Half Yearly Results 2021

6 months ended 30 September 2021

iomart

Welcome to straightforward

On track – Strategy implemented and progressing well

FINANCIAL HIGHLIGHTS

	H1 2022	H1 2021	Change
Revenue	£51.9m	£56.3m	-8%
% of recurring revenue[1]	93%	90%	+3%
Adjusted EBITDA[2]	£19.6m	£20.8m	-6%
Adjusted profit before tax[3]	£9.1m	£9.8m	-7%
Profit before tax	£6.0m	£6.0m	0%
Adjusted diluted EPS[4]	6.5p	7.0p	-7%
Basic EPS	4.4p	4.4p	0%
Cash generation from operations	£17.9m	£23.1m	-23%
Interim dividend per share	2.42p	2.60p	-7%

- The Group continues to benefit from very strong levels of recurring revenues of 93%[1] of Group revenues
- Reduction in revenue reflects lower non-recurring equipment and consultancy sales, along with lower customer renewals. The Board is confident that this short-term impact on revenue will be reversed
- Profitability percentile remains positive and stable with adjusted EBITDA[2] and adjusted profit before tax[3] at 37.7% (H1 2021: 36.9%) and 17.5% (H1 2021: 17.3%) of revenue, respectively with the absolute reductions of £1.2m and £0.7m, respectively a function of the revenue trend
- Strong cash generation from operations in the period of £17.9m with a consistent cash conversion[6] (91%), after recognising one-off items with a value of £4m in the prior period
- Period end net debt of £49.3m, comfortable at 1.2 times annualised EBITDA[5]
- Successful refinancing with an increased £100m revolving bank facility from a new group of four leading banks, underpinning the Group's five-year growth strategy

OPERATIONAL HIGHLIGHTS

- Launch of the new iomart brand well received by all stakeholders, providing a core foundation for current and future growth initiatives
- Established a new Group product team and launched new products targeted at both new and existing customers
    - Successful Microsoft Azure campaign launched in September which resulted in securing a multi-year, six figure annual revenue managed Azure customer, alongside a well-qualified pipeline of additional opportunities
    - Secure Connectivity Services offering developed and sales campaign launched in September, and developed a well-qualified pipeline with first sales targeted within the current financial year
- Enhancements made to core operational and service-based systems and tools, with a primary focus on improved levels of service excellence
- Ongoing investment in the Group's datacentre estate as previously announced, to strengthen this valuable strategic and operational capability
- All electricity for our UK data centres is now sourced under Renewable Energy Guarantees of Origin ("REGO") certified renewable electricity
- M&A – positive progress in evaluating targeted opportunities to extend the Group's technology and product capabilities, while enhancing revenue, profitability and EPS

OUTLOOK

- High degree of confidence in achieving results in line with the Board's expectations and executing against the Group's five-year growth strategy
- The launch of the enhanced set of product offering, coupled with a clearly defined brand and targeted go to market capability has provided for a positive sales environment to deliver future growth

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, period on period, is a £0.5m lower amortisation of acquired intangible assets as the amortisation periods expire on historic acquisitions.

Reece Donovan, CEO commented,

"We are energised by our refreshed strategy, new brand and clear focus. The early customer wins from the new sales campaigns are excellent signs that the strategy is on track and starting to deliver tangible results. iomart's high level of recurring revenue remains a considerable strength, providing good visibility for the remainder of the year. Current trading is in line with the Board's expectations for the full year.

"The journey to the cloud for many is long and complex and iomart is well positioned to support existing and new customers on the multiple paths open to them, ensuring we respond to their specific business requirements and provide exceptional service and reliability. It is the blend of our straightforward approach, owned infrastructure assets, people and relationship focus, and agile technology-agnostic solution model, along with extensive customer base and more than 20 years' experience, that gives us confidence that we will continue to participate successfully within the wider growing Cloud sector."

[1] Recurring revenue is the revenue that repeats either under long-term contractual arrangement or on a rolling basis by predictable customer habit.

[2] Throughout this statement adjusted EBITDA is earnings before interest, tax, depreciation and amortisation (EBITDA) before share based payment charges, acquisition costs and gain on revaluation of contingent consideration. Throughout this statement acquisition costs are defined as acquisition related costs and non-recurring acquisition integration costs.

[3] Throughout this statement adjusted profit before tax is profit before tax, amortisation charges on acquired intangible assets, share based payment charges, acquisition costs and gain on revaluation of contingent consideration.

[4] Throughout this statement adjusted diluted earnings per share is earnings per share before amortisation charges on acquired intangible assets, share based payment charges, acquisition costs, gain on revaluation of contingent consideration and the taxation effect of these.

[5] Annualised EBITDA is the last 12 months of EBITDA for the period ended 30 September 2021.

[6] Cash conversion is calculated as cash flow from operations divided by adjusted EBITDA.

This interim 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.

Chief Executive's Statement

Introduction

We have continued to make positive progress against the key milestones announced in May, as part of the refreshed strategy to build on our existing strong position in the private cloud space at the same time as re-positioning our offering around the growing hybrid cloud market. This includes the launch of a new iomart brand, the release of new products and our first larger managed Azure customer win. Our teams are firmly in execution mode and following the launch of several new sales campaigns we can see momentum building.

The results for the period are in line with our pre-close statement, and while revenue shows a decline against prior periods, our profit margins remain strong and we continue to benefit from a large base of recurring revenue and high levels of cash generation. These are strong foundations on which to build, and we are confident the strategic progress being achieved will flow through into future growth.

The successful refinancing of our revolving bank facility with four new banks post period end underpins our five-year plan and this ongoing support from top tier global financial institutions is a clear endorsement of our strategy.

We were delighted to announce in July the appointment to the Board of Andrew Taylor as a Non-Executive Director of the Company, with effect from 1 August 2021. We described in our Final Results announcement in June, our desire to appoint a fourth independent Non-Executive Director to add additional sector skills to support the execution of the Group's refreshed medium term strategic plan and we are delighted to have secured an executive of Andrew's experience and calibre. Andrew has over 25 years' experience in the telecommunications industry, and has a demonstrable track record of achievement in previous roles, both in the UK and internationally. He is the CEO of Gamma Communications plc, a leading provider of unified communication services to the business market in Western Europe.

Strategy

At the start of the year we announced our vision to position iomart for the next phase of its growth as a recognised leading secure hybrid cloud business. We were bold by stating our aspiration to become a £200m revenue business within five years. Underpinning this was a roadmap with a focus on three main activities:

- New services and geographies - we will focus on four new service areas – hybrid cloud, security, the future digital workplace and connectivity;
- Complementary acquisitions - to expand the customer base and to acquire new skillsets; and
- Protect and expand the existing base of run rate revenue and EBITDA which is underpinned by our existing core private cloud infrastructure.

