239)
After more than five years	(9,477)	(9,780)
	(22,103)	**(21,899)**
Add: unearned interest	4,012	2,719
Total lease liabilities	**(18,091)**	**(19,180)**

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. During the year, in relation to leases under IFRS 16, the Group recognised the following amounts in the consolidated statement of comprehensive income:

	2024 £'000	2023 £'000
Short-term and low value lease expense	(1,711)	(1,750)
Depreciation charge	(3,933)	(3,685)
Amortisation charge	(285)	(285)
Interest expense	(854)	(586)
	(6,783)	**(6,306)**

Amounts recognised in the consolidated statement of cash flows:

	2024 £'000	2023 £'000
Amounts payable under leases:		
Short-term and low value lease expense	(1,711)	(1,750)
Payments under lease liabilities within cash flows from financing activities	(5,017)	(4,902)
	(6,728)	**(6,652)**

24. SHARE CAPITAL

Group and Company only	Ordinary shares of 1p each	
	Number of shares	£'000
Authorised		
At 31 March 2023 and 2024	**200,000,000**	**2,000**

Called up, allotted and fully paid		
At 1 April 2022	110,065,364	1,101
Share capital issued in the year	497,741	5
At 31 March 2023	110,563,105	1,106
Share capital issued in the year	215,876	2
Share capital issued for acquisition (note 11)	1,562,500	16
At 31 March 2024	**112,341,481**	**1,124**

During the year, 215,876 (2023: 497,741) ordinary shares were issued for a total consideration of £7,119 (2023: £4,977), resulting in a premium over the nominal value of £4,961 (2023: £nil).

At 31 March 2024 the Company held 140,773 shares (2023: 140,773) as own shares in the iomart Group plc Employee Benefit Trust ("EBT") which were accounted for in the Own Shares EBT reserve and had a nominal value of £1,408 (2023: £1,408) and a market value of £204,684 (2023: £175,122). This represents 0.1% (2023: 0.1%) of the issued share capital as at 31 March 2024 excluding own shares.

The share capital of iomart Group plc consists of ordinary shares with a par value of 1p. All shares, excluding the shares held by the Company in treasury and the shares held by the EBT, are equally eligible to receive dividends and represent one vote at the shareholders' meetings of iomart Group plc. All shares issued at 31 March 2024 are fully paid.

25. OWN SHARES

Group and Company only	Own shares EBT £'000	Own shares Total £'000
At 31 March 2024 and 31 March 2023	**(70)**	**(70)**

At 31 March 2024 the Company held 140,773 shares (2023: 140,773) in the EBT with a carrying value of £69,982 (2023: £69,982) which were accounted for in the Own Shares EBT reserve.

26. MERGER RESERVE

The merger reserve of £6,967,000 (2023: 4,983,000), in both the Group and Company only, has increased in the year due to an element the initial consideration of Extrinsica Global Holdings Limited of £2,000,000 being satisfied by the issue of 1,562,500 new ordinary shares in iomart Group plc (note 11), which under the terms of the Sale and Purchase Agreement are based on a fixed share price of £1.28. The shares were issued with a nominal value of £0.01 resulting in £15,625 recorded in share capital and £1,984,375 recorded in the merger reserve.

27. SHARE-BASED PAYMENTS

The Group operated the following share-based payment employee share option schemes during the current and prior year; a SAYE sharesave scheme and a number of unapproved schemes. All schemes are settled in equity only and are summarised below.

	Vesting period	Maximum term	Performance criteria	Required to remain in employment
Unapproved schemes	Up to 3 years from grant	10 years after date of grant	As set by Remuneration Committee	Yes
Sharesave scheme	3 years from grant	6 months after vesting period	No	Yes

The performance criteria as set by the Remuneration Committee are based on the achievement of annual objectives, continuous employment and performance of the Group.

As disclosed in note 5, a share-based payment charge of £517,000 (2023: £696,000) has been recognised in the statement of comprehensive income during the year in relation to the above schemes. The fair value of the employee services received is valued indirectly by valuing the options granted using the Black-Scholes option pricing model, which worked on the following assumptions for the options granted in the current year:

Grant date	20 April 2023	28 September 2023	06 November 2023	15 February 2024
Vesting date	31 March 2026	31 March 2024	31 March 2026	31 March 2027
Share price at grant date (p)	1.28	1.61	1.50	1.33
Volatility (%)	67.3%	67.7%	67.5%	66.9%
Dividend yield (%)	4.33%	3.38%	3.63%	4.09%
Number of employees holding options	1	16	1	3
Expected life (years)	3	3	3	64
Option/award life (years)	10	10	10	10
Risk free rate (%)	3.74%	4.51%	4.37%	4.07%
Expectations of meeting performance criteria*	100%	50%	100%	100%
Fair value at grant date (p)	1.11	1.45	1.34	0.55
Exercise price per share (p)	1.0	1.0	1.0	120.0

i) Expected volatility was determined at the date of grant from historic volatility, adjusted for events that were not considered to be reflective of the volatility of the share price going forward; and

ii) Risk free rate was calculated based on the average Bank of England zero coupon yields

27. SHARE-BASED PAYMENTS (CONTINUED)

The movement in options during the year in respect of the Company's ordinary shares of 1p each under the various share option schemes are as follows:

