

IOMART GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS 2021

CORPORATE GOVERNANCE STATEMENT

On behalf of the Board, I am pleased to present our Corporate Governance report for the year ended 31 March 2021. As Chairman 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 continually improve 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.

In FY19, the Company adopted the provisions of the Quoted Companies Alliance ("QCA") Corporate Governance code. The Company continues to adopt the 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. Our statement of compliance, required for AIM companies, can also be found on our website at www.iomart.com/investors/corporate-governance.

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. The Board recognises its responsibility to take into consideration the needs and concerns of all our stakeholders as part of our discussion and decision-making process and remains committed to strengthening business relationships.

The Board has iomart's environmental, social and governance ("ESG") performance at the forefront of its agenda. We welcome the recent QCA Practical Guide to ESG issued in April 2021 and will use this to support continued improvement within each of the three areas. Our reporting on ESG performance in the current year is covered in this Corporate Governance report, the Stakeholder Engagement report on pages 17 to 23 and the Directors report (including our Streamlined Carbon Energy Reporting) on pages 44 to 46.

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.



Ian Steele
Non-Executive Chairman
15 June 2021

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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 10 and explains the basis on which the Group generates value, and the long-term strategy of the Group is outlined on pages 4 and 5.

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 ensures that obligations to all key stakeholders are met and that effective and efficient decision making is made incorporating the needs of our many stakeholders to drive and deliver its 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 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, acquisition of 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.

The Board meets regularly, usually monthly, to discuss and agree on the various matters brought before it, including the trading results. 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.

Following the appointment of Reece Donovan as Chief Executive Officer and Angus MacSween as Non-Executive Director, the Board now has six members, comprising two Executive Directors being the Chief Executive Officer and Chief Financial Officer, the Non-Executive Chairman and three Non-Executive Directors. Board biographies of all Board members giving details of their experience are included on pages 24 and 25.

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

Chairman

The Chairman is responsible for the leadership and effectiveness of the Board and overall running of the Board, ensuring that all Directors receive sufficient and relevant information prior to meetings to allow independent judgement and bring effective challenge to decision making. The Chairman sets the Board agenda and chairs the Board meetings to encourage open and honest debate, constructive challenge of the Executive Directors and facilitate effective contribution of Non-Executive Directors. There is clear division of responsibility between the Chairman and Chief Executive Officer. The Chairman provides challenge to the Executive Directors and works closely with the Chief Executive Officer on key strategic decisions. The Chairman maintains and supports appropriate communication channels with shareholders as appropriate.

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Board Structure and division of responsibilities (continued)

Chief Executive Officer and Chief Financial Officer

The Chief Executive Officer's responsibility is the leadership, management and overall control of the Group. Once the Board has approved the strategic plan and financial objectives, it is the Chief Executive Officer's responsibility to ensure they are delivered upon. To facilitate this, the Chief Executive Officer 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.

The Chief Executive Officer is responsible for the running of the business and, along with the Chief Financial Officer, is responsible for the day to day financial and operational management of the Group in addition to approving budgets, monitoring the Group's principal risks and maintaining close contact with all key stakeholders. The Chief Executive Officer and Chief Financial Officer are supported by a highly committed and experienced senior management 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.

Independent Non-Executive Directors

The Non-Executive Directors provide independent, constructive challenge to the Executive Directors and are responsible for bringing independent judgement and scrutiny to decisions taken by the Board. They strengthen governance through being members of the various Board Committees and help ensure that the Group's strategy is delivered within the Group's risk framework and internal control environment.

Company Secretary

The Company Secretary supports the Chairman 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.

The Chairman and Non-Executive Directors hold other Directorships, as detailed in the Board biographies set out on pages 24 and 25. The Board has considered the associated commitments do not detract from their ability to discharge their responsibilities effectively.

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 was not appointed to any of the Board's committees. This has created a period where the Board is split equally in number terms between independent and non-independent Directors, although the Chairman's casting vote, if required, ensured independence, but this period allows for an appropriate and effective handover of the executive leadership of the business.

The Board is satisfied with the balance between Executive and independent Non-Executive Directors which operated throughout the year. Further to the announcement made last September, it is now expected that Angus MacSween will extend his Non-Executive involvement beyond the initial expected 12 months from 1 October 2020, given the value he continues to add to the Board. In addition, the Board is seeking to appoint a fourth independent Non-Executive Director to add additional sector skills to support our execution of the refreshed medium term strategic plan.

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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 regards to Executive appointments, to internal and external candidates. Before undertaking the appointment of a Non-Executive Director, the Chairman 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 Chairman 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.

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.

Board Evaluation

The Board, led by the Chairman, 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 collated by the Chairman and discussed by the Board collectively. The annual evaluation includes a review of the performance of individual Directors, including the Chairman, 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. The Board intend to review the Board evaluation process in the coming year.