We are on track to achieve the key strategic milestones which we laid out for delivery in FY22. For the first half of the year our focus was on brand development, new product launches and restructuring the organisation to drive "one iomart". These are important building blocks of success and we have made good progress.

Brand development

We delivered a successful launch of our new iomart brand in early September, which has been well received by all stakeholders and provides a strong foundation for ensuring our value proposition and marketing collateral are impactful for both existing and potential new customers, as well as a guide for our internal operations and ethos. Our new strapline "welcome to straightforward" encapsulates our mission to deliver a customer-focused service which makes the complicated world of secure hybrid cloud simple for our customers, gives them peace of mind, and allows them to focus on what's important to them. Our aim is to make our brand relatable and memorable in order to increase familiarity in the market and, ultimately, drive inbound sales.

New product development

We have established a new product team and have redefined and launched a number of new product initiatives. These are targeted at both new customers and upselling and cross-selling to our existing customers. They include specific campaigns around the growth areas of Digital Workplace, Secure Connectivity and Managed Microsoft Azure. Pipelines are being developed from each of these campaigns and we are confident our refined approach will give a greater success rate. Further product releases will be made over the coming months.

We were delighted to secure our first six figure annual recurring revenue customer for Managed Microsoft Azure following our successful sales campaign. The customer's IT workload will be deployed on Azure infrastructure on a managed basis over the next 4 years. A well-qualified pipeline of other sales opportunities is building. We are now successfully working more closely with Microsoft and anticipate this relationship continuing to strengthen.

The Secure Connectivity Services proposition was fully developed and rolled out in the period, with the marketing campaign live in September with extremely positive customer feedback. We are confident in customer wins in this area by the end of the financial year.

Operations, processes and values

- one iomart team: demand for talent is high and in an effort to both retain and attract the best possible talent, we have updated our benefits package, formalised flexible working options and delivered a number of wellbeing, technical and management training programmes across the business.

- Core Systems: we have enhanced and introduced a new control panel to streamline our customer interaction. This enhancement allows us to automatically align customer requests to the right team. We have reorganised the customer support teams behind this to ensure the right people, with the right expertise, are available from the start of any customer support event.

M&A

As we have successfully completed in the past, we plan to use selective M&A to augment our organic growth. As well as acquiring new customer bases operating in recurring revenue business models we also plan to strengthen our technology and product capabilities. During the period we have started to evaluate potential targets and we are pleased with the positive progress made so far in the identification of opportunities; providing verification that the market remains fragmented. The timing of M&A closure is hard to predict, and we will at all times maintain our disciplined approach.

ESG

We have had a period of high activity in terms of our commitments to our environmental, social and governance ("ESG") programme in the period. The main highlights include:

- Environmental: all of the electricity used in our UK data centres is now sourced under Renewable Energy Guarantees of Origin ("REGO") certified renewable electricity. In early November, under our Alliance agreement signed last year with Glasgow based Katrick Technologies, we commissioned a passive cooling system at our Glasgow data centre**.** Early test results for the new cooling system indicate the potential for a significant reduction in electrical power consumption.

- Social: we have committed to two new initiatives in the period – the first providing sponsorship for the 2022 cohort, in conjunction with ScotlandIS, of Empowering Women in Leadership, and the second to work with a UK charity, SmartSTEMS to create more opportunities for children from underprivileged backgrounds.

- Governance: under remit of our Audit Committee we are in the process of appointing an outsourced internal audit resource to further support our risk management framework and assurance programme.

Market

With the insatiable growth in data requirements from across all industries, the demand for the three core building blocks of compute power, storage and connectivity continues to expand. Organisations are increasingly outsourcing 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. These requirements increasingly come with greater security and compliance needs. The Covid-19 pandemic and working from home has accelerated a number of the drivers.

The concept of "Cloud" computing is now globally recognised. The "public cloud" giants such as Amazon, Microsoft and Google have vastly contributed to this general awareness and consequently, as is well documented, have seen high growth globally as many organisations look for Cloud infrastructure and capabilities. The reality of the situation is that a vast majority of the world's IT infrastructure is complex and untidy in nature which means hybrid cloud models will remain a key market feature for many use cases. Even if businesses want to use Public Cloud infrastructure fully, then many lack the detailed know-how, skills and resources required to manage all the elements. iomart is well positioned to meet this demand given a long established capability in designing and running private clouds and supporting on premise solutions along with our plans to continue to complement this with skills and capabilities for public cloud provisioning and management.

No two organisations are the same, and therefore the cloud solution mix in the future will be unique and reflect the needs of that organisation at that time, especially for those organisations that are running older type applications that are not public cloud compatible. Many customers are looking for a single point of accountability for all their cloud needs and iomart is well positioned to provide this service going forward particularly for medium to large enterprises.

Operational Review

Cloud Services

Cloud Services revenues decreased by £4.1m (8%) to £46.1m (H1 2021: £50.3m). Non-recurring activities represented a disproportionate impact with a £2.1m drop in revenue from lower equipment reselling and also a large scale consultancy project from the prior year coming to an end. Cloud Services EBITDA (before share based payments, acquisition costs and central group overheads) was £18.9m being 40.9% of cloud services revenue (H1 2021: £20.2m (40.3% of cloud services revenue)). The underlying profitability has been stable in the period with the reduction in absolute EBITDA reflecting the revenue trend in the period.

The following is the disaggregation of Cloud Services revenues of £46.1m (H1 2021: £50.3m):

Disaggregation of Cloud Services revenue	**6 months to 30 September 2021 £'000**	**6 months to 30 September 2020 £'000**	**Year to 31 March 2021 £'000**
Cloud managed services	28,037	29,150	57,961
Self-managed infrastructure	14,408	15,354	30,311
Non-recurring revenue	3,703	5,762	11,672
	46,148	**50,266**	**99,944**

Cloud managed services (recurring revenue)
Cloud managed services includes the provision of fully managed, complex, bespoke and resilient solutions involving private, public and hybrid cloud infrastructure.

Over the long-term we anticipate this will be the highest growth area for iomart, supported by the market drivers described above. This is the part of the business which has launched the three recent sales campaigns: Digital Workplace, Secure Connectivity and Managed Microsoft Azure, alongside our more traditional offerings, as we feel these are the solutions most in need across businesses that we are well placed to offer.

