RNS Number : 6003A
Redcentric PLC
24 September 2025

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the 'UK MAR') which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

24 September 2025

Redcentric plc
('Redcentric', the 'Company' or the 'Group')

Final Results

Redcentric plc (AIM: RCN), a leading UK IT Managed Services provider, is pleased to announce its final audited results for the year ended 31 March 2025 ('FY25' or the 'year'). The 2025 Annual Report and Accounts containing full details of the results will be made available on the Company's website shortly and posted to shareholders in the coming days.

Corporate Highlights

During FY25

- As previously announced, during the period the Group undertook an exercise to create two autonomous business units by separating out the Data Centre ('DC') business unit and the Managed Service Provider ('MSP') business unit. The rationale for this was the belief that the two business units target different markets with business market dynamics, so therefore needs to be addressed by different business models and have separate management teams. This separation successfully completed on 1 February 2025;
- The Group has appointed advisors with regards to the possible sale of the DC business unit and, as announced on 22 August 2025 in response to press speculation, the Group is currently in advanced negotiations with a preferred third party. Given the potential sale of the DC business, the assessment under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is that the DC business unit should be recognised as a discontinued operation. Shareholders will be kept informed of developments and there can be no certainty that a transaction will be concluded;
- Developing and growing the MSP business unit is the ongoing focus of the Group where the Board sees an opportunity to build additional shareholder value. The financial statements have been prepared on a continuing basis for this business unit, with appropriate disclosures made under IFRS 5; and
- The Board welcomed Richard McGuire as Non-Executive Chairman and John Radziwill as a Non-Independent Non-

Executive Director.

Post year-end

- The Board welcomed new senior management, with Michelle Senecal de Fonseca, formerly a Non-Executive Director, becoming CEO in May 2025, and Tony Ratcliffe joining as CFO in August 2025. Both individuals have substantial experience building technology businesses, leading change and generating shareholder value.

Financial Highlights

Unless otherwise indicated, the following results are based on the continuing operations of the Group. Percentage changes are calculated on absolute values:

	Year ended 31 March 2025 ('FY25')	Year ended 31 March 2024 ('FY24')	Change
Total revenue	**£135.1m**	£124.8m	+8.3%
Recurring revenue1	**£120.7m**	£110.7m	+9.0%
Recurring revenue percentage1	**89.3%**	88.7%	+0.6%
Gross profit	**£83.3m**	£78.2m	+6.5%
Gross margin	**61.6%**	62.7%	-1.1ppts
Adjusted EBITDA2	**£18.8m**	£17.4m	+8.1%
Adjusted EBITDA2 margin	**13.9%**	13.9%	-
Reported operating profit	**£8.4m**	£5.7m	+47.5%
Reported profit before tax	**£4.4m**	£1.8m	+139.3%
Group Net debt	**(£65.5m)**	(£72.4m)	-9.5%
Group Adjusted net debt3	**(£41.9m)**	(£42.0m)	+0.3%
Adjusted basic earnings per share4	**3.82p**	3.74p	+2.3%
Reported basic earnings per share	**1.70**	1.10p	+54.5%

These results contain certain financial measures that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that is evaluated by management and investors in assessing the performance of the Group.

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

A full explanation of the alternative performance measures used is available in the Appendix and more fully in the Annual Report. In summary:

1 Recurring revenue comprises the revenue that repeats either under contractual arrangement or by predictable customer habit;
2 Adjusted EBITDA comprises earnings before interest, tax, depreciation and amortisation ('EBITDA') further adjusted for exceptional items and share-based payments, including National Insurance;
3 Adjusted net debt comprises reported net debt (borrowings net of cash) but excluding any supplier loans or lease liabilities that would have been classified as operating leases under IAS17 and is a measure reviewed by the Group's banking syndicate as part of covenant compliance; and
4 Adjusted basic earnings per share comprises earnings before interest, tax, depreciation and amortisation, exceptional items

and share-based payments to which a notional tax charge of 25% is applied.

Financial Highlights - Total Operations

(Combined MSP business unit and the DC business unit that is recognised as discontinued under IFRS 5)

- Total revenue for the Group was £169.9m (FY24: £163.2m)
- Recurring revenue for FY25 was £155.0m (FY24: £149.1m)
- Recurring revenue percentage of 91.2% (FY24: 91.4%)
- Adjusted EBITDA was £35.4m (FY24: £28.3m)

Continuing Group Operational Highlights

- Integration of Group acquisitions undertaken in FY22 and FY23 are progressing well, delivering additional operational capabilities within the MSP business; and
- The large number of cloud platforms previously acquired have been consolidated and optimised. This rationalisation project provided increased scale for multi-tenant platforms and annualised cost savings from sunsetting sub-optimal dedicated customer platforms.

Outlook

- FY26 focus on recurring revenue whilst actively managing the cost base to deliver the strongest possible margin and cash flow;
- Stable revenue expectations for FY26;
- Confident in medium to long-term outlook with a strong business model and renewed strategy to be outlined at the interim results; and
- Anticipated sale of the DC business expects to generate a significant return of capital to shareholders as well as retaining sufficient capital required to expand the MSP business and reduce debt.

Commenting on the results, Michelle Senecal de Fonseca, CEO of Redcentric, said: "These are positive results in what has been a busy and transformational year for the Group. Significant groundwork has been completed, paving the way for the possible disposal of the DC business, which I look forward to updating shareholders on in due course. Our ongoing focus is on MSP, which has a strong business model, brand and market position in both public and private markets. I look forward to driving the MSP business ahead in the coming years and am presently refining the go-forward strategy. I also look forward to providing a more detailed update on this strategy at the interim results."

For further information:

Redcentric plc
Michelle Senecal de Fonseca, CEO
Tony Ratcliffe, CFO

via Burson Buchanan
www.redcentricplc.com

Tel: +44 (0) 20 7220 0500

Cavendish Capital Markets Limited - Nomad and Broker
Marc Milmo / Callum Davidson (Corporate Finance)
Andrew Burdis / Sunila de Silva (ECM)

For media enquiries:

Burson Buchanan - Financial Communications Tel: +44 (0) 20 7466 5000
Henry Harrison-Topham / Jamie Hooper / Toto Berger **redcentric@buchanancomms.co.uk**

Notes to Editors:

Redcentric has a strong track record in delivering IT Managed Services provision that empowers businesses to scale, innovate and grow in a rapidly evolving digital landscape. As technology continues to advance the Company's goal is to be the go-to-all-in-one infrastructure and managed IT service provider for customers of all sizes offering an unmatched range of products and solutions. From infrastructure management and cloud services to cybersecurity and data analytics, Redcentric has a comprehensive suite of solutions designed to meet the diverse needs of modern businesses.