	2024		2023	
	Weighted average exercise price per share (p)	Number of share options*	Weighted average exercise price per share (p)	Number of share options
Outstanding at start of year	24.59	2,718,914	33.78	3,029,309
Granted	19.71	2,039,904	1.00	790,772
Forfeited	18.83	(843,868)	70.10	(508,901)
Exercised	3.30	(215,876)	1.00	(497,741)
Outstanding at end of year	**24.45**	**3,699,074**	**23.80**	**2,813,439**
Exercisable at end of year	**1.00**	**1,226,803**	**1.00**	**1,213,723**

**The opening options outstanding at the start of the year have been restated from 2,813,439 to 2,718,914 to adjust for 94,525 options that lapsed in the prior year moving the opening weighted average exercise price per share from 23.80p to 24.59p.*

During the year, options over 215,876 ordinary shares (2023: 497,741) were exercised and the average market price at the exercise dates was 157.92p (2023: 145.17p).

Options over 1,719,236 ordinary shares (2023: 790,772) were granted under the unapproved share option scheme with an average exercise price of 1.0p (2023: 1.0p) and 320,668 options over ordinary shares (2023: nil) were granted under the sharesave scheme with an average exercise price of 120.0p (2023: nil).

Options over 751,554 ordinary shares (2023: 255,451) were forfeited under the unapproved share option scheme with an average exercise price of 1.0p (2023: 1.0p) and options over 92,314 (2023: 253,450) were forfeited under the sharesave scheme with an average exercise price of 164.0p (2023: 139.7p).

A summary of share options that were outstanding and exercisable at the year end are as follows:

		Share options – outstanding			Share options – exercisable		
	Range of exercise prices per share (p)	Outstanding shares	Weighted average exercise price per share (p)	Weighted average remaining contractual life (years)	Outstanding shares	Weighted average exercise price per share (p)	Weighted average remaining contractual life (years)
Unapproved schemes	1.0 – 1.0	2,995,733	1.0	6.6	1,226,803	1.0	2.9
Sharesave scheme	120.0 – 128.0	703,341	124.40	1.8	-	-	-
As at 31 March 2024		**3,699,074**	**24.5**	**5.7**	**1,226,803**	**1.0**	**2.9**
Unapproved schemes	1.0 – 1.0	2,240,021	1.0	4.4	1,213,723	1.0	3.4
Sharesave scheme	128.0 – 276.0	478,893	134.9	1.8	-	-	-
As at 31 March 2023		**2,718,914**	**23.8**	**4.0**	**1,213,723**	**1.0**	**3.4**

28. RELATED PARTY TRANSACTIONS

Dividends paid to key management during the year are as follows:

	2024 £'000	2023 £'000
Angus MacSween	925	942
Other Directors*	9	6
Total dividends paid to Directors	**934**	**948**

*Dividends paid to Scott Cunningham of £6,646 (2023: £3,324), Reece Donovan of £2,003 (2023: £1,050), Karyn Lamont of £381 (2023: £388) and Richard Masters of £408 (2023: £632) include amounts in respect of spouses' shareholding.

Compensation paid to key management (only Directors are deemed to fall into this category) during the year was as follows:

	2024 £'000	2023 £'000
Salaries and other short-term employee benefits	1,221	1,150
Administrative expenses – exceptional non-recurring costs*	402	-
Pension	60	54
	1,683	**1,204**

*Administrative expenses – exceptional non-recurring costs relate to the change in CEO, see the Directors Remuneration Report on pages 41 to 47.

Directors' bonuses, as disclosed in the Directors' Remuneration Report on pages 41 to 47 were paid post year end.

The share-based payment charge in respect of Directors' in the year was £311,000 (2023: £519,000).

29. CONTINGENCIES AND COMMITMENTS

(a) Contingencies

There are no contingent assets or contingent liabilities as at 31 March 2024 (2023: nil).

(b) Commitments

Capital expenditure on property, plant and equipment committed by the Group at 31 March 2024 was £1,283,171 (2023: £2,352,289).

30. RISK MANAGEMENT

The Group finances its operations by raising finance through equity, bank borrowings and leases. No speculative treasury transactions are undertaken however the Group does from time to time enter into forward foreign exchange contracts to hedge currency exposures. Financial assets and liabilities include those assets and liabilities of a financial nature, namely cash, short-term receivables/payables and borrowings.

The carrying amounts of financial assets presented in the statement of financial position relate to the following measurement categories as defined in IFRS 9:

	Amortised cost £'000
2024	
Non-current:	
Trade and other receivables	111
Current:	
Trade receivables	13,642
Cash and cash equivalents	15,755
Other receivables	502
Total for category	**30,010**
2023	
Non-current:	
Trade and other receivables	177
Current:	
Trade receivables	13,109
Cash and cash equivalents	13,818
Other receivables	157
Total for category	**27,261**

30. RISK MANAGEMENT (CONTINUED)

The carrying amounts of financial liabilities presented in the statement of financial position relate to the following measurement categories as defined in IFRS 9:

	Financial liabilities measured at amortised cost £'000
2024	
Non-current:	
Lease liabilities	(15,582)
Bank loans	(40,000)
Current:	
Trade payables	(12,163)
Accruals	(8,437)
Lease liabilities	(2,509)
Total for category	**(78,691)**
2023	
Non-current:	
Lease liabilities	(15,803)
Bank loans	(34,400)
Current:	
Trade payables	(8,993)
Accruals	(8,199)
Lease liabilities	(3,377)
Total for category	**(70,772)**

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably. In note 21, the contractual maturity analysis of the Group's multi option revolving credit facility of £40.0m (2023: £34.4m) is shown. The Group has £60.0m (2023: £65.6m) available to drawdown on the £100m (2023: £100m) multi option revolving credit facility and reviews its cash flow requirements on a monthly basis. The Group was in compliance with all covenants under its banking facility arrangements throughout the reporting period.