We experienced new customer wins and saw existing customers increasing their revenues with us, as they scale their own businesses and seek support from our growing service offering. Offsetting this was lower renewals from certain customers, with higher immediate revenue impact, which in combination resulted in £1.1m (4%) lower revenue. We are confident that the strategic actions already delivered and near term plans outlined above will ensure that this short-term impact on revenue will be reversed.

Self-managed infrastructure (recurring revenue)
In addition to the above, we have a customer base of over 6,500 customers who simply wish to source compute power and connectivity via mainly the provision of dedicated servers and manage these directly. Our own regional data centre estate and fibre network positions us well to offer such infrastructure as a service. In the first half of this financial year the self-managed infrastructure revenue reduction was £0.9m (6%) or £0.5m (4%) in comparison to the first half and second half of the last financial year, respectively, largely attributable to a reduction in number of our long tail of smaller customers. We will continue to allocate resources to ensure we provide this customer base with resilient, cost effective and increasingly automated solutions.

Our UK owned infrastructure is an important part of the delivery of our recurring revenue services, an important differentiator in the market and allows more of the value add to be retained by iomart. In the period we concluded investments in a number of projects that overlapped the prior year end, including the replacement of the cooling system in our second largest data centre in London and investment into next generation core routing technology which provides 100GB capacity on our network, with the ability to scale to 400GB. There were no larger projects commenced in the first half of the year but we do expect to continue our regular planned upgrades and enhancements driven at ensuring both market leading resilience but also enhancing operational efficiency and reducing the environmental impact of our operations. We expect to commence the upgrade to our uninterruptible power systems ("UPS") in our core sites during the second half of the year, which will be steadily rolled out over the next two years as part of our standard infrastructure spend.

Non-recurring revenue

Non-recurring revenue of £3.7m (H1 2021: £5.8m) relates primarily to on premise equipment and software reselling via our Cristie Data brand plus consultancy projects. By their nature this activity is lower margin but we believe it to be relevant to our ability to offer support to our existing customer base and new customer wins. It is often these non-recurring activities that provide an interesting initial introduction to the wider iomart Group and evolve customers into a higher level of recurring services. Of the lower revenue contribution in the first half of this year £1.2m comes from lower consultancy income as a large consultancy project came to an end in December 2020 and was not repeated. In addition, £0.9m can be attributed to continued slower decision making on hardware refresh than normal, longer lead times for equipment components, and to some degree because we saw some leavers in our Cristie Data sales force at the start of the year which only returned to full strength in the final month of the period.

Easyspace

The global domain name and mass market hosting sector continues to grow, supported by the increasing importance of an internet presence and ecommerce for all areas of the economy, including the small and micro business community represented within our Easyspace division. This sector is increasingly dominated by a smaller number of large global operators and we recognised a long time ago that the marketing spends required to compete for new business in this specific area was not the best use of iomart's resources. However, we do ensure our customer base of around 60,000 customers are well served with a good range of products and importantly a high level of customer service ensuring high renewal rates and customer satisfaction. The Easyspace segment has performed slightly above expectations during the period, delivering revenues and EBITDA (before share based payments, acquisition costs and central group overheads) of £5.8m (H1 2021: £6.0m) and £2.6m (H1 2021: £2.9m), respectively.

Financial Performance

Revenue

Overall revenue from our operations reduced by 8% to £51.9m (H1 2021: £56.3m). We saw a greater share of recurring revenue at 93% (H1 2021: 90%) compared to prior periods as non-recurring activity levels reduced by a disproportionate level. 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. Our Cloud Services segment revenues reduced by 8% to £46.1m (H1 2021: £50.3m). Our Easyspace segment has performed slightly better than expectations over the period, with revenues for the first half only reducing by £0.2m to £5.8m (H1 2021: £6.0m).

Gross Profit

The gross profit in the period decreased by 9% to £31.3m (H1 2021: £34.4m). As a result, this ensured gross profit as a percentage of revenue remained stable at 60% (H1 2021: 61%) of revenue. Our vendor relationships have remained stable in the period and we have not seen any material individual price change in any of the components of the purchased cost base in the last six months.

Adjusted EBITDA

The Group's adjusted EBITDA reduced by 6% to £19.6m (H1 2021: £20.8m) which in EBITDA margin terms translates to a stable performance of 37.7% (H1 2021: 36.9%). Administration expenses (before depreciation, amortisation, share based payment charges and acquisition costs) of £11.8m is £1.9m lower than the previous period comparative. An element of this reflects the secured synergy savings achieved from the two bolt on acquisitions in February and March 2020 and some relates to the specific timings of staff adjustments in our team as, like the wider sector, we saw a period of higher staff attrition and recruitment activity at the start of the year.

Cloud Services saw a 7% reduction in its adjusted EBITDA to £18.9m (H1 2021: £20.2m). In percentage terms the Cloud Services margin increased to 40.9% (H1 2021: 40.3%). The adjusted EBITDA of Easyspace reduced in line with the small drop in revenue to £2.6m (H1 2021: £2.9m). In percentage terms the margin decreased to 45.8% (H1 2021: 47.8%).

Group overheads, which are not allocated to segments, include the cost of the Board, all the running costs of the headquarters in Glasgow, and Group led functions such as human resources, marketing, finance and design. Group overheads saw a decrease to £1.9m (H1 2021: £2.3m).

Adjusted profit before tax

Depreciation charges of £8.2m (H1 2021: £8.5m) have decreased slightly in absolute terms but is a consistent percentage of our recurring revenue in the period. The charge for the amortisation of intangible assets, excluding amortisation of intangible assets resulting from acquisitions ("amortisation of acquired intangible assets") has decreased to £1.3m (H1 2021: £1.5m) simply due to the specific historic timing of investments made.

Net finance costs have reduced slightly to £0.9m (H1 2021: £1.1m).

After deducting the charges for depreciation, amortisation, excluding the amortisation of acquired intangible assets, and finance costs from the adjusted EBITDA, the adjusted profit for the period before tax decreased by 7% to £9.1m (H1 2021: £9.8m) representing an adjusted profit before tax margin of 17.5% (H1 2021: 17.3%).

Profit before tax

The measure of adjusted profit before tax is a non-statutory measure which is commonly used to analyse the performance of companies 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	**6 months to 30 September 2021 £'000**	**6 months to 30 September 2020 £'000**	**Year to 31 March 2021 £'000**
Adjusted profit before tax	9,104	9,759	19,628
Less: Share based payments	(620)	(814)	(1,247)
Less: Amortisation of acquired intangible assets	(2,312)	(2,835)	(5,457)
Less: Acquisition costs	(136)	(383)	(493)
Add: Gain on revaluation of contingent consideration	-	290	33
Profit before tax	**6,036**	**6,017**	**12,464**

The larger adjusting items in the current period are:

- share based payment charges in the period which decreased slightly to £0.6m (H1 2021: £0.8m) as a result of the timing of share options lapsing; and
- charges for the amortisation of acquired intangible assets of £2.3m (H1 2021: £2.8m) which have decreased by £0.5m reflecting the expiry of the amortisation period from older historic acquisitions.