The Company operates through two distinct divisions:

Managed Services Provider ('MSP'): Servicing the private and public sectors with all their IT requirements. The MSP division acts as an outsourced IT department, handling day to day maintenance and security of customers' IT infrastructures. This allows customers to improve security and efficiency and focus on growing their core businesses.

Data Centres ('DC') Portfolio of eight well invested data centres with 41MW of available capacity strategically located across the UK from London to West Yorkshire. DC serves a diverse blue chip customer base, providing critical services to Enterprise-grade clients and Government entities reliant on secure data centres and uninterrupted connectivity.

For additional information please visit **www.redcentricplc.com**

Chairman's Statement

I am pleased to introduce the final results of the Redcentric Group for the financial year ended 31 March 2025, the first in my tenure as Chairman.

Overview

This year has been a transformative and dynamic one for the Group, marked by significant achievements and strategic advancements. The integration of acquisitions made in FY22 and FY23 are now well progressed, delivering the anticipated benefits, including enhanced scale in the DC business unit and streamlined operations in the MSP business unit. By consolidating cloud platforms and optimising site operations, the MSP business has strengthened its operational efficiency. These efforts have established robust foundations, positioning the Group for sustained growth and success.

A key milestone during the year was the successful separation of the Group's operations into distinct DC and MSP business units. The DC business unit now operates autonomously, led by a dedicated management team, with financial results reported separately. This restructuring has highlighted the unique value and potential of both businesses, while also underscoring the challenges of managing two distinct operations. After careful consideration, the Board elected to respond to interest and appoint advisors to actively market the DC business. Having seen strong interest from a number of third parties, the Company is currently in exclusivity and in advanced negotiations regarding a possible sale of the DC business. Shareholders will be kept updated on developments.

Given the possible sale of the business, the DC business unit's results are presented, in accordance with IFRS 5, as a discontinued operation in the Consolidated Statement of Comprehensive Income, with its assets and liabilities classified as held for sale in the Consolidated Statement of Financial Position.

Focus on the MSP business

The Board believes that the MSP market provides an attractive opportunity for growth and scale, which can be capitalised on by leveraging the Group's existing operational infrastructure and cost base, thus creating the potential to deliver attractive returns to shareholders while continuing to deliver market leading service to the Group's valued client base.

Solid progress and momentum were achieved in the year, with the MSP business delivering revenue growth of 8.3% driven by strong performance across its three core service towers: Cloud, Connectivity and Communication. The recurring revenue model, a key strength of the MSP business, accounted for 89.3% of total MSP revenues (FY24: 88.7%). Adjusted EBITDA of £18.8m reflects an increase of 8.1% (FY24: £17.4m). This performance is particularly notable given the challenging market environment, characterised by cost-conscious clients, pressure on public sector spend, tough renewal negotiations and broader macro uncertainties.

The Group has capitalised on opportunities arising from Broadcom's acquisition of VMware, which has reduced the pool of VMware vendors. As one of the selected Pinnacle Partners, the Group identified and secured increased revenue opportunities, accounting for a significant element of the revenue growth, albeit at a lower margin.

The work involved in the separation of the two business units, plus the time focused on the potential DC business disposal has

presented some inevitable distractions going into the new financial year (FY26). However, management is dedicated to its commitment to drive MSP's revenue whilst prudently managing the cost base to maximise stakeholder value. The Board continues to believe that the MSP business provides attractive growth opportunities for the Group.

Final dividend

During the year, the Board declared an interim dividend of 1.2 pence per share (FY24: 1.2 pence per share), with £1.9m paid to shareholders on 22 April 2025 (FY24: £1.9m).

Historically, the Group has declared total annual dividends amounting to 3.6 pence per share resulting in annual dividend distribution of approximately £5.7m.

Should the Group successfully conclude a sale of the DC business, this will be followed by a material return of capital to shareholders. In anticipation of this, the Board has elected to suspend the declaration of a final dividend this year. This prudent step will be kept under review pending the outcome of the DC business sale discussions. Shareholders will be kept informed of progress and any material updates in due course.

Board changes and people

The year has seen more Board changes than typically anticipated, but I am pleased to report that the current Board composition is well-suited to meet the Group's present and future needs, bringing a strong blend of expertise and strategic vision.

In August 2024, Peter Brotherton, our former CEO, announced his intention to retire and step down from the Board. To ensure a seamless transition, Peter remained an Executive Director with the Group until May 2025, formally stepping down after supporting the onboarding of the new CEO and he remains in a strategic advisory capacity to the DC business and its possible sale.

The Board appointed Michelle Senecal de Fonseca as CEO in May 2025, following her tenure as a Non-Executive Director since February 2024. Michelle has already made a significant positive impact, driving strategic initiatives and reinforcing the Group's forward momentum. Her leadership positions the Group well for continued growth and success.

Following the announcement in January 2025 regarding David Senior's decision to step down from the Board as CFO, the Board welcomed Tony Ratcliffe as CFO in August 2025.

Redcentric also welcomed John Radziwill to the Board on 31 October 2024. John represents ND Capital, one of the Company's largest shareholders. He brings a wealth of expertise, is an accomplished entrepreneur and an experienced Non-Executive Director.

Finally, I am personally delighted to have joined the Board as Non-Executive Chairman on 27 September 2024, replacing Nick Bate, who retired having served the Company for many years.

On behalf of the Board and everyone at Redcentric, I extend our gratitude to Peter Brotherton, David Senior, and Nick Bate for their substantial contributions to the Group's growth and success.

The Board remains steadfast in its commitment to upholding high standards of corporate governance, guided by the Quoted Companies Alliance ("QCA") Code. We are confident that the current Board composition is well-aligned with the Group's present and anticipated future needs, providing robust oversight and strategic direction. However, we acknowledge a shortfall in the number of independent Non-Executive Directors as outlined in Principle 6 of the QCA Code and a gap post the year-end date when the Group was without a CFO as outlined in Principle 7 of the QCA Code. The Board is committed to periodic reviews to further strengthen governance.

I also wish to express my appreciation to all our colleagues for their tireless efforts in driving the Group's growth and development over the past year, and for their ongoing commitment in the current year. We are equally grateful to our valued clients for their trust and partnership, which are fundamental to our success. Additionally, I extend my thanks to our investors for their unwavering support. Together, we look forward to a dynamic and successful year ahead, building on our strong foundations to deliver sustainable value.

Richard McGuire
Non-Executive Chairman

Chief Executive Officer's Review

Introduction

These are my maiden results since being appointed as CEO in May 2025, although I got to know the business well during my time as a Non-Executive Director. This both excited me, given the opportunity and prepared me to make an early impact in the role.