Interest rates

The interest rate on the Group's cash at bank is determined by reference to the base rate and the interest rate on the Group's revolving credit loan facilities is based on SONIA plus a margin. For the year ended 31 March 2024, if interest rates on the multi option revolving credit facility at that date had been 50 basis points higher/lower, with all other variables held constant, there would have been an immaterial change in the post-tax profit for the year (2023: immaterial impact on post-tax profit).

Currency risk

During the year the Group made payments totalling US$12.6m (2023: US$11.0m) and EUR€1.0m (2023: EUR€2.3m) to acquire domain names for its Easyspace segment and licences for its Cloud Services segment. In addition, the Group received US$5.1m (2023: US$4.3m) and EUR€1.5m (2023: EUR€1.5m) from Cloud Services customers billed in foreign currency. During the year, the Group entered into forward exchange contracts to hedge its net exposure to the US Dollar arising on these purchases but at the year end the Group had no outstanding forward contracts in place (2023: none). Consequently, the fair value of currency contracts at the year end was £nil (2023: £nil). The level of non-monetary and monetary assets and liabilities denominated in foreign currencies in the Group are minimal.

30. RISK MANAGEMENT (CONTINUED)

Capital risk

The capital structure of the Group consists of net debt, which includes borrowings (note 21) and cash and cash equivalents, and equity attributable to owners of the parent, comprising issued share capital (note 24), other reserves and retained earnings. The Group seeks to maintain a level of gross cash which the Board considers to be adequate for the size of the Group's operations. Consequently, the Group makes use of both banking facilities and lease arrangements to help fund the acquisition of companies and capital expenditure in order to maintain that level of gross cash. The Group's current policy is to pay interim and final dividends depending on the level of adjusted diluted earnings per share.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. The Group provides standard credit terms (normally 30 days) to some of its customers which has resulted in trade receivables of £13,109,000 (2023: £13,109,000) which are stated net of applicable provisions and which represent the total amount exposed to credit risk. The Group manages trade receivable balances vigilantly and takes prompt action on overdue accounts. The lease deposits of £111,000 (2023: £177,000) are held in escrow accounts with the landlord's main UK bankers. The Group's cash at bank £15,755,000 (2023: £13,818,000) is held within clearing banks in the UK, Republic of Ireland and United States of America with good credit ratings.

In respect of trade receivables, lease deposits and cash at bank the Directors consider the risk of exposure to credit is minimal due to the reasons given above.

31. ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

32. POST BALANCE SHEET EVENTS

Following the acquisition of VMware by Broadcom, iomart has been selected as one of only seven UK strategic Broadcom VMware partners. The iomart Board during May 2024 approved the decision to commit to a 5 year licence programme with Broadcom. This commitment ensures our existing customers continue to benefit from our deep VMware know-how and capability and will allow us to support new customers who now require an intermediary partner to support their own requirements. As for many organisations globally, the new licence fees will represent a higher cost burden from that of the previous licence consumption arrangements of the past. Prior to various mitigations actions, and ultimately recovery from our customer base over time, such increase is around 60%. For iomart we will be seeking to ensure as much platform optimisation takes place as possible but we will also, in combination, seek to ensure the higher cost is recovered at customer renewals. There will be a timing lag on recovery over the coming 12 months which will impact the first half in particular. Our status as a Broadcom VMware Pinnacle partner does offers up a new revenue stream from smaller managed service providers and also end users who can no longer transact directly with VMware but this will be lower margin activity.

As at the date of this report, we await final contractual agreements from Broadcom. As a result, at this date, we have not entered into a legally binding arrangement. It is likely that the full 5 year commitment will have an approximate £15m value, with cash payments made during the course of the term. It is likely that, given the different characteristic and length of the licence commitment, rather than a variable operating cost item, the equivalent cost will be recorded as an intangible asset and amortised appropriately over the 5 year period. Based on this expecting accounting treatment this will change the cost classification within the statement of comprehensive income with what was previously recorded as a cost of sale item now, due to the new arrangements outlined above, going forward being recorded as intangible amortisation.