After deducting the charges for share based payments, the amortisation of acquired intangible assets and acquisition costs, the reported profit before tax is £6.0m (H1 2021: £6.0m).

Taxation and profit for the period

There is a tax charge in the period of £1.2m (H1 2021: £1.2m), which comprises a current taxation charge of £1.8m (H1 2021: £1.9m), and a deferred taxation credit of £0.6m (H1 2021: £0.7m). The headline effective tax rate has remained stable at 20%. This results in a profit for the period from total operations of £4.9m (H1 2021: £4.8m).

Earnings per share

Adjusted diluted earnings per share, which is based on profit for the period attributed to ordinary shareholders before share based payment charges, amortisation of acquired intangible assets, acquisition costs and the tax effect of these items, was 6.5p (H1 2021: 7.0p).

The measure of adjusted diluted earnings per share as described above is a non-statutory measure which is commonly used to analyse the performance of companies where M&A activity forms a significant part of their activities. Basic earnings per share from continuing operations was 4.4p (H1 2021: 4.4p). The calculation of both adjusted diluted earnings per share and basic earnings per share is included at note 3.

Cash flow

The Group generated cash from operations in the period of £17.9m (H1 2021: £23.1m) with an EBITDA conversion to cash ratio in the period of 91% (H1 2021: 111%). This is yet another period of consistently high operating cash conversion. The higher headline conversion ratio in prior period was augmented by two one-off items: receipt of £2.3m cash deposit returned by our landlord as part of the negotiation of the extension of the London data centre lease plus a delayed Q1 VAT payment of £1.7m. Normalising for these two items takes the EBITDA conversion to cash ratio to 92% in the prior period. Cash payments for corporation taxation in the period fell to £1.4m (H1 2021: £1.9m), resulting in net cash flow from operating activities in the period of £16.4m (H1 2021: £21.3m).

Expenditure on investing activities of £5.3m (H1 2021: £8.8m) was incurred in the period. £4.7m (H1 2021: £7.0m) was incurred on the acquisition of property, plant and equipment, principally to provide specific services to our customers. We incurred £0.6m (H1 2021: £0.6m) in respect of development costs during the period. There were no payments made concerning M&A activity, with all prior deferred or earn-out consideration sums settled before 31 March 2021. In the prior period, £1.2m was paid out for contingent consideration due on the LDEX acquisition made in December 2018.

During the first half of the year, net cash used in financing activities was £7.9m (H1 2021: £7.9m). Any shares issued in the current period under share options were at nominal value. In the current period we made no drawdowns under our bank facility (H1 2021: £1.2m) and we made no repayments (H1 2021: £1.2m) meaning no movement in the revolver loan drawn balance in the period. In the current period we repaid £2.5m of lease liabilities (H1 2021: £2.9m). We paid £0.5m (H1 2021: £0.6m) of finance charges and made a dividend payment of £4.9m (H1 2021: £4.3m). As a result, cash and cash equivalent balances at the end of the period were £26.3m (H1 2021: £20.0m).

Net Debt

The net debt position of the Group at the end of the period was £49.3m compared to £54.6m at 31 March 2021 with the decrease being a combination of the increase in the closing cash balance to £26.3m (31 March 2021: £23.0m) and a decrease in the lease liability to £22.8m (31 March 2021: £24.9m). Our multiple of the last 12 months of adjusted EBITDA to net debt is 1.2 times which remains a comfortable level of leverage. The analysis of the net debt is shown below:

	30 September 2021 £’000	**30 September 2020 £’000**	**31 March 2021 £’000**
Bank revolver loan	52,791	52,791	52,791
Lease liabilities	22,792	25,329	24,867
Less: cash and cash equivalents	(26,273)	(20,055)	(23,038)
Net Debt	**49,310**	**58,065**	**54,620**

Subsequent to the period end, on 2 December 2021, we successfully refinanced and increased the Group's existing single bank Revolving Credit Facility of £80m that was due to mature on 30 September 2022. The new £100m Revolving Credit Facility ("RCF") was provided by a new four bank group consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank. The new facility has an initial maturity date of 30 June 2025, with a 12-month extension option 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, compared to 150 basis points over LIBOR on the prior facility. An arrangement fee will be payable upfront in addition to a commitment fee on the undrawn portion of the new RCF on equivalent terms to the previous facility. 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 five-year strategic plan.

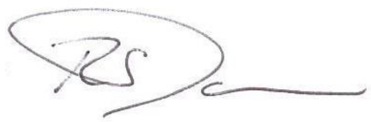
Dividend

Last year we updated our dividend policy to a maximum pay-out of 50% of adjusted diluted earnings per share. Given the recurring nature of the Group, the level of operating cash which we have delivered and low level of indebtedness within the Group we have applied the maximum pay-out ratio in our assessment of the appropriate level of interim dividend to be made and we will pay an interim dividend of 2.42p per share (H1 2021: 2.60p) on 28 January 2022 to shareholders on the register on 7 January 2022, with an ex-dividend date of 6 January 2022. This dividend represents a pay-out ratio of 37% (H1 2021: 37%) of the adjusted diluted earnings per share for the interim period.

Current trading and outlook

As a business we are energised by our refreshed strategy, new brand and clear focus. The early customer wins from the new sales campaigns are excellent signs that the strategy is on track and starting to deliver tangible results. iomart's high level of recurring revenue remains a considerable strength, providing good visibility for the remainder of the year. Current trading is in line with the Board's expectations for the full year.

The journey to the cloud for many is long and complex and iomart is well positioned to support existing and new customers on the multiple paths open to them, ensuring we respond to their specific business requirements and provide exceptional service and reliability. It is the blend of our straightforward approach, owned infrastructure assets, people and relationship focus, and agile technology-agnostic solution model, along with extensive customer base and more than 20 years' experience, that gives us confidence that we will continue to participate successfully within the wider growing Cloud sector.