A key Board decision over the last 12 months was to separate the two business units, MSP and DC, from what had historically been a single combined business. It has become increasingly clear that these two business units work in quite different markets, with different offerings, business models and different capital and resource requirements. This separation was a complex and time-consuming exercise but very worthwhile to increase visibility of performance.

The Board also made a strategic decision to actively market the DC business and to focus the Group's efforts on building MSP. As demonstrated by the interest shown, the Board believes that the DC business has been built, both organically and through more recent acquisitions, into a highly valuable and attractive asset. There are a number of significantly larger players in the DC space, all seeking to consolidate their market positions through acquisition. Following a potential disposal, the DC business unit's customers, colleagues and other stakeholders should expect to benefit from the additional opportunities available to it.

The focus and attention of the Board and management going forward is directed to addressing what it sees as an attractive MSP market opportunity, where the Group has strong foundations built on recurring revenues which it is expected can be further increased to create shareholder value. The focus of my review below is devoted to the MSP business.

The IT Managed Services market

UK customer demand for managing IT infrastructure, cybersecurity and end-user systems is well established.

The IT Managed Services market is highly fragmented, with a small number of very large providers, a significant number of quite small providers and a modest number of mid-tier providers, including Redcentric. These providers are a broad spectrum of businesses from global telecommunication companies through hardware and software providers, system integrators and a range of independent providers, and include companies providing individual elements of the overall IT Managed Services spectrum.

Redcentric has built a particularly strong position in the public sector, including NHS trusts, as well as commercial markets, and enjoys an enviable portfolio of customers.

The Board believes that the Group's market position - sitting between the small number of large system operators and the larger universe of small operators - is compelling. Management believes the Group has the requisite scale to provide a diverse and attractive product and service offering but is nimble enough to offer the high levels of service and engagement that the largest players struggle with. The Group does not suffer from many of the challenges that its smaller competitors face, such as the lack of a delivery structure, reputation, reliability and financial strength. The Board views its AIM listing as a strong and visible demonstration of the Group's solid balance sheet, making the Group a particularly strong counterparty for its customers

to contract with.

Strategy and business model

The Group provides a broad range of IT Managed Services across its three core specialist areas of Cloud, Connectivity and Communication. Each of these areas has a dedicated focus with technologically advanced infrastructure and appropriately skilled resource. Historically, the Group has built its offering both organically and through M&A.

The Group has positioned itself in the market as being able to combine the benefits of proprietary networks with a flexible and technically skilled workforce able to deliver and support critical services and solutions in an exceptionally secure environment.

The Group seeks to differentiate itself in three distinct ways:

- Innovation - in the design and delivery of services;
- Reliability - the right technical skills, organised in the right way, to give predictable high-quality results; and
- Value - service offerings designed to offer value for money to mid-market customers.

The Group has a well-established and capable direct sales and account management team, which in some circumstances is complemented by strategic partners, who work to continue to attract new customers and to deepen and broaden its relationships with existing customers. The Group's very high proportion of recurring revenue is a highly attractive facet of its business model. Focus continues on increasing the level of recurring revenues, as this provides a solid and highly visible picture of future revenues and earnings, but also to complement these revenues with non-recurring revenues, for example professional services around new client installations, which can provide useful uplifts in revenue.

MSP's focus is towards the public sector and commercial and large enterprise customers, with a significant amount of business secured through bid or tender processes. Customer contracts vary but are typically multi-year contracts. There is of course a natural cycle when customer contracts approach renewal and the Group generally seeks to renew on broadly similar terms. Despite customer loyalty, the Group typically faces pressure to reduce costs at renewal or to consider newer or cheaper offerings. Therefore, focus on securing renewals is a key internal KPI.

Whilst the Group has a complete and attractive portfolio of offerings, it is committed to remaining at the technological forefront of the market and therefore seeks to broaden its offering to provide customers with solutions that best meet their needs. The Group has a strong and reliable infrastructure and has developed a delivery model that provides assurance and certainty for customers.

Given the complexities of splitting the MSP and DC business units, the associated internal reorganisations, and being new to the CEO role, the current focus is on an organic growth strategy. That being said, the Board retains its opportunistic approach to M&A should it fulfil various criteria including being strategically relevant, financially accretive, contribute to Group scale, expand or enhance infrastructure to deliver greater levels of security and service, bring new technologies to benefit from innovation, or offer cross-selling opportunities.

Operations

As already noted, there has been significant change and progress in the year. Summarised below are some operational

highlights in relation to the three areas of focus within the MSP business:

Cloud

As a result of historic acquisitions, the Group ended up with numerous cloud platforms and services, with an element of duplication. During the year, the rationalisation exercise which started in FY24 was completed. Eight individual platforms were removed through consolidation or decommissioning, while additional optimisation activities focused on platform relocations and cost efficiencies. The programme reduced total platform count from 56 to 21, which are subject to normalised platform life cycle management and capability development as well as dedicated customer requirements.

Strong progress was made in the year to consolidate the Group's capability offerings, specifically within the area of data storage/backup and recovery services. This greatly simplifies the go-to-market propositions while reducing operational complexity. The Group's capabilities are now strongly suited to current and growing market demands in these areas.

Investment in the year was focused on the Group's market leading Sovereign Private Cloud platform, providing highly secure and compliant private cloud for government, public sector and wider regulated organisations. Projects delivered in the year included platform enhancements, service improvements and operational oversight to provide a strong basis for continuing growth in platform usage, particularly at a time of growing sovereign platform dependency.

VMware

The acquisition of VMware by Broadcom, which completed in November 2023, was a significant driver of the increased revenue delivered in the year. Broadcom reduced its number of UK partners to service VMware's route to market. Redcentric was one of the go-forward partners, selected as a Pinnacle Partner and thus benefitted from the opportunity to sell VMware licences to an increased customer base. This accounted for approximately £7.2m of the increased revenue in the year. An increased focus towards supporting VMware customers and identifying attractive cross-selling opportunities is continuing in FY26 and Broadcom has announced an intention to further reduce its number of UK partners, with Redcentric again being retained as a key Cloud Solution Partner for Broadcom.

Connectivity

Following a successful new product launch, Redcentric was awarded two contracts for Cisco's Data Centre architecture solution that introduces AI capabilities into its customers' network infrastructure, enabling them to gain efficiencies on the management of their networks.

Work continued in the year on the digital transformation of the circuit ordering process and, in the second half, the Group went live with an ordering API with BT Wholesale, reducing the time to place a single circuit order from two hours down to mere seconds. The Group successfully removed a significant amount of legacy network configuration from historic acquisitions. Development work is underway to onboard the remainder of the Group's key circuit supply chain.

Communication

The Group was first to market with real-time calling analytics for MS Teams, giving customers instant visibility of their call traffic within MS Teams. New product 'PTT headsets' were launched and successfully installed in two major customers with national reach and the removal of the Group's legacy voice platform was completed.