STATEMENT OF FINANCIAL POSITION As at 31 March 2024

	Note	2024 £'000	2023 £'000
ASSETS			
Non-current assets			
Investments	3	176,015	166,685
Deferred tax	5	891	638
		176,906	**167,323**
Current assets			
Trade and other receivables	4	42,165	34,179
Cash and cash equivalents		9,610	69
		51,775	**34,248**
Total assets		**228,681**	**201,571**
LIABILITIES			
Non-current liabilities			
Non-current borrowings		(40,000)	(34,400)
		(40,000)	**(34,400)**
Current liabilities			
Trade and other payables	6	(62,676)	(48,360)
		(62,676)	**(48,360)**
Total liabilities		**(102,676)**	**(82,760)**
Net Assets		**126,005**	**118,811**
EQUITY			
Called up share capital		1,124	1,106
Own shares		(70)	(70)
Capital redemption reserve		1,200	1,200
Share premium account		22,500	22,495
Merger reserve		6,967	4,983
Retained earnings		94,284	89,097
Total Equity		**126,005**	**118,811**

As permitted by section 408(3) of the Companies Act 2006, no profit and loss account of the company is presented. The profit for the financial year of the Company was £10,769,000 (2023: £5,939,000).

These financial statements were approved by the Board of Directors and authorised for issue on 11 June 2024.

Signed on behalf of the Board of Directors

Lucy Dimes
Director and Chief Executive Officer

iomart Group plc – Company Number: SC204560

The following notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY Year ended 31 March 2024

	Note	Share capital £'000	Own shares EBT £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2022		**1,101**	**(70)**	**1,200**	**22,495**	**4,983**	**88,553**	**118,262**
Profit for the year		-	-	-	-	-	5,939	5,939
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**5,939**	**5,939**
Dividends – final (paid)		-	-	-	-	-	(3,957)	(3,957)
Dividends – interim (paid)		-	-	-	-	-	(2,134)	(2,134)
Share-based payments	7	-	-	-	-	-	696	696
Issue of share capital		5	-	-	-	-	-	5
Total transactions with owners		**5**	**-**	**-**	**-**	**-**	**(5,395)**	**(5,390)**
Balance at 31 March 2023		**1,106**	**(70)**	**1,200**	**22,495**	**4,983**	**89,097**	**118,811**
Profit for the year		-	-	-	-	-	10,769	10,769
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**10,769**	**10,769**
Dividends – final (paid)		-	-	-	-	-	(3,922)	(3,922)
Dividends – interim (paid)		-	-	-	-	-	(2,177)	(2,177)
Share-based payments	7	-	-	-	-	-	517	517
Issue of share capital		18	-	-	5	1,984	-	2,007
Total transactions with owners		**18**	**-**	**-**	**5**	**1,984**	**(5,582)**	**(3,575)**
Balance at 31 March 2024		**1,124**	**(70)**	**1,200**	**22,500**	**6,967**	**94,284**	**126,005**

The nature of equity in the statement of changes in equity is disclosed in the accounting policies (note 2).

The following notes form part of the financial statements.

1.COMPANY INFORMATION

iomart Group plc is a public listed company, limited by shares, listed on the Alternative Investment Market ("AIM"), incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in Scotland. The address of the registered office is 6 Atlantic Quay, 55 Robertson Street, Glasgow, G2 8JD. The nature of the Company's operations and its principal activity is that of a holding company.

2. ACCOUNTING POLICIES

Statement of compliance

These separate financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared on the historical cost basis and on a going concern basis as described below. The financial statements are presented in Sterling (£).

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework" issued by the Financial Reporting Council (FRC). Accordingly, these financial statements have been prepared in accordance with FRS 101.

As permitted by FRS 101, the Company has taken advantage of all disclosure exemptions available under this standard in relation to share-based payments, financial instruments, capital management, presentation of cash flow statement and certain related party transactions.

Where relevant, equivalent disclosures in respect of borrowings, called up share capital, own shares, merger reserve and dividends paid on shares classed as equity have been given in the consolidated financial statements. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements on pages 70 to 80. These policies have all been applied consistently throughout the year unless otherwise stated.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. As part of the acquisition strategy of the Company, the trade and net assets of subsidiary undertakings at or shortly after acquisition may be transferred at book value to fellow subsidiaries. Where a trade is hived across to a fellow subsidiary undertaking, the cost of the investment in the original subsidiary, which then becomes a non-trading subsidiary, is added to the cost of the investment in the entity to which the trade has been hived. On an annual basis, in order to accurately assess any potential impairment of investments, the carrying value of the investment in all companies transferred is considered together against the future cash flows and net asset position of those companies which received the trade and net assets.

Dividends

Dividend distributions payable to equity shareholders are included in the financial statements within 'other short-term financial liabilities' when a final dividend is approved in a general meeting. Interim dividend distributions to equity shareholders approved by the Board are not included in the financial statements until paid.

Going Concern

The Group going concern disclosure is on page 79. The Group has an undrawn multi-option revolving credit facility of £60.0m at 31 March 2024 (2023: £66.0m). After making enquiries, the Directors have a reasonable expectation that the Company will be able to meet its financial obligations and has adequate resources to continue in operational existence for the foreseeable future (being a period extending at least twelve months from the date of approval of these financial statements). For this reason they continue to adopt the going concern basis in preparing the financial statements.

Key judgements and sources of estimation uncertainty

The Company does not consider that there are any critical accounting judgements in the preparation of the company only financial statements. The key assumption concerning the future, and other key sources of estimation uncertainty at the year end, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities held in the company only financial statements within the next financial year, relates to the investments held in subsidiaries. The recoverable value of the investments are sensitive to both the growth rate and discount rate applied to the future cashflows for each investment. Based on a reasonably possible change in future growth and discount rate, the recoverable value of certain of the company's investments could fall below its carrying amount, indicating a possible impairment in the range of £nil-£7.5m.

3. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertakings £'000
Cost	
At 1 April 2023	171,684
Additions	10,828
Share-based payments (note 7)	172
Cost at 31 March 2024	**182,684**
Impairment At 1 April 2023	(5,000)
Impairment charge	(1,669)
Impairment at 31 March 2024	(6,669)
Net book value of Investments at 31 March 2024	**176,015**
Net book value of Investments at 31 March 2023	166,684

All of the above investments are unlisted.

The impairment charge of £1.7m in the year relates to impairment of the carrying value of the investment in Dediserve Limited. The charge has been calculated by reviewing estimated future cash flows associated with the subsidiary undertaking which have been sensitised for various downside scenarios including reductions in profitability.

Details of subsidiary undertakings are included in note 15 of the Group financial statements.

4. TRADE AND OTHER RECEIVABLES

	2024 £'000	2023 £'000
Prepayments	1,176	1,327
Other debtors	18	-
Other taxation and social security	877	823
Amounts owed by subsidiary undertakings	40,094	32,029
	42,165	**34,179**

Amounts owed by subsidiary undertakings are repayable on demand and carry no interest.

5. DEFERRED TAX

The Company had recognised deferred tax assets as follows:

	2024 £'000	2023 £'000
Share-based remuneration	891	634

5. DEFERRED TAX (CONTINUED)

The movement in the deferred tax account during the year was:

	2024 £'000	2023 £'000
Balance brought forward	638	884
Profit and loss account movement arising during the year	253	(246)
Balance carried forward	**891**	**638**

The deferred tax asset in relation to share-based remuneration arises from the anticipated future tax relief on the exercise of share options.

6. TRADE AND OTHER PAYABLES

	2024 £'000	2023 £'000
Trade creditors	(134)	(118)
Other creditors	(49)	(42)
Accruals	(1,439)	(1,215)
Current income tax	(1,314)	(778)
Contingent consideration due on acquisitions	(2,080)	(4,000)
Amounts owed to subsidiary undertakings	(57,660)	(42,208)
	(62,676)	**(48,361)**

Amounts owed to subsidiary undertakings are repayable on demand and carry no interest.

For details on contingent consideration due on acquisitions at 31 March 2024 of £2,080,000 (2023: £4,000,000), see note 20 of the Group financial statements.

7. SHARE-BASED PAYMENTS

For details of share-based payment awards and fair values see note 27 to the Group financial statements. The Company financial statements recognise the charge for share-based payments for the year of £517,000 (2023: £696,000) by:

1. taking the recharge in relation to directors of the parent company through the parent company statement of comprehensive income £345,000 (2023: £464,000),
2. recording an increase to its investment in subsidiaries for the amounts attributable to employees of subsidiaries and recording a corresponding entry to retained earnings of £172,000 (2023: £232,000).

8.INFORMATION REGARDING PARENT COMPANY EMPLOYEES

	2024 £'000	2023 £'000
Staff costs of the Company during the year in respect of employees and Directors were:		
Wages and salaries	2,122	2,046
Social security costs	304	185
Pension costs	72	45
Share-based payments	345	464
	2,842	**2,740**

All staff costs within the company in the current year relates to recharges from other Group entities.

The company operates a stakeholder pension scheme and also contributes to a number of personal pension schemes on behalf of executive Directors and some senior employees. In the case of executive Directors, details of the pension arrangements are given within the Report of the Board to the Members on Directors' Remuneration on pages 41 to 47.

8. INFORMATION REGARDING PARENT COMPANY EMPLOYEES (CONTINUED)

41. In the case of senior employees, pension contributions to individuals' personal pension arrangements are payable by the Group at a rate equal to the contribution made by the senior employee subject to a maximum employer contribution of 5% of basic salary. Details of Directors' emoluments are disclosed within note 5 of the Group financial statements.

9. RELATED PARTY TRANSACTIONS

As permitted by FRS 101 related party transactions with wholly owned members of the Group have not been disclosed. Related party transactions regarding remuneration and dividends paid to key management (only Directors are deemed to fall into this category) of the Company have been disclosed in note 28 of the Group financial statements.

10. ULTIMATE CONTROLLING PARTY

The Directors have assessed that there is no ultimate controlling party.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000, as amended. If you have sold or otherwise transferred all your shares in iomart Group plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

IMPORTANT INFORMATION:

The annual general meeting (the "AGM") of the Company is to be held at 10.00am on 3 September 2024 at the Company's offices at 6 Atlantic Quay, 55 Robertson Street, Glasgow, G2 8JD. As you will see from the formal Notice of AGM set out below, there are a number of items of business to be considered (the "Resolutions") and the purpose of each Resolution to be proposed at the AGM is set out in the "Explanatory Notes" which follow the formal Notice.

A form of proxy for use at the AGM accompanies the Notice. The deadline for submitting proxies is by 10.00am on 30 August 2024. To be valid, the form of proxy must be completed and returned to Link Group in accordance with paragraphs 1 and 2 of the Notes appended to this notice (or otherwise submitted electronically in accordance with paragraph 3 of the Notes).