Reece Donovan
Chief Executive Officer
7 December 2021

Consolidated Interim Statement of Comprehensive Income
Six months ended 30 September 2021

	Note	Unaudited 6 months to 30 September 2021 £'000	Unaudited 6 months to 30 September 2020 £'000	Audited Year to 31 March 2021 £'000
Revenue		51,930	56,311	111,883
Cost of sales		(20,591)	(21,897)	(44,241)
Gross profit		**31,339**	**34,414**	**67,642**
Administrative expenses		(24,401)	(27,624)	(53,230)
Operating profit		**6,938**	**6,790**	**14,412**
Analysed as:				
Earnings before interest, tax, depreciation, amortisation, acquisition costs and share based payments		**19,568**	**20,788**	**41,408**
Share based payments		(620)	(814)	(1,247)
Acquisition costs	4	(136)	(383)	(493)
Depreciation	8	(8,227)	(8,464)	(16,882)
Amortisation – acquired intangible assets	7	(2,312)	(2,835)	(5,457)
Amortisation – other intangible assets	7	(1,335)	(1,502)	(2,917)
Gain on revaluation of contingent consideration		-	290	33
Finance income		-	13	19
Finance costs	5	(902)	(1,076)	(2,000)
Profit before taxation		**6,036**	**6,017**	**12,464**
Taxation	6	(1,224)	(1,207)	(2,260)
Profit for the period/year		**4,812**	**4,810**	**10,204**
Other comprehensive income				
Currency translation differences		59	(5)	(94)
Other comprehensive income/(expense) for the period/year		**59**	**(5)**	**(94)**
Total comprehensive income for the period/year attributable to equity holders of the parent		**4,871**	**4,805**	**10,110**
Basic and diluted earnings per share				
Basic earnings per share	3	4.4 p	4.4 p	9.3 p
Diluted earnings per share	3	4.3 p	4.3 p	9.1 p

Consolidated Interim Statement of Financial Position
As at 30 September 2021

	Note	Unaudited 30 September 2021 £'000	Unaudited 30 September 2020 £'000	Audited 31 March 2021 £'000
ASSETS				
Non-current assets				
Intangible assets – goodwill	7	86,479	86,479	86,479
Intangible assets – other	7	15,052	20,924	18,101
Trade and other receivables		194	-	502
Property, plant and equipment	8	73,494	76,323	77,012
Deferred tax asset		721	-	138
		175,940	**183,726**	**182,232**
Current assets				
Cash and cash equivalents		26,273	20,055	23,038
Trade and other receivables		23,161	22,914	22,979
Current income tax asset		-	-	235
		49,434	**42,969**	**46,252**
Total assets		**225,374**	**226,695**	**228,484**
LIABILITIES				
Non-current liabilities				
Trade and other payables		(1,882)	(2,479)	(2,662)
Non-current borrowings	10	(19,420)	(75,058)	(74,221)
Provisions for other liabilities and charges		(2,335)	(2,000)	(2,097)
Deferred tax liability		-	(398)	-
		(23,637)	**(79,935)**	**(78,980)**
Current liabilities				
Contingent consideration due on acquisitions		-	(989)	-
Trade and other payables		(28,392)	(29,350)	(29,495)
Current income tax liabilities		(51)	(33)	-
Current borrowings	10	(56,163)	(3,062)	(3,437)
		(84,606)	**(33,434)**	**(32,932)**
Total liabilities		**(108,243)**	**(113,369)**	**(111,912)**
Net assets		**117,131**	**113,326**	**116,572**
EQUITY				
Share capital		1,097	1,092	1,097
Own shares		(70)	(70)	(70)
Capital redemption reserve		1,200	1,200	1,200
Share premium		22,495	22,147	22,495
Merger reserve		4,983	4,983	4,983
Foreign currency translation reserve		15	45	(44)
Retained earnings		87,411	83,929	86,911
Total equity		**117,131**	**113,326**	**116,572**

Consolidated Interim Statement of Cash Flows
Six months ended 30 September 2021

	Unaudited 6 months to 30 September 2021 £'000	Unaudited 6 months to 30 September 2020 £'000	Audited Year to 31 March 2021 £'000
Profit before tax	**6,036**	**6,017**	**12,464**
Gain on revaluation of contingent consideration	-	(290)	(33)
Finance costs – net	902	1,063	1,981
Depreciation	8,227	8,464	16,882
Amortisation	3,647	4,337	8,374
Share based payments	620	814	1,247
Movement in trade receivables	126	3,083	2,516
Movement in trade payables	(1,710)	(366)	268
Cash flow from operations	**17,848**	**23,122**	**43,699**
Taxation paid	(1,434)	(1,850)	(3,643)
Net cash flow from operating activities	**16,414**	**21,272**	**40,056**
Cash flow from investing activities			
Purchase of property, plant and equipment	(4,673)	(7,021)	(15,192)
Proceeds received from disposal of property, plant and equipment	-	-	260
Development costs	(601)	(614)	(1,306)
Purchase of intangible assets	(1)	(4)	(561)
Proceeds received from disposal of intangible assets	-	-	73
Contingent consideration paid	-	(1,201)	(2,447)
Finance income received	-	11	19
Net cash used in investing activities	**(5,275)**	**(8,829)**	**(19,154)**
Cash flow from financing activities			
Issue of shares	-	-	353
Drawdown of bank loans	-	1,150	1,150
Repayment of bank loans	-	(1,150)	(1,150)
Repayment of lease liabilities	(2,466)	(2,946)	(5,435)
Finance costs paid	(506)	(652)	(1,147)
Dividends paid	(4,932)	(4,287)	(7,132)
Net cash used in financing activities	**(7,904)**	**(7,885)**	**(13,361)**
Net increase in cash and cash equivalents	**3,235**	**4,558**	**7,541**
Cash and cash equivalents at the beginning of the period	23,038	15,497	15,497
Cash and cash equivalents at the end of the period	**26,273**	**20,055**	**23,038**

Consolidated Interim Statement of Changes in Equity
Six months ended 30 September 2021

	Share capital £'000	Own shares £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 April 2020	**1,092**	**(70)**	**1,200**	**22,147**	**4,983**	**50**	**82,592**	**111,994**
Profit in the period	-	-	-	-	-	-	4,810	**4,810**
Currency translation differences	-	-	-	-	-	(5)	-	**(5)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(5)**	**4,810**	**4,805**
Dividends	-	-	-	-	-	-	(4,287)	**(4,287)**
Share based payments	-	-	-	-	-	-	814	**814**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(3,473)**	**(3,473)**
Balance at 30 September 2020 (unaudited)	**1,092**	**(70)**	**1,200**	**22,147**	**4,983**	**45**	**83,929**	**113,326**
Profit in the period	-	-	-	-	-	-	5,394	**5,394**
Currency translation differences	-	-	-	-	-	(89)	-	**(89)**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**(89)**	**5,394**	**5,305**
Dividends	**-**	-	-	-	-	-	(2,845)	**(2,845)**
Share based payments	-	-	-	-	-	-	433	**433**
Issue of share capital	5	-	-	348	-	-	-	**353**
Total transactions with owners	**5**	**-**	**-**	**348**	**-**	**-**	**(2,412)**	**(2,059)**
Balance at 31 March 2021 (audited)	**1,097**	**(70)**	**1,200**	**22,495**	**4,983**	**(44)**	**86,911**	**116,572**
Profit in the period	-	-	-	-	-	-	4,812	**4,812**
Currency translation differences	-	-	-	-	-	59	-	**59**
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**59**	**4,812**	**4,871**
Dividends	-	-	-	-	-	-	(4,932)	**(4,932)**
Share based payments	-	-	-	-	-	-	620	**620**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**(4,312)**	**(4,312)**
Balance at 30 September 2021 (unaudited)	**1,097**	**(70)**	**1,200**	**22,495**	**4,983**	**15**	**87,411**	**117,131**