Organic growth

The sales team continued to exploit the opportunities arising from prior acquisitions, with the enlarged customer base presenting new cross-selling opportunities and the new product offerings providing a wider range of services to the existing customer base. The organic growth strategy can be summarised into three key focus areas:

1. Cross-sell multiple products and services to existing customers, where they only have one or a few products or services;
2. Cross-sell other Group products and services to VMware customer wins; and
3. Attracting new customers.

The Group appointed Aleksandra Lubavs as Chief Revenue Officer in June 2025 and under her leadership the sales team is newly invigorated and driven to meet ambitious targets for both recurring and non-recurring revenue.

Summary financial results

More detailed financial data is summarised in the Chief Financial Officer's report with fuller detail in the Financial Statements. At the headline level, the Group delivered 8.3% growth in revenue for the year, all of this being organic. Total revenues from continuing operations were £135.1m, an increase of £10.3m (FY24: £124.8m). Recurring revenue increased as a proposition to 89.3% (FY24: 88.7%). These are commendable results in what remains a challenging market.

Gross profit increased to £83.3m (representing a 61.6% gross margin) from £78.2m (representing a 62.7% gross margin) in FY24. The modest reduction in gross margin was due to revenue mix (including an increased proportion of lower margin VMware sales) and cost inflation.

Adjusted EBITDA increased to £18.8m (at a 13.9% margin) from £17.4m (at a 13.9% margin). Whilst it is positive to see the increase in adjusted EBITDA, the static adjusted EBITDA percentage is due partly to the lower gross profit percentage as noted above and partly by increased operating costs, which continue to remain under pressure.

Outlook

Being just over seven months post the split of the Group into two business units and also a few months into my tenure as CEO, the focus for FY26 is to drive recurring revenue within our MSP business, whilst actively managing the cost base to deliver the strongest possible margin and cashflow performance over the medium to long-term.

A market review exercise is underway to provide the Board with the granular and detailed evaluation of market trends and opportunities as it refines the strategy for the MSP business to ensure its efforts are targeted to deliver attractive growth. I expect to update shareholders on the Group's more detailed go-to-market plan and future prospects at the time of the interim results, expected to be in November 2025. The Board and senior management believe that there is fundamentally an attractive MSP opportunity to build scale and deliver shareholder value.

In the current market environment, the Board currently expects that FY26 MSP revenues will be broadly flat versus FY25 MSP revenues and management is focused on managing general cost pressures. The first few months of the year have

delivered solid top-line and bottom-line earnings performance. I remain confident of the Group's medium to long-term MSP prospects and anticipate that the Group will be in a position to return to delivering revenue and earnings growth from FY27 onwards.

The Board looks forward to completing the anticipated disposal of DC and, upon successful conclusion, expects to announce a material return of capital to shareholders after retaining sufficient capital required to execute MSP's growth plan and reducing debt.

I look forward to providing a fuller update on the strategy for the MSP business at the Group's interim results.

Michelle Senecal de Fonseca
Chief Executive Officer

Chief Financial Officer's Review

Overview

The results for the year highlight a change in presentation to last year. As previously discussed, during the year, the decision was made to separate the DC and MSP business units (which had been aggregated in all previous financial reporting), as they now represent two quite distinct business units, operating in different market segments with different business models and having different resource requirements. In addition, again as previously discussed above, the Board has appointed advisors to actively market the DC business unit. Whilst no sale has completed as yet, the Company is in advanced negotiations with a third party. The consequence of this decision to sell the DC business is that under IFRS 5, the financial reporting for this year primarily highlights the continuing operations, i.e. MSP. The detail in the Statement of Comprehensive Income therefore shows the line-by-line results of MSP, together with appropriate comparative data for the prior year to allow a meaningful comparison.

The financial results of the DC business unit have been summarised and included as a single line item in the Consolidated Statement of Comprehensive Income - "profit/loss after tax for the period from discontinued operations".

The DC business unit continues to trade successfully. At the balance sheet date only, the assets and liabilities of the DC business unit have been shown as two-line items on the Consolidated Statement of Financial Position - "assets held for sale", shown within current assets, and "liabilities directly associated with the assets for sale", shown within current liabilities. Under IFRS 5, the comparative balance sheet has not been restated to reflect this change in presentation and therefore, by definition, the balance sheet items show more marked variances compared to prior year.

The financial review below covers the primary Financial Statements as presented and, unless otherwise stated, focuses on the continuing MSP business. Where significant differences have arisen because of the change in presentation as noted above, these are highlighted.

Revenue

Revenue for continuing operations, the MSP business unit, for the year was generated wholly from the UK and was £135.1m, an increase of 8.3% on £124.8m generated in FY24. Total revenue can be analysed below:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Change £'000	Change %
Continuing operations - MSP business unit	**135,138**	124,774	10,364	+8.3%
Discontinued operations - DC business unit	**44,571**	47,393	(2,822)	-6.0%
Inter-segment revenue	**(9,818)**	(9,017)	(801)	+8.9%
Total revenue	**169,891**	163,150	6,741	+4.1%

The Group has a large portfolio of service and product offerings. The largest component of the increase in revenue was driven by increased VMware licence sales, made possible as the Group became one of a smaller pool of VMware selected partners after its acquisition by Broadcom. The increase in VMware sales amounted to £7.2m of the increase in revenue.

The Group's continued focus remains to maximise recurring revenues which provide strong visibility and security of future revenues. The mix of revenues for the MSP business unit, is summarised below:

Continuing operations	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 £'000	Change £'000	Change %
Recurring revenue	**120,657**	110,715	9,942	+9.0%
Product sales	**4,888**	5,507	(619)	-11.2%
Services revenue	**9,593**	8,552	1,041	+12.2%
Total revenue	**135,138**	124,774	10,364	+8.3%

Recurring revenue amounted to £120.7m (89.3% of total revenue), an increase of 9.0% on £110.7m (88.7% of total revenue) generated in FY24. Non-recurring revenue amounted to £14.5m, an increase of 0.9% on £14.1m generated in FY24, being essentially flat in aggregate.

Gross profit

Continuing operations	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 **restated* £'000	Change £'000	Change
Gross profit	**83,281**	78,226	5,055	+6.5%
Gross margin	**61.6%**	62.7%	n/a	-1.1ppts

**restated to reflect continuing operations.*

The gross profit for the year from continuing operations was £83.3m, an increase of 6.5% on £78.2m generated in FY24. This represented a gross margin of 61.6%, which compared to 62.7% in FY24. In common with competitors in the sector, whilst the Group has the benefit of index linked annual price increases in a number of customer contracts, it also typically encounters price pressure as customers may renew contracts at lower prices for newer offerings. It has also experienced general cost pressures which will remain a high priority activity to manage as far as possible.