NOTICE IS HEREBY GIVEN that the 2024 AGM of iomart Group plc (the "Company") will be held at 6 Atlantic Quay, 55 Robertson Street, Glasgow, G2 8JD on 3 September 2024 at 10.00am for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolutions 9 to 11 (inclusive) will be proposed as special resolutions:-

1 To receive and adopt the financial statements of the Company and the directors' and auditors' reports thereon for the year ended 31 March 2024.

2 To approve the report of the board to the members on directors' remuneration for the year ended 31 March 2024.

3 To reappoint Lucy Dimes (who retires by rotation and, being eligible, offers herself for re-appointment) as a director of the Company.

4 To reappoint Karyn Lamont (who retires by rotation and, being eligible, offers herself for re-appointment) as a director of the Company.

5 To elect Richard Last, who was appointed since the last annual general meeting, as a director of the Company.

6 To declare a final dividend for the year ended 31 March 2024 of 3.00p per share payable on 9 September 2024 to shareholders on the register of members at the close of business on 16 August 2024.

7 To reappoint Deloitte LLP, Chartered Accountants, as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before shareholders and to authorise the directors to fix the auditors' remuneration.

8 That the directors of the Company are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to an aggregate nominal amount of £749,948.22 (including within such limit any shares issued or rights granted under paragraph (b) below) in connection with an offer by way of rights issue:

(i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings;

(ii) to the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and subject to such exclusions or other arrangements as the directors consider expedient in relation to fractional entitlements, legal, regulatory or practical problems under the laws of, or the requirements of any regulatory body or stock exchange in, any territory, or any other matter; and

(b) in any other case up to an aggregate nominal amount of £374,974.11 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph (a) above in excess of £374,974.11), provided that such authority, unless renewed, varied or revoked by the Company, shall expire on 3 December 2025 or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution save that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company but is without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

9 That, if resolution 8 is passed, the board of directors of the Company be authorised to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution and/or to sell ordinary shares held by the Company as treasury shares for cash as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be limited:

(a) to the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under resolution 8(a), by way of a rights issue only) to:

(i) the ordinary shareholders made in proportion (as nearly as may be practicable) to their existing respective holdings; and

(ii) to the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, and subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange;

(b) to the allotment of equity securities pursuant to any authority conferred upon the directors in accordance with and pursuant to article 41 of the articles of association of the Company;

(c) to the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph (a) or paragraph (b) above) up to a total nominal amount of £112,492.23; and

(d) to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a), paragraph (b) or paragraph (c) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (c) above, such authority to be used only for the purposes of making a follow-on offer which the board of directors of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 3 December 2025) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the board of directors of the Company may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

10 That, if resolution 8 is passed, the board of directors of the Company be authorised in addition to any authority granted under resolution 9 to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by resolution 8 and/or to sell ordinary shares held by the Company as treasury shares for cash in each case as if section 561 of the Companies Act 2006 did not apply to any such allotment or sale, such authority to be:

(a) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £112,492.23, such authority to be used only for the purposes of financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the board of directors of the Company determines to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice; and

(b) limited to the allotment of equity securities or sale of treasury shares (otherwise than under paragraph (a) above) up to a nominal amount equal to 20% of any allotment of equity securities or sale of treasury shares from time to time under paragraph (a) above, such authority to be used only for the purposes of making a follow-on offer which the board of directors of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice, such authority to expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 3 December 2025) but, in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the authority expires and the board of directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the authority had not expired.

11 That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of 1 pence each in the Company provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 11,249,223, representing 10% of the Company's issued ordinary share capital as at the latest practicable date prior to the publication of this notice of annual general meeting);

(b) the minimum price (exclusive of any expenses) which may be paid for each ordinary share is 1 pence;

(c) the maximum price (exclusive of any expenses) which may be paid for each ordinary share shall be not more than 5% above the average of the middle market quotations for an ordinary share on the relevant investment exchange on which the ordinary shares are traded for the five business days immediately preceding the date on which such ordinary share is contracted to be purchased;

(d) unless previously revoked or varied, the authority hereby conferred shall expire at the end of the next annual general meeting of the Company (or, if earlier, at the close of business on 3 December 2025); and

(e) the Company may make a contract or contracts for the purchase of ordinary shares under this authority before the expiry of this authority which would or might be executed wholly or partly after the expiry of such authority, and may make purchases of ordinary shares in pursuance of such a contract or contracts, as if such authority had not expired.

By order of the Board

Julie Brown
Company Secretary
9 August 2024

6 Atlantic Quay,
55 Robertson Street,
Glasgow G2 8JD

NOTES:

Appointment of Proxy

1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a meeting of the Company. You should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in the notes to the proxy form. A proxy need not be a member of the Company.

2 To be effective (subject to paragraph 3 below), the proxy form, and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be deposited at the office of the Company's registrars, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, not less than 48 hours (excluding weekends and bank holidays) before the time for holding the meeting (i.e. by 10.00am on Friday 30 August 2024) and if not so deposited shall be invalid.