Notes to the Half Yearly Financial Information
Six months ended 30 September 2021

1. Basis of preparation

The half yearly financial information does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2021 have been delivered to the Registrar of Companies and included an independent auditor's report, which was unqualified and did not contain a statement under section 493 of the Companies Act 2006.

The half yearly financial information has been prepared using the same accounting policies and estimation techniques as will be adopted in the Group financial statements for the year ending 31 March 2022. The Group financial statements for the year ended 31 March 2021 were prepared in accordance with the international accounting standards in conformity with the requirements of the Companies Act 2006. These half yearly financial statements have been prepared on a consistent basis and format with the Group financial statements for the year ended 31 March 2021. The provisions of IAS 34 'Interim Financial Reporting' have not been applied in full.

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 Chief Executive's Statement on pages 3 to 9.

iomart's business model continues to stand it in good stead and despite the global slowdown in corporate activity driven by Covid-19, continues to perform well. The Group's high levels of recurring revenue remain a considerable strength, providing high levels of forecast visible revenue across a diversified customer base.

At the period end, 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.

On 2 December 2021 the Group replaced the existing single bank Revolving Credit Facility of £80 million, with a new £100m Revolving Credit Facility. The Facility is provided by a new four bank group consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank. The new facility has an initial maturity date of 30 June 2025, with a 12-month extension option and benefits from a £50m Accordion Facility in addition to the £100m committed facility.

At the end of the half year, the Group had net debt of £49.3m (H1 2021: £58.1m). The Board is comfortable with the net debt position given the strong cash generation and considerable financial resources of the Group, 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.

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. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

2. Operating segments

Revenue by Operating Segment

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Easyspace	5,782	6,045	11,939
Cloud Services	46,148	50,266	99,944
	51,930	**56,311**	**111,883**

Cloud Services revenue during the period/year can be further disaggregated as follows:

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Cloud managed services	28,037	29,150	57,961
Self-managed infrastructure	14,408	15,354	30,311
Non-recurring revenue	3,703	5,762	11,672
	46,148	**50,266**	**99,944**

Geographical Information

In presenting the consolidated information on a geographical basis, revenue is based on the geographical location of customers. The United Kingdom is the place of domicile of the parent company, iomart Group plc. No individual country other than the United Kingdom contributes a material amount of revenue therefore revenue from outside the United Kingdom has been shown as from Rest of the World.

Analysis of Revenue by Destination

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
United Kingdom	44,202	47,882	97,113
Rest of the World	7,728	8,429	14,770
	51,930	**56,311**	**111,883**

Recurring and Non-Recurring Revenue

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

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Recurring – over time	48,227	50,549	100,211
Non-recurring – point in time	3,703	5,762	11,672
	51,930	**56,311**	**111,883**

Profit by Operating Segment

	6 months to 30 September 2021			6 months to 30 September 2020			Year to 31 March 2021		
	EBITDA before share based payments and acquisition costs	Share based payments, acquisition costs, depreciation & amortisation	Operating profit/(loss)	EBITDA before share based payments and acquisition costs	Share based payments, acquisition costs, depreciation & amortisation	Operating profit/(loss)	EBITDA before share based payments and acquisition costs	Share based payments, acquisition costs, depreciation & amortisation	Operating profit/(loss)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Easyspace	2,647	(453)	2,194	2,888	(598)	2,290	5,343	(1,165)	4,178
Cloud Services	18,854	(11,421)	7,433	20,247	(12,203)	8,044	40,482	(24,091)	16,391
Group overheads	(1,933)	-	(1,933)	(2,347)	-	(2,347)	(4,417)	-	(4,417)
Share based payments	-	(620)	(620)	-	(814)	(814)	-	(1,247)	(1,247)
Acquisition costs	-	(136)	(136)	-	(383)	(383)	-	(493)	(493)
Profit before tax and interest	19,568	(12,630)	6,938	20,788	(13,998)	6,790	41,408	(26,996)	14,412
Gain on revaluation of contingent consideration			-			290			33
Group interest and tax			(2,126)			(2,270)			(4,241)
Profit for the period/year			**4,812**			**4,810**			**10,204**

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

3. Earnings per 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 shares 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 adjusting for the dilutive potential ordinary shares relating to share options. The calculations of earnings per share are based on the following results:

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Profit for the period/year and basic earnings attributed to ordinary shareholders	**4,812**	**4,810**	**10,204**
	No	**No**	**No**
Weighted average number of ordinary shares:	**000**	**000**	**000**
Called up, allotted and fully paid at start of period	109,671	109,160	109,160
Shares held by Employee Benefit Trust	(141)	(141)	(141)
Issued share capital in the period	29	50	230
Weighted average number of ordinary shares – basic	**109,559**	**109,069**	**109,249**
Dilutive impact of share options	3,086	3,538	2,416
Weighted average number of ordinary shares – diluted	**112,645**	**112,607**	**111,665**
Basic earnings per share	4.4 p	4.4 p	9.3 p
Diluted earnings per share	4.3 p	4.3 p	9.1 p

iomart Group plc assess the performance of the Group by adjusting earnings per share, calculated in accordance with IAS 33, to exclude certain non-trading items. The calculation of the earnings per ordinary share on a basis which excludes such items is based on the following adjusted earnings:

Adjusted earnings per share

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Profit for the period/year and basic earnings attributed to ordinary shareholders	4,812	4,810	10,204
- Amortisation of acquired intangible assets	2,312	2,835	5,457
- Acquisition costs	136	383	493
- Share based payments	620	814	1,247
- Gain on revaluation of contingent consideration	-	(290)	(33)
- Tax impact of adjusted items	(557)	(693)	(1,341)
Adjusted profit for the period/year and adjusted basic earnings attributed to ordinary shareholders	**7,323**	**7,859**	**16,027**
Adjusted basic earnings per share	6.7 p	7.2 p	14.7 p
Adjusted diluted earnings per share	6.5 p	7.0 p	14.4 p