Operating expenses

For continuing operations, the Group's total operating costs were £74.9m, an increase of 1.8% on the £73.5m in FY24. An

analysis of the major components of the cost base is shown below:

Continuing operations	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 **restated* £'000	Change £'000	Change %
UK-based employee costs	**36,006**	34,379	1,627	+4.7%
Office costs	**742**	955	(213)	-22.3%
Network and equipment costs	**22,472**	20,799	1,673	+8.0%
Other sales, general and administration costs	**3,960**	3,510	449	+12.8%
Offshore based employee and office costs	**1,344**	1,223	121	+9.9%
Underlying operating costs	**64,523**	60,866	3,657	+6.0%
Depreciation of property, plant and equipment	**4,001**	2,649	1,352	+51.0%
Amortisation of intangibles	**2,593**	5,178	(2,585)	-49.9%
Depreciation of right-of-use assets	**1,610**	2,265	(655)	-28.9%
Exceptional costs	**924**	1,466	(542)	-37.0%
Share-based payments and associated National Insurance	**1,235**	1,118	117	+10.5%
Total operating costs	**74,886**	73,542	1,344	+1.8%

**restated to reflect continuing operations.*

It should be highlighted that network and equipment costs represent technical infrastructure costs that cannot individually be linked to customer contracts. The Group's underlying cash-based operating costs in the year, as shown above, total £64.5m, an increase of 6.0% on the £60.9m in FY24, reflecting generally increased costs incurred in the year.

There remains significant pressure on all costs, and this will continue in the new financial year.

Adjusted EBITDA

The Board's key measure of underlying business profitability and assessing trends across periods is adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') further adjusted for exceptional items, share-based payments and associated National Insurance costs ("adjusted EBITDA"). Adjusted EBITDA for continuing operations for the year was £18.8m, an increase of 8.1% on the £17.4m generated in FY24, essentially driven by the operating leverage of increased business volume achieved in the year.

Finance costs

For continuing operations, net finance costs for the Group year were broadly in line at £4.0m (FY24: £3.9m).

Tax

For continuing operations, the tax charge for the year was £1.7m (FY24: £0.1m).

The total tax charge for the year was £2.5m (FY24: a credit of £1.2m) comprising an income tax charge of £0.4m (FY24:

£0.2m), and a deferred tax charge of £2.1m (FY24: a credit of £1.4m).

Discontinued operations

The net profit after tax for the discontinued operations, being the DC business unit was, £0.8m (FY24: loss of £5.2m), shown as a single line item in the Consolidated Statement of Comprehensive Income. A fuller analysis of the components of this amount is shown below.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revenue	**44,571**	47,393
Cost of sales	**(18,415)**	(27,787)
Gross profit	**26,156**	19,606
Operating expenditure	**(23,091)**	(25,538)
Gain on contingent consideration	**-**	1,092
Adjusted EBITDA from discontinued operations	**16,633**	10,956
Depreciation of property, plant and equipment	**(3,617)**	(3,440)
Amortisation of intangibles	**(832)**	(832)
Depreciation of right-of-use assets	**(8,308)**	(9,512)
Exceptional costs	**(779)**	(3,084)
Exceptional income	**-**	1,092
Share-based payments	**(32)**	(20)
Operating profit/(loss) from discontinued operations	**3,065**	(4,840)
Finance costs	**(1,461)**	(1,642)
Profit/(loss) before tax from discontinued operations	**1,604**	(6,482)
Income tax (expense)/credit	**(809)**	1,318
Profit/(loss) for the period from discontinued operations	**795**	(5,164)

Revenue for the discontinued operations for the year was generated entirely in the UK and was £44.6m, a decrease of 6.0% on the £47.4m generated in FY24.

Gross profit for the discontinued operations for the year was £26.2m, an increase of 33.4% on £19.6m generated in FY24, largely due to reduced power costs negotiated and other expense savings, as previously highlighted in the Group's Interim Financial Statements. This represented a gross margin of 58.7%, which compared to a 41.4% gross margin in FY24.

Operating costs for the discontinued operations were £23.1m, a decrease of 9.6% on £25.5m in FY24 as a consequence of data centre consolidation activity in FY24.

Adjusted EBITDA for the discontinued operations for the year was £16.6m, an increase of 51.8% on the £11.0m generated in FY24, fuelled largely by power savings and data centre consolidation activity.

Earnings per share

As detailed further in note 10, the basic and diluted earnings per share for continuing operations amounted to 1.70 pence per

share and 1.64 pence per share in the year, compared to 1.10 pence per share and 1.06 pence per share in FY24.

Adjusted basic and diluted earnings per share on continuing operations, which is an Alternative Performance Measure and excludes tax, amortisation of acquired intangibles, share-based payments plus associated National Insurance and exceptional items, to which a notional tax charge of 25% is applied amounted to 3.82 pence per share and 3.70 pence per share in the year, compared to 3.74 pence per share and 3.62 pence per share in FY24.

Intangible assets

As detailed further in note 6, total intangible assets amounted to £36.4m at the year-end date, compared to £78.9m at the year-end date FY24. The most significant reason for the change in the year was the reclassification of £40.7m to assets held for sale, in relation to goodwill and customer contracts allocated to the DC business unit.

Property, plant and equipment

As detailed further in note 7, total property, plant and equipment amounted to £10.2m at the year-end date, compared to £21.4m at the year-end date FY24. Total additions in the year amounted to £9.7m whilst total depreciation in the year amounted to £7.6m. The most significant reason for the change in the year was the reclassification of £13.2m to assets held for sale, in relation to leasehold improvements and fixtures and fittings in relation to the DC business unit's facilities.

Right-of-use assets

As detailed further in note 8, total right-of-use assets amounted to £4.7m at the year-end date, compared to £37.5m at the year-end date FY24. Total additions in the year amounted to £0.8m whilst total amortisation in the year amounted to £9.9m. The most significant reason for the change in the year was the reclassification of £23.1m to assets held for sale, in relation to leasehold premises of the DC business unit.

Trade and other receivables

Total trade and other receivables (both current and non-current) amounted to £32.3m at the year-end date, compared to £36.9m at the year-end date FY24. The expected credit loss provision amounted to £0.1m at the year-end date, compared to £0.3m at year-end FY24. Trade debtor days were 30 at 31 March 2025 compared to 36 at 31 March 2024. Trade debtor days are calculated as gross trade debtors divided by revenue (incl. VAT) multiplied by 365.

Trade and other payables

Total trade and other payables amounted to £32.9m at the year-end date, compared to £42.1m at the year-end date FY24. Trade payable days were 28 at 31 March 2025 compared to 36 at 31 March 2024. Trade payable days are calculated as trade payables divided by total purchases (cost of sales and operating expenditure) multiplied by 365.