3 Alternatively, you may instead submit your proxy vote electronically by accessing the shareholder portal at www.signalshares.com, logging in and selecting the 'Vote Online Now' link. You will require your username and password in order to log in and vote. If you have forgotten your username or password you can request a reminder via the shareholder portal. If you have not previously registered to use the portal you will require your investor code ('IVC') which can be found on your share certificate. Proxy votes should be submitted as early as possible and, in any event, not less than 48 hours (excluding weekends and bank holidays) before the time for holding the meeting (i.e. by 10.00am on Friday 30 August 2024) and if not so submitted shall be invalid.

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear .com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's registrars (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in Note 2 above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

6 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com).

7 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

8 If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 10.00am on Friday 30 August 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proxymity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

9 Unless otherwise indicated on the Form of Proxy, CREST, Proxymity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion or withhold from voting.

Entitlement to attend and vote

10 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered in the Company's register of members at:

- close of business on Friday 30 August 2024; or
- if this meeting is adjourned, at close of business on the day two days prior to the adjourned meeting,

shall be entitled to attend and vote at the meeting.

Documents on Display

11 Copies of the service contracts and letters of appointment of the directors of the Company will be available: for at least 15 minutes prior to the meeting; and during the meeting.

Communication

12 Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by post to the Company's registered office, details of which are below. No other methods of communication will be accepted.

Address: The Company Secretary
iomart Group plc
6 Atlantic Quay
55 Robertson Street
Glasgow
G2 8JD

EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

iomart Group plc

Ordinary Resolutions

Resolutions 1 to 8 are all to be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolution 1 – To receive and adopt the financial statements for the year ended 31 March 2024 and the directors' and auditors' reports thereon

For each financial year the directors of the Company must present the audited financial statements, the directors' report and the auditors' report on the financial statements to the shareholders at an annual general meeting.

Resolution 2 – To approve the directors' remuneration report

Shareholders are asked to approve the directors' remuneration report which may be found in the annual report on pages 41 to 47. This resolution is an advisory one and no entitlement to remuneration is conditional on the resolution being passed.

Resolutions 3, 4 and 5 – Re-appointment of directors

Under article 24 of the Company's articles of association, one third of the directors who are subject to retirement by rotation, or, if the number is not three or a multiple of three, the number nearest to but not less than one-third, shall retire at each Annual General Meeting. Pursuant to those articles, Lucy Dimes and Karyn Lamont are required to retire by rotation at this annual general meeting and, being eligible, offer themselves for reappointment. In addition, the articles of association also stipulate that any directors appointed by the Board since the last annual general meeting of the Company must offer themselves for reappointment at the next annual general meeting following their appointment. Richard Last was appointed on 12 June 2024 (and therefore has been appointed since the Company's Annual General Meeting in 2023) and accordingly offers himself for reappointment.

The Board of Directors is satisfied that the performance of Lucy Dimes, Karyn Lamont and Richard Last continues to be effective and demonstrates commitment to their roles with the Company including commitment of time for board meetings and other duties required of them. Accordingly, resolutions 3, 4 and 5 propose the reappointment of Lucy Dimes, Karyn Lamont and Richard Last respectively.

Brief biographical details of Lucy Dimes, Karyn Lamont and Richard Last are given below.

- Lucy Dimes, appointed 2022: Lucy brings extensive experience across the technology, telecoms and business services sectors, gained from a successful international executive career at BT plc, Alcatel-Lucent (now Nokia), Fujitsu, Virgin Money plc, UBM plc and Equiniti Group plc. Lucy holds an MBA from London Business School, a First Class Degree in Business from Manchester Metropolitan University, and attended the Global Women Leadership Programme at Harvard Business School. Lucy is also a Non-Executive Director of Babcock International Group plc and a member of their Remuneration, Audit, Nomination and UK Security Committees. She is the Founder and Director of Paradimes Services Ltd, a consultancy and advisory business, and was previously an NED for Berendsen plc from 2012 to 2016 prior to their acquisition by Elis S.A.

- Karyn Lamont, appointed 2019: Karyn is a chartered accountant and former audit partner at PricewaterhouseCoopers LLP. She has over 25 years of experience, 13 years as an audit partner, and provided audit and other services to a range of clients across the UK's financial services sector, including outsourcing providers. Her specialist knowledge includes financial reporting, audit and controls, risk management, regulatory compliance and governance. Karyn left PricewaterhouseCoopers LLP in 2016. Karyn is a Non-Executive Director, and Audit Committee Chair, for Scottish Building Society, North American Income Trust plc, Scottish American Investment Trust plc and Ediston Property Investment Company plc.

- Richard Last, appointed 2024: Richard is a seasoned board director with extensive experience across quoted and private companies in the technology services sector. Over the past six years, Richard has held Chair positions at Hyve Group Plc, Gamma Communications Plc, Arcontech Group Plc and Servelec Group Plc. In addition to various private company board roles, Richard is currently Chair of Tribal Group Plc and Gresham Technologies Plc, as well as a non-executive director of Corero Network Security Plc.

Resolution 6 – To declare a dividend of 3.00p per ordinary share

Subject to the provisions of the Companies Act 2006, the Company may by ordinary resolution declare dividends, but no dividend shall exceed the amount recommended by the Board of Directors. The Board of Directors recommends the payment of a final dividend of 3.00p per ordinary share, to be payable to shareholders registered at close of business on 16 August 2024.