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
Reece Donovan – Chief Executive Officer*	10 (10)	-	-	-
Scott Cunningham – Chief Financial Officer	10 (10)	-	-	-
Ian Steele – Non-Executive Chairman	10 (10)	4 (4)	3 (3)	3 (3)
Richard Masters – Non-Executive Director	10 (10)	4 (4)	3 (3)	3 (3)
Karyn Lamont – Non-Executive Director	10 (10)	4 (4)	3 (3)	3 (3)
Angus MacSween – Non-Executive Director	10 (10)	-	-	-

**Reece Donovan joined the Board in March 2020 as COO and was appointed as CEO in October 2020.*

Figures in brackets indicate the maximum number of meetings in 2020/2021 for which the individual was a Board or Committee member.

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 Chief Financial Officer ahead of the meeting. The relevant Chairman then provides a detailed briefing along with the minutes of the meeting following its conclusion.

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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 were approved by the Board 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 Remuneration Committee

The Remuneration Committee is chaired by Richard Masters. Its other members are Ian Steele and Karyn Lamont.

The Executive Directors may be invited to attend meetings, where appropriate, except where matters under review by the Committee relate to them.

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 all employees);
- ensuring remuneration is both appropriate to the level of responsibility and adequate to attract and/or retain Directors and staff 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.

The Nomination Committee

The Nomination Committee is chaired by Ian Steele. Its other members are Richard Masters and Karyn Lamont.

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 appointment of Reece Donovan as Chief Executive Officer and Angus MacSween as Non-Executive Director.

The Audit Committee

The Audit Committee is chaired by Karyn Lamont. Its other members are Ian Steele and Richard Masters.

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;
- material assumptions and estimates adopted by management;
- developments in accounting and reporting requirements;
- external auditor's plan and scope for the year end audit of the Group and its subsidiaries;
- 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
- the formal engagement terms entered into with the external auditor.

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The Audit Committee (continued)

In addition, the Audit Committee 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 33.

Significant areas considered by the Audit Committee in relation to the 2021 financial statements are set out below:

Areas of estimates	Matter Considered and Role of the Committee
Impact of Covid-19	<p>The Audit Committee focused on the business response to the Covid-19 pandemic and any key areas of management judgements to ensure that:</p> <ul style="list-style-type: none">- there was a robust review of key customers and trade receivable provisioning;- there were strong cash management controls in place;- there was sufficient stress testing of the Group's financial position through a full range of possible scenarios as part of the Group's going concern consideration; and- a detailed risk assessment had been undertaken and consideration of the internal control environment had been reviewed to ensure that existing controls were appropriate and the risk of inappropriate management override of controls would be prevented and detected. <p>In addition, the Audit Committee assessed the impact of Covid-19 on the year end audit process and the ability to deliver an effective and robust audit process respecting social distancing guidance. No material changes were required to the audit approach or processes to support the generation of the financial statements.</p> <p>Covid-19 has also been considered in relation to stakeholder engagement during the year (see Stakeholder Engagement report on page 20) and in respect of the going concern statement disclosed in note 2.</p>
Impairment of goodwill	<p>The Audit Committee considered the carrying value of goodwill at 31 March 2021. The Committee reviewed the validity 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 12 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.</p>

**In the prior year, the Audit Committee considered areas of estimates in relation to business combinations being valuation of intangible assets, fair value adjustments on acquisition and valuation of contingent consideration to be significant areas. In the current year, there have been no acquisitions and the value of contingent consideration is £nil at 31 March 2021. Contingent consideration from the prior year was fully settled in the current year.*

At the invitation of the Committee, meetings may be attended by the Executive Directors. As appropriate, representatives of the external auditors also attend meetings. The Chairman of the Committee also meets separately with senior management and the external auditors. The Company Secretary is Secretary of the Audit Committee.

The Chairman of the Audit Committee reports to the subsequent meeting of the Board on the Committee's work.

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The Audit Committee (continued)

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 2021, the only non-audit services performed by Deloitte LLP related to the interim review which is a permitted service.

Risk management and internal control

The approach to risk management and the principal risks themselves are set out on pages 15 and 16. 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 Board is responsible for the Group's system of internal control and risk management and for reviewing its effectiveness alongside the Audit Committee. The Directors have established a risk management framework and internal control environment to ensure that an appropriate level of oversight and control is provided. The Group's systems of risk management and internal control are designed to help the Group meet its business objectives by appropriately managing, rather than eliminating, the risks relating to those objectives. The controls can by their nature only provide reasonable, not absolute, assurance against material misstatement or loss.

In the current year, the Group has updated its risk management framework and risk assessment to reassess the relevant risks to the Group in order to execute and deliver the Group's strategy. The process involved the Board, Executive Directors and senior management reviewing the financial, operational, market and compliance areas to identify and document significant risks, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of the risks identified. This is principally captured via a Group risk register and risk map. On an on-going basis, Executive Directors and senior management review the risks facing the business, including the impact of Covid-19 on the Group, and the controls established to minimise those risks and their effectiveness in operation. In the current year, the Board has continued to consider the risks of Covid-19 to the Group as noted in the Chief Executive Officer's report on page 4, Principal Risks and Uncertainties on page 15, Stakeholder Engagement report on page 20 and the Corporate Governance report on page 31.