4. Acquisition costs

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Professional fees	-	-	(44)
Non-recurring acquisition integration costs	(136)	(383)	(449)
	(136)	**(383)**	**(493)**

5. Finance costs

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Bank loans	(526)	(681)	(1,190)
Lease finance costs	(332)	(361)	(732)
Other interest charges	(44)	(34)	(78)
	(902)	**(1,076)**	**(2,000)**

6. Taxation

	6 months to 30 September 2021 £'000	6 months to 30 September 2020 £'000	Year to 31 March 2021 £'000
Corporation Tax:			
Tax charge for the period/year	(1,802)	(1,955)	(3,448)
Adjustment relating to prior periods	-	-	(100)
Total current taxation charge	(1,802)	(1,955)	(3,548)
Deferred Tax:			
Origination and reversal of temporary differences	379	718	1,266
Adjustment relating to prior periods	-	-	18
Effect of different statutory tax rates of overseas jurisdictions	20	30	4
Effect of changes in tax rates	179	-	-
Total deferred taxation credit	578	748	1,288
Total taxation charge for the period/year	**(1,224)**	**(1,207)**	**(2,260)**

Deferred tax assets and liabilities at 30 September 2021 have been calculated based on the rate enacted at the balance sheet date of 25% (2020: 19%).

7. Intangible assets

	Goodwill £'000	Acquired customer relationships £'000	Development costs £'000	Software £'000	Acquired beneficial contract £'000	Domain names & IP addresses £'000	Total £'000
Cost:							
At 1 April 2020	**86,479**	**57,414**	**10,598**	**10,323**	**86**	**336**	**165,236**
Additions in the period	-	-	614	4	-	-	618
Currency translation differences	-	(29)	-	(19)	-	-	(48)
At 30 September 2020	**86,479**	**57,385**	**11,212**	**10,308**	**86**	**336**	**165,806**
Additions in the period	-	-	692	557	-	-	1,249
Disposals	-	(73)	-	-	-	-	(73)
Currency translation differences	-	(49)	-	(38)	-	-	(87)
At 31 March 2021	**86,479**	**57,263**	**11,904**	**10,827**	**86**	**336**	**166,895**
Additions in the period	-	-	601	1	-	-	602
Currency translation differences	-	18	-	13	-	-	31
At 30 September 2021	**86,479**	**57,281**	**12,505**	**10,841**	**86**	**336**	**167,528**
Accumulated amortisation:							
At 1 April 2020	**-**	**(39,954)**	**(8,373)**	**(5,464)**	**(55)**	**(280)**	**(54,126)**
Charge for the period	-	(2,835)	(751)	(747)	(4)	-	(4,337)
Currency translation differences	-	29	-	31	-	-	60
At 30 September 2020	**-**	**(42,760)**	**(9,124)**	**(6,180)**	**(59)**	**(280)**	**(58,403)**
Charge for the period	-	(2,622)	(695)	(708)	(3)	(9)	(4,037)
Disposals	-	13	-	-	-	-	13
Currency translation differences	-	53	-	59	-	-	112
At 31 March 2021	**-**	**(45,316)**	**(9,819)**	**(6,829)**	**(62)**	**(289)**	**(62,315)**
Charge for the period	-	(2,312)	(667)	(660)	(4)	(4)	(3,647)
Currency translation differences	-	(18)	-	(17)	-	-	(35)
At 30 September 2021	**-**	**(47,646)**	**(10,486)**	**(7,506)**	**(66)**	**(293)**	**(65,997)**
Carrying amount:							
At 30 September 2021	**86,479**	**9,635**	**2,019**	**3,335**	**20**	**43**	**101,531**
At 31 March 2021	86,479	11,947	2,085	3,998	24	47	104,580
At 30 September 2020	86,479	14,625	2,088	4,128	27	56	107,403

Note 11 provides the movements in the period relating to IFRS 16 right-of-use assets included in the above table.

8. Property, plant and equipment

	Freehold property £'000	Leasehold property and improve-ments £'000	Datacentre equipment £'000	Computer equipment £'000	Office equipment £'000	Motor vehicles £'000	Total £'000
Cost:							
At 1 April 2020	**8,910**	**29,671**	**26,113**	**97,592**	**2,771**	**23**	**165,080**
Additions in the period	-	7,834	282	4,460	26	-	12,602
Disposals in the period	-	-	-	(36)	-	-	(36)
Currency translation differences	-	(66)	-	(123)	-	-	(189)
At 30 September 2020	**8,910**	**37,439**	**26,395**	**101,893**	**2,797**	**23**	**177,457**
Additions in the period	-	1,323	1,684	6,044	14	-	9,065
Disposals in the period	(179)	-	-	36	-	-	(143)
Currency translation differences	-	(68)	-	250	-	-	182
At 31 March 2021	**8,731**	**38,694**	**28,079**	**108,223**	**2,811**	**23**	**186,561**
Additions in the period	-	307	1,321	3,250	37	-	4,915
Disposals in the period	-	(201)	-	(48)	(13)	-	(262)
Currency translation differences	-	48	-	119	-	-	167
At 30 September 2021	**8,731**	**38,848**	**29,400**	**111,544**	**2,835**	**23**	**191,381**
Accumulated depreciation:							
At 1 April 2020	**(697)**	**(7,104)**	**(15,470)**	**(67,532)**	**(1,924)**	**(9)**	**(92,736)**
Charge for the period	(133)	(2,302)	(699)	(5,207)	(119)	(4)	(8,464)
Disposals in the period	-	-	-	36	-	-	36
Currency translation differences	-	2	-	28	-	-	30
At 30 September 2020	**(830)**	**(9,404)**	**(16,169)**	**(72,675)**	**(2,043)**	**(13)**	**(101,134)**
Charge for the period	(132)	(2,239)	(1,054)	(4,882)	(107)	(4)	(8,418)
Disposals in the period	25	-	-	(36)	-	-	(11)
Currency translation differences	-	(32)	-	46	-	-	14
At 31 March 2021	**(937)**	**(11,675)**	**(17,223)**	**(77,547)**	**(2,150)**	**(17)**	**(109,549)**
Charge for the period	(128)	(2,218)	(616)	(5,160)	(101)	(4)	(8,227)
Disposals in the period	-	-	-	15	-	-	15
Currency translation differences	-	(28)	-	(98)	-	-	(126)
At 30 September 2021	**(1,065)**	**(13,921)**	**(17,839)**	**(82,790)**	**(2,251)**	**(21)**	**(117,887)**
Carrying amount:							
At 30 September 2021	**7,666**	**24,927**	**11,561**	**28,754**	**584**	**2**	**73,494**
At 31 March 2021	7,794	27,019	10,856	30,676	661	6	77,012
At 30 September 2020	8,080	28,035	10,226	29,218	754	10	76,323

Note 11 provides the movements in the period relating to IFRS 16 right-of-use assets included in the above table.