Resolution 7 – Re-appointment and remuneration of auditors

The Company is required at each general meeting at which financial statements are presented to shareholders to appoint auditors who will remain in office until the next such meeting. Deloitte LLP have expressed their willingness to continue in office for a further year. In accordance with company law and corporate governance best practice, shareholders are also asked to authorise the directors to determine the auditors' remuneration.

Resolution 8 – Authority to allot shares

Under section 551 of the Companies Act 2006, the directors of a company may only allot shares or grant rights to subscribe for, or to convert any security into, shares in the company if authorised to do so.

In line with guidance issued by the Investment Association, the authority contained in paragraph (a) of this resolution will (if passed) give the directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £749,948.22 (representing 74,994,822 ordinary shares of 1p each) as reduced by the nominal amount of any shares issued under paragraph (b) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to publication of the notice of the meeting.

The authority contained in paragraph (b) of this resolution will (if passed) give the directors the authority to allot ordinary shares up to an aggregate nominal value of £374,974.11 (representing 37,497,411 ordinary shares of 1p each). This amount represents approximately one-third of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of the notice of the meeting.

This authority will expire on 3 December 2025 or, if earlier, at the conclusion of the next annual general meeting.

Special Resolutions

Resolutions 9, 10 and 11 will be proposed as special resolutions. This means that, for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolutions 9 and 10 - Disapplication of statutory pre-emption rights

The Companies Act 2006 gives holders of ordinary shares, with limited but important exceptions, certain rights of pre-emption on the issue for cash of new ordinary shares or on the sale of any shares which the Company may hold in treasury following a purchase of its own shares. Your Board of Directors believes that it is in the best interests of the Company that, as in previous years, the Board should have limited authority to allot some shares for cash or sell treasury shares without first having to offer such shares to existing shareholders. The directors' current authority expires at the close of the forthcoming annual general meeting. The authority sought by way of resolution 9 would expire at the earlier of the close of the next annual general meeting or 3 December 2025. The authority, if granted, will relate to the allotment of new ordinary shares or the sale of treasury shares in respect of (a) rights issues and similar offerings, where difficulties arise in offering shares to certain overseas shareholders, and in relation to fractional entitlements and certain other technical matters, (b) the right to receive shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the board of directors) of such cash dividend or dividends (if the Company offers shareholders the option of making an election of that nature and if relevant shareholders make such an election), (c) generally to allotments (other than in respect of pre-emptive offerings) of ordinary shares or the sale of treasury shares having an aggregate nominal value not exceeding £112,492.23 (being equal to 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of the notice of the meeting) and (d) to a follow-on offer which the Board of Directors of the Company determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

Resolution 10, if approved, would give your Board of Directors an additional authority to issue ordinary shares, or sell treasury shares, for cash in connection with an acquisition or capital investment of a kind contemplated by the Pre-Emption Group's Statement of Principles (a) up to an additional aggregate nominal amount of £112,492.23 (being equal to 10% of the issued ordinary share capital (excluding treasury shares) of the Company as at the latest practicable date prior to the publication of the notice of the meeting) and (b) in respect of a follow-on offer which the Board of Directors determines to be of a kind contemplated by paragraph 3 of Section 2B of the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice. Your Board of Directors confirms that it will only allot shares pursuant to this authority where the allotment is in connection with the financing (or refinancing, if the authority is to be used within 12 months after the original transaction) a transaction which the Board determines to be either an acquisition or a specified capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of AGM.

The powers given by resolutions 9 and 10 will, unless sooner revoked or renewed by the Company in a general meeting, last until the earlier of the close of the next annual general meeting or 3 December 2025.

Resolution 11 – Authority to purchase the Company's own shares

This resolution grants authority to the Company to make purchases of up to a maximum of 10% of the issued ordinary share capital of the Company as at the latest practicable date prior to the publication of the notice of this meeting.

In certain circumstances it may be advantageous for the Company to purchase its ordinary shares. The Directors would use the share purchase authority with discretion and purchases would only made from funds not required for other purposes and in light of market conditions prevailing at the time. In reaching a decision to purchase ordinary shares, your Directors would take account of the Company's cash resources and capital, the effect of such purchases on the Company's business and on earnings per ordinary share.

The Directors have no present intention of using the authority. However, the Directors consider that it is in the best interests of the Company and its shareholders as a whole that the Company should have flexibility to buy back its own shares should the directors in the future consider that it is appropriate to do so.

In relation to any buy back, the maximum price per ordinary share at which the Company is authorised in terms of resolution 11 to effect that buy back is 5% above the average middle market price of an ordinary share for the five business days immediately preceding the date on which the buy back is effected.

The statutory provisions governing buy backs of own shares are currently contained in, inter alios, sections 693 and 701 of the Companies Act 2006.

Directors

Lucy Dimes	Chief Executive Officer and Executive Chair
Scott Cunningham	Chief Financial Officer
Angus MacSween	Non-Executive Director
Karyn Lamont	Non-Executive Director
Annette Nabavi	Non-Executive Director
Adrian Chamberlain	Non-Executive Director

Secretary
Julie Brown

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Solicitors
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141 Bothwell Street
Glasgow G2 7EQ

Independent auditor
Deloitte LLP
Level 5, 110 Queen Street
Glasgow G1 3BX

Registrars
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Company Registration Number
SC204560

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Shepherds Bush said:

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