Net debt

As detailed further in the Appendix, net debt for the Group amounted to £65.5m at 31 March 2025, compared to £72.4m at 31 March 2024, a reduction of £6.9m.

The table below summarises the Group's total movements (continuing and discontinued operations) in the components of net

debt, with the cash flow and non-cash flow elements separated out:

	As at 31 March 2023 £'000	Net cash flow £'000	Net non-cash flow £'000	As at 31 March 2024 £'000	**Net cash flow £'000**	**Net non-cash flow £'000**	**As at 31 March 2025 £'000**
Cash	1,366	1,873	(109)	3,130	**(93)**	**(19)**	**3,018**
Revolving Credit Facility	(33,631)	(2,712)	(3,542)	(39,885)	**4,515**	**(3,577)**	**(38,947)**
Term Loan	(495)	474	-	(21)	**18**	**-**	**(3)**
Asset Financing Facility	-	(1,517)	(2,092)	(3,609)	**(1,367)**	**52**	**(4,924)**
Lease Liabilities	(40,205)	11,966	(3,741)	(31,980)	**10,013**	**(2,632)**	**(24,599)**
	(72,965)	10,084	(9,484)	(72,365)	**13,086**	**(6,176)**	**(65,455)**

Included in lease liabilities at 31 March 2025 are £23.6m (FY24: £30.3m) of IFRS 16 lease liabilities that were previously classified as operating leases under IAS 17 *Leases*.

The split of net debt at 31 March 2025 between continuing operations and discontinued operations is shown below:

	Continuing operations £'000	**Discontinued operations £'000**	**Total Group Year ended 31 March 2025 £'000**
Cash	**3,018**	**-**	**3,018**
Revolving Credit Facility	**(38,947)**	**-**	**(38,947)**
Term Loan	**(3)**	**-**	**(3)**
Asset Financing Facility	**(1,805)**	**(3,119)**	**(4,924)**
Lease Liabilities	**(4,707)**	**(19,892)**	**(24,599)**
Net Debt	**(42,444)**	**(23,011)**	**(65,455)**

Financing

Total facilities and amounts drawn at 31 March 2025, compared to the year-end date FY24 are summarised below.

	31 March 2025			31 March 2024		
	Available	**Drawn**	**Undrawn**	Available	Drawn	Undrawn
	£'000s	**£'000s**	**£'000s**	£'000s	£'000s	£'000s
Committed						
Revolving Credit Facility	**80,000**	**39,000**	**41,000**	80,000	40,000	40,000
Term Loan	**3**	**3**	**-**	21	21	-
Asset Financing Facility	**10,000**	**4,924**	**5,076**	7,000	3,609	3,391
Lease Liabilities	**24,600**	**24,600**	**-**	31,980	31,980	-
	114,603	**68,527**	**46,076**	119,001	75,610	43,391
Uncommitted						
- Accordion Facility	**20,000**	**-**	**20,000**	20,000	-	20,000
	20,000	**-**	**20,000**	20,000	-	20,000
Total borrowing facilities	**134,603**	**68,527**	**66,076**	142,609	79,234	63,391

Uncommitted facilities represent facilities available to the Group, but which may be withdrawn by the lender subject to agreement by the lenders and hence are not within the Group's control.

As at 31 March 2025, the Group was party to £90.0m of committed banking facilities, comprising a Revolving Credit Facility ("RCF") of £80.0m (net £39.0m utilised at 31 March 2025) and a £10.0m Asset Financing Facility ("AFF") (£4.9m utilised at 31 March 2025).

In August 2024, the AFF was extended from £7.0m to £10.0m.

In July 2025, the RCF was renewed, with expiry moving from 25 April 2026 to 25 April 2027. The RCF was renewed at a lower level of £60.0m compared to the £80.0m at the balance sheet date and Bank of Ireland withdrew from the syndicate. The Group was satisfied with a lower overall facility.

The borrowing cost of the RCF is determined by the Group's leverage and has a borrowing cost of 205 basis points over SONIA at the Group's current leverage levels. A commitment fee is payable on the undrawn portion of the RCF at 82 basis points, being 40% of the borrowing cost.

In due course and following the anticipated sale of the DC business unit, the Group expects to re-negotiate its banking facilities and to materially reduce its borrowing.

Lease liabilities

Total current and non-current lease liabilities amounted to £4.7m at the year-end date, compared to £35.6m at year-end date FY24. The most significant reason for the change in the year was the reclassification of £19.9m for lease liabilities attached to assets held for sale, in relation to leasehold premises of the DC business unit.

Provisions

Provisions amounted to £0.7m at the year-end date, compared to £12.4m at year-end date FY24. The reduction related to dilapidations provisions associated to certain leased properties, which were reclassified in relation to leasehold premises of the DC business unit.

Tony Ratcliffe
Chief Financial Officer

Consolidated Statement of Comprehensive Income for the year ended 31 March 2025

	Note	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 *Restated £'000
Continuing operations			
Revenue		**135,138**	124,774
Cost of sales		**(51,857)**	(46,548)
Gross profit		**83,281**	78,226
Operating costs		**(74,886)**	(73,542)
Gain on settlement of contingent consideration	5	**-**	1,008
Adjusted EBITDA1		**18,758**	17,360
Depreciation of property, plant and equipment	7	**(4,001)**	(2,649)
Amortisation of intangibles	6	**(2,593)**	(5,178)
Depreciation of right-of-use assets	8	**(1,610)**	(2,265)
Exceptional costs	5	**(924)**	(1,466)
Exceptional income	5	**-**	1,008
Share-based payments and associated National Insurance		**(1,235)**	(1,118)
Operating profit		**8,395**	5,692
Finance costs		**(4,011)**	(3,860)
Profit before taxation on continuing operations		**4,384**	1,832
Income tax expense		**(1,691)**	(109)
Profit for the period from continuing operations		**2,693**	1,723
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations		**795**	(5,164)
Profit/(loss) for the period attributable to owners of the parent		**3,488**	(3,441)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(105)**	(117)
Net loss on cash flow hedges		**(245)**	-
Deferred tax in relation to prior years		**14**	-
Total comprehensive profit/(loss) for the period		**3,152**	(3,558)
Earnings per share			
Basic earnings/(loss) per share	10	**2.20p**	(2.20p)
Diluted earnings/(loss) per share	10	**2.13p**	(2.20p)
Earnings per share from continuing operations			
Basic earnings per share	10	**1.70p**	1.10p
Diluted earnings per share	10	**1.64p**	1.06p