9. Analysis of change in net cash/(debt)

	Cash and cash equivalents £'000	Bank loans £'000	Lease liabilities £'000	Total net debt £'000
At 1 April 2020	15,497	(52,791)	(20,347)	(57,641)
Additions to lease liabilities	-	-	(7,622)	(7,622)
New bank loans	-	(1,150)	-	(1,150)
Repayment of bank loans	-	1,150	-	1,150
Cash and cash equivalents cash outflow	4,558	-	-	4,558
Lease liabilities cash outflow	-	-	2,640	2,640
At 30 September 2020	**20,055**	**(52,791)**	**(25,329)**	**(58,065)**
Additions to lease liabilities	-	-	(1,061)	(1,061)
Currency translation difference	-	-	169	169
Cash and cash equivalents cash inflow	2,983	-	-	2,983
Lease liabilities cash outflow	-	-	1,354	1,354
At 31 March 2021	**23,038**	**(52,791)**	**(24,867)**	**(54,620)**
Additions to lease liabilities	-	-	(33)	(33)
Disposal of lease liabilities	-	-	179	179
Currency translation	-	-	(22)	(22)
Cash and cash equivalents cash inflow	3,235	-	-	3,235
Lease liabilities cash outflow	-	-	1,951	1,951
At 30 September 2021	**26,273**	**(52,791)**	**(22,792)**	**(49,310)**

10. Borrowings

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Current:			
Lease liabilities (note 11)	(3,372)	(3,062)	(3,437)
Bank loans	(52,791)	-	-
Total current borrowings	**(56,163)**	**(3,062)**	**(3,437)**
Non-current:			
Lease liabilities (note 11)	(19,420)	(22,267)	(21,430)
Bank loans	-	(52,791)	(52,791)
Total non-current borrowings	**(19,420)**	**(75,058)**	**(74,221)**
Total borrowings	**(75,583)**	**(78,120)**	**(77,658)**

At 30 September 2021, the Group has an £80m multi option revolving credit facility which expires on 30 September 2022 and can be used by the Group to finance acquisitions, capital expenditure, general business purposes and for the issue of guarantees, bonds or indemnities. Each draw down made under this facility can be for either 3 or 6 months and can either be repaid or continued at the end of the period.

On 2 December 2021 the Group replaced the existing single bank revolving credit facility of £80 million, with a new £100m revolving credit facility. The Facility is provided by a new four bank group consisting of HSBC, Royal Bank of Scotland, Bank of Ireland and Clydesdale Bank. The new facility has an initial maturity date of 30 June 2025, with a 12-month extension option and benefits from a £50m Accordion Facility in addition to the £100m committed facility.

As at the balance sheet date, the Group had a committed revolving credit facility in place and were engaged in refinancing discussions with various banks. Given the level of interest from lenders, there was no indication at 30 September 2021 that the refinancing would not be successful, which was subsequently confirmed with the signing of a new increased committed revolving credit facility post period end. However, as the existing facility in place at the balance sheet date had 365 days left to expiry, the total amount of £52.8m at 30 September 2021 has been classified as current in the balance sheet.

Details of the Group's lease liabilities are included in note 11.

11. 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	Datacentre equipment	Software	Total
	£'000	£'000	£'000	£'000
Cost at 1 April 2020	17,494	788	1,235	19,517
Additions	3,438	4,184	-	7,622
Depreciation charge	(1,229)	(638)	-	(1,867)
Amortisation charge	-	-	(143)	(143)
Net book value at 30 September 2020	**19,703**	**4,334**	**1,092**	**25,129**
Additions	417	644	-	1,061
Currency translation differences	(162)	-	-	(162)
Depreciation charge	(1,099)	(756)	-	(1,855)
Amortisation charge	-	-	(142)	(142)
Net book value at 31 March 2021	**18,859**	**4,222**	**950**	**24,031**
Additions	-	33	-	33
Disposals	-	(179)	-	(179)
Depreciation charge	(1,024)	(703)	-	(1,727)
Amortisation charge	-	-	(143)	(143)
Net book value at 30 September 2021	**17,835**	**3,373**	**807**	**22,015**

The right-of-use assets in relation to leasehold property and datacentre equipment are disclosed as non-current assets and are disclosed within property, plant and equipment at 30 September 2021 (note 8). The right-of-use assets in relation to software are disclosed as non-current assets and are disclosed within intangibles at 30 September 2021 (note 7).

Lease liabilities

Lease liabilities for right-of-use assets are presented in the balance sheet within borrowings as follows:

	30 September 2021 £'000	30 September 2020 £'000	31 March 2021 £'000
Lease liabilities (current) (note 10)	(3,372)	(3,062)	(3,437)
Lease liabilities (non-current) (note 10)	(19,420)	(22,267)	(21,430)
Total lease liabilities	**(22,792)**	**(25,329)**	**(24,867)**

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

Amounts payable under leases:	**30 September 2021 £'000**	**30 September 2020 £'000**	**31 March 2021 £'000**
Within one year	(3,945)	(3,705)	(4,215)
Between two to five years	(10,166)	(13,176)	(11,552)
After more than five years	(12,193)	(12,569)	(13,068)
	(26,304)	(29,450)	(28,835)
Add: unearned interest	3,512	4,121	3,968
Total lease liabilities	**(22,792)**	**(25,329)**	**(24,867)**

12. Availability of half yearly reports

The Company's Interim Report for the six months ended 30 September 2021 will shortly be available to view on the Company's website (www.iomart.com).

INDEPENDENT REVIEW REPORT TO iomart Group plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 which comprises the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim Statement of Financial Position, the Consolidated Interim Statement of Cash Flows, the Consolidated Interim Statement of Changes in Equity and related notes 1 to 12. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the group will be prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the group intends to use in preparing its next annual financial statements.

Our responsibility
Our responsibility is to express to the Company a conclusion on the set of financial statements in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with the accounting policies the group intends to use in preparing its next annual financial statements and the AIM Rules of the London Stock Exchange.

Use of our report
This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
7 December 2021

Welcome to straightforward → iomart.com

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