The key elements of the Group's overall control framework including:

- the Group's strategic plan and annual financial budget are reviewed and approved by the Board;
- financial results with comparisons to plan and forecast results are reported on monthly to the Board alongside operational reporting and significant variances from plan are discussed at Board meetings and actions set in place to address them;
- approval levels for authorisation of expenditure are at set levels and cascaded through the management structure with any expenditure in excess of predefined levels requiring approval from the Executive Directors; and
- the Group has a robust risk framework and risk assessment processes which are regularly reviewed. The Group has extensive internal quality assurance processes in place and appropriate ISO certifications (see page 44 in the Directors' report for details).

The Board has concluded to establish an independent audit function in the coming twelve months to further support the assurance programme. This is likely to be primarily an out sourced function.

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Stakeholder engagement

The Group recognises that long-term success is underpinned by good relations with its key stakeholders, both internal and external, and seeks to take into account the needs of the Group's stakeholders as it discusses matters and makes decisions. The Board considers that the Group's key stakeholders are its shareholders, employees, customers, suppliers and key partners and the environment. 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 of the Companies Act 2006 as disclosed in our Stakeholder Engagement report on pages 17 to 23.

Relations with shareholders

The Group maintains a corporate website (www.iomart.com/investors) containing a wide range of information of interest to investors including publicly available financial information and news on the Group. As noted in our Stakeholder Engagement report on page 17, iomart is committed to listening to and communicating openly with its shareholders to ensure that the strategy, business model and performance are communicated. The Chief Executive Officer and Chief Financial Officer have regular dialogue with shareholders and analysts to discuss strategic 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 Group engages in full and open communication with both institutional and private investors and responds promptly to all queries received. The Group does this via investor roadshows, attending investor conferences and regular financial reporting, through the regulatory news service ("RNS") announcements and, in the current year, through our Capital Markets Day held in May 2021. In conjunction with the Group's brokers and other financial and public relations advisers all relevant news is distributed in a timely fashion through appropriate channels to ensure shareholders are able to access material information on the Group's progress.

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 Chairman 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

In the prior year, the Group launched new core values across the Group (see our Stakeholder Engagement report on page 7) and have continued to roll these out in the current year to embed the values in our culture.

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 has a zero tolerance approach to bribery and corruption and is committed to ensuring it has appropriate processes in place to mitigate the risk of bribery and corruption. The Group has a formal business ethics and anti-bribery policy which is outlined in our employee handbook and on our corporate website available to all staff. Staff are required to complete appropriate training to ensure awareness of the Group's policies and what is acceptable business conduct and the policy on accepting gifts. On receipt of a gift of any value, staff are required to complete a gift register form which is submitted to the Executive team for approval.
- **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. The Group has an anti-slavery and human trafficking policy in place supported by internal policies and processes to ensure the principles are adhered to. Our Modern Slavery statement, which is updated annually, details processes in place to help manage the risks outlined by the legislation is available on the iomart website.

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Workforce engagement and promoting an ethical business practices (continued)

- Whistleblowing - We recognise the importance of all of our employees and we respect the dignity and rights of all employees and provide clean, healthy and safe working conditions. An inclusive working environment and a culture of openness are maintained by the regular dissemination of information. The Group is committed to maintaining high ethical standards in all areas of work and practice and has a detailed whistleblowing policy in place, outlined in the employee handbook and available on our corporate website, for employees to access. There are various ways employees can report their concerns including access to the Executive team and the Audit Committee and access to third party independent advice at any stage.
- 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’.
- Equal Opportunities - The Group endeavours to provide equal opportunities for all employees and facilitates the development of employees’ skill sets. A fair remuneration policy is adopted throughout our Group. The Group does not tolerate any sexual, physical or mental harassment of its employees and we operate an equal opportunities policy that specifically prohibits discrimination on grounds of colour, ethnic origin, gender, age, religion, political or other opinion, disability, or sexual orientation.

Brexit

In December 2020, a new trading arrangement was concluded between the United Kingdom and the European Union. We have undertaken a detailed assessment of the impact of the Group, our operations and supply chain which was presented to the Board. The Group is not exposed to any significant risks or impact as a result of the new trading agreement in place, however, we will continue to monitor this throughout the coming year.

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.

Scott Cunningham, Richard Masters and Karyn Lamont will retire from office at the Company’s 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 3 to 23 including the potential impact of Covid-19. 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 9 to 14.

Note 28 to the financial statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has access to a £80m multi option revolving credit facility that matures on 30 September 2022 of which £8m (annually) is available to be drawn on for general business purposes should that be required. The Directors are of the opinion that the Group can operate within the current facility and comply with its banking covenants.

At the end of the financial year, the Group had net debt of £54.6m (2020: £57.6m) 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.

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Going concern (continued)

The Directors have considered the Group budgets and the cash flow forecasts for the next three financial years, and associated risks, including the continued impact of Covid-19, and the availability of bank and leasing facilities. We have run appropriate scenario and stress tests applying reasonable downside sensitivities 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 in order for the Nomad to carry out its responsibilities under 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 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.