** For detail on the prior year restatements, please see note 2.*

Consolidated Statement of Financial Position as at 31 March 2025

	Note	**31 March 2025 £'000**	31 March 2024 £'000
Non-Current Assets			
Intangible assets	6	**36,428**	78,883
Property, plant and equipment	7	**10,208**	21,422
Right-of-use assets	8	**4,689**	37,478
Trade and other receivables		**3,508**	3,307
Deferred tax asset		**2,109**	2,503
		56,942	143,593
Current Assets			
Inventories		**2,509**	4,187
Trade and other receivables		**28,809**	33,543
Corporation tax receivable		**-**	53
Cash and cash equivalents		**3,018**	3,130
Assets held for sale	9	**82,169**	-
		116,505	40,913
Total Assets		**173,447**	184,506
Current Liabilities			
Trade and other payables		**30,436**	42,154
Bank loans and asset financing		**822**	1,149
Lease liabilities		**1,526**	8,903
Financial liabilities		**153**	-
Provisions		**507**	892
Corporation tax payable		**329**	-
Liabilities directly associated with the assets held for sale	9	**40,320**	-
		74,093	53,098
Non-Current Liabilities			
Trade and other payables		**2,461**	-
Bank loans and asset financing		**39,933**	42,366
Lease liabilities		**3,181**	23,077
Financial liabilities		**92**	-
Provisions		**233**	11,482
		45,900	76,925
Total Liabilities		**119,993**	130,023
Net Assets		**53,454**	54,483
Equity			
Called up share capital	11	**159**	159
Share premium account		**75,649**	75,649
Common control reserve		**(9,454)**	(9,454)
Own shares held in treasury		**(298)**	(779)
Cash flow hedge reserve		**(245)**	-
Retained earnings		**(12,357)**	(11,092)
Total Equity		**53,454**	54,483

Consolidated Cash Flow Statement for the year ended 31 March 2025

	Note	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 £'000
Profit/(loss) before taxation		**5,988**	(4,650)
Finance costs		**5,472**	5,502
Operating profit		**11,460**	852
Adjustment for non-cash items			
Depreciation and amortization	6,7,8	**20,961**	23,876
Profit on disposal of property, plant and equipment		**-**	(53)
Exceptional income	5	**-**	(2,100)
Exceptional costs	5	**1,703**	4,550
Share-based payments		**1,267**	1,138
Operating cash flow before exceptional items and movements in working capital		**35,391**	28,263
Cash costs of exceptional items		**(1,320)**	(4,240)
Cash costs of provisions		**(33)**	(978)
Operating cash flow before changes in working capital		**34,038**	23,045
Changes in working capital			
Decrease/(increase) in inventories		**1,678**	(471)
(Increase)/decrease in trade and other receivables		**(846)**	2,411
Decrease in trade and other payables		**(4,959)**	(1,826)
Cash generated from operations		**29,911**	23,159
Tax paid		**(145)**	(174)
Net cash generated from operating activities		**29,766**	22,985
Cash flows from investing activities			
Purchase of property, plant and equipment		**(9,664)**	(9,265)
Acquisition of subsidiaries (net of cash acquired)		**-**	(890)
Purchase of intangible assets		**(1,698)**	(1,479)
Net cash used in investing activities		**(11,362)**	(11,634)
Cash flows from financing activities			
Dividends paid		**(5,705)**	(1,369)
Disposal of treasury shares on exercise of share options		**387**	116
Financing of property, plant and equipment		**1,714**	2,419
Financing of unsecured loans		**966**	-
Interest paid on bank loans, term loans and asset financing		**(3,597)**	(3,569)
Interest paid on leases		**(1,251)**	(1,328)
Repayment of leases		**(8,762)**	(10,638)
Repayment of asset financing liabilities		**(1,031)**	(635)
Repayment of term loans		**(18)**	(474)
Drawdown of bank loans		**8,500**	16,500
Repayment of bank loans		**(9,500)**	(10,500)
Payment of loan arrangement fees		**(200)**	-
Net cash used in financing activities		**(18,497)**	(9,478)
Net (decrease)/increase in cash and cash equivalents		**(93)**	1,873
Cash and cash equivalents at beginning of period		**3,130**	1,366
Effect of exchange rates		**(19)**	(109)
Cash and cash equivalents at end of the period		**3,018**	3,130

Consolidated Statement of Changes in Equity for the year ended 31 March 2025

	Share capital	Share premium	Common control reserve	Own shares held in treasury	Cash flow hedge reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	157	73,267	(9,454)	(898)	-	(4,881)	58,191
Loss for the period	-	-	-	-	-	(3,441)	(3,441)
Transactions with owners							
Share-based payments	-	-	-	-	-	1,053	1,053
Issue of new shares	2	2,382	-	-	-	-	2,384
Dividends paid	-	-	-	-	-	(3,752)	(3,752)
Share option exercises	-	-	-	119	-	(3)	116
Deferred tax movement on share options	-	-	-	-	-	78	78
Deferred tax relating to prior periods	-	-	-	-	-	(29)	(29)
Other comprehensive income							
Currency translation differences	-	-	-	-	-	(117)	(117)
At 31 March 2024	**159**	**75,649**	**(9,454)**	**(779)**	**-**	**(11,092)**	**54,483**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**3,488**	**3,488**
Transactions with owners							
Share-based payments	**-**	**-**	**-**	**-**	**-**	**1,137**	**1,137**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(5,705)**	**(5,705)**
Share option exercises	**-**	**-**	**-**	**481**	**-**	**(94)**	**387**
Other comprehensive income							
Currency forward contracts	**-**	**-**	**-**	**-**	**(245)**	**-**	**(245)**
Currency translation differences	**-**	**-**	**-**	**-**	**-**	**(105)**	**(105)**
Deferred tax relating to prior periods	**-**	**-**	**-**	**-**	**-**	**14**	**14**
At 31 March 2025	**159**	**75,649**	**(9,454)**	**(298)**	**(245)**	**(12,357)**	**53,454**

Notes to the Financial information for the year ended 31 March 2025

1 Corporate information

Redcentric plc is a public limited company incorporated and domiciled in England and Wales, whose shares are publicly traded on the AIM market of the London Stock Exchange. Redcentric plc was incorporated on 11 February 2013 and admitted to AIM on 24 April 2013. The registered office is located at Central House, Beckwith Knowle, Harrogate, HG3 1UG.

The Group Financial Statements have been prepared and approved by the Directors in accordance UK-adopted international accounting standards ("UK adopted IFRS").

The principal accounting policies applied in the preparation of these Financial Statements are set out more fully in the Annual Report and Accounts. These policies have been applied consistently in the current and prior period.

This Financial Information is presented in pound sterling, being the currency of the primary economic environment in which the Group operates. All amounts have been rounded to the nearest thousand (£'000), unless otherwise indicated. The Financial information is prepared on the historical cost basis except that derivative financial instruments are measured at fair value.

2 Basis of preparation

While the financial information included in this results announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs), this announcement does not in itself contain sufficient information to comply with IFRSs.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 March 2025 or 2024 but is derived from those accounts. Statutory accounts for the year ended 31 March 2024 have been delivered to the registrar of companies, and those for 2025 will be delivered in due course. The Auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The Financial Statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons:

The Group and Company meets their day-to-day working capital requirements from the Group's operational cash flows, a Revolving Credit Facility, Asset Financing Facility and leasing arrangements. As at the year-end date, the Revolving Credit Facility is an £80.0m facility (net £39.0m utilised at 31 March 2025), while the Asset Financing Facility is a £10.0m facility (increased from £7.0m in August 2024). A total of £4.9m of the Asset Financing Facility was utilised at 31 March 2025. In March 2024 the Revolving Credit Facility and Asset Financing Facility were extended at the Group's request, with a new maturity date of 26 April 2026. Subsequent to the year-end date, on 25 July 2025, the Revolving Credit Facility and Asset Financing Facility were extended a further year to 26 April 2027. In parallel with this extension, the Revolving Credit Facility was reduced from £80.0m to £60.0m, with Bank of Ireland exiting the facility, all other terms remaining unchanged.

The Directors have prepared detailed line-by-line financial forecasts, including cash flow forecasts, on a monthly basis for a period of at least 12 months from the date of approval of these Financial Statements (the "going concern assessment period")

which indicate that, taking account of reasonably possible downsides on the operations and its financial resources, the Group and the Company will have sufficient funds to meet their liabilities as they fall due for that period, and will comply with debt covenants over that period.

The Group is required to comply with financial debt covenants for adjusted leverage (net debt to adjusted EBITDA), cashflow cover (adjusted cashflow to debt service, where adjusted cashflow is defined as adjusted EBITDA less tax paid, dividend payments, IFRS 16 lease repayments and cash capital expenditure) and provisions relating to guarantor coverage such that guarantors must exceed a prescribed threshold of the Group's gross assets, revenue and adjusted EBITDA. The guarantors are Redcentric plc, Redcentric Solutions Limited and Redcentric Data Centers Limited. Covenants are tested quarterly each year. During FY24 the Group continued to invest heavily in integration and efficiency programmes which delivered significant benefits to the business during FY25 and beyond. In addition, a significant proportion of the Group's focus was on the Harrogate data centre relocation in favour of delivering other projects including the further consolidation of cloud platforms. In anticipation of the effect of these factors on continued covenant compliance, particularly as the covenant tests are on a rolling 12-month basis, in June 2024 the Directors reached agreement with the banking syndicate to apply less stringent debt covenant requirements for the quarters ended June and September 2024, despite not anticipating a breach at these quarters. The purpose of this amendment was to provide additional headroom on covenants in the event of a severe but plausible downside scenario, and to provide additional flexibility around the timing and financing of capital expenditure for new customer projects. There were no other material changes to the terms and conditions of the borrowings because of this amendment. The Group can confirm it has met each quarterly covenant. The covenant to provide audited FY25 financial statements to the lenders within 120 days of the year end date has (as in previous years) been extended to 30 September.

The Directors' forecasts in respect of the going concern assessment period have been built from the detailed budget for the year ending 31 March 2026 as presented to the Board in May 2025, and associated financial forecast for the year ending 31 March 2027, and the going concern assessment takes account of the debt covenant requirements.

The DC business unit has been presented as an asset held for sale and as such the base and downside scenario assumes a sale takes place in the forecast period at current expected consideration, net proceeds and an assumed distribution to shareholders. Should the disposal complete as anticipated, it is expected to lead to a substantial improvement in the Group's liquidity position and the Directors would expect to renegotiate the terms of the Group's facilities and associated covenants to ensure they are appropriate for the size of the Group going forwards.

Whilst a sale is deemed to be highly probable, alternative scenarios have been undertaken to assess the Group's ability to continue as a going concern should a sale fail to take place. The following paragraphs outline the scenario planning underpinning both a sale occurring and not occurring. In the former instance it would govern the period up to the sale for the DC business, and beyond a sale for the continuing business.

The forecasts include a number of assumptions in relation to order intake, renewal and churn rates, EBITDA margin improvements, the full year impact of energy efficiency investment and improved electricity pricing (a significant proportion of which is locked in through FY26 at forward rates favourable to those achieved in prior years).

The DC business unit has been presented as an asset for sale and, should such a sale crystallise in the coming months, with consideration in cash, the Board would anticipate a very substantial upside scenario.

Whilst the Group's trading and cash flow forecasts have been prepared using current trading assumptions, the operating environment continues to present several challenges which could negatively impact the actual performance achieved. These

risks include, but are not limited to, achieving forecast levels of new order intake, the impact on customer confidence as a result of general economic conditions, inflationary cost pressures including unexpected one-off cost impacts, and the efficacy of energy efficiency measures under a prolonged period of hot weather. In making their going concern assessment, in light of these risks, the Directors have also modelled a combined severe but plausible downside scenario when preparing the forecasts.

The downside scenario assumes significant economic downturn over FY26 and into FY27, primarily impacting recurring new order intake and non-recurring product and services revenues as the Directors note the uncertainties surrounding the timing and extent of non-recurring revenue from quarter to quarter. In this scenario, recurring monthly order intake is forecast to materially reduce compared to base case budget and product and services non-recurring revenues are forecast to similarly materially reduce compared to base case budget incorporating potential supply chain issues, reduced investment from the Group's existing customer base and failure to expand market share as planned. In addition, the downside scenario also assumes the new business obtained does not achieve the gross margin planned, with a reduction to the planned gross margin achievement across all new recurring revenue modelled.

An additional factor that can impact the revenue and gross margin assumptions in the going concern assessment period is the level of customer cancellations (of an individual service or product). Whilst known, near-term customer cancellations have been modelled, coupled with an underlying level of customer cancellations based on historic trends, there remains a risk that unexpected, medium to large customer cancellations could occur in the near-term. The Group is protected contractually to a large extent with notice periods and cancellation clauses, however a residual risk remains. An additional level of customer cancellations has therefore been modelled each quarter in the downside scenario to reflect this risk.

Following the energy efficiency measures delivered in FY24, electricity volumes are significantly more predictable than they have been historically. In addition, power prices are primarily fixed (at current volumes) through to September 2028. However, there remains a risk that periods of sustained higher summer temperatures, considering the impacts of wider climate-related factors, could increase energy usage at sites where new efficiency measures have been introduced, but not tested, at these prolonged higher temperatures. An increase in forecasted usage has been modelled across a period of three months over the summer to reflect this risk. In the instance of a DC business sale, the impact of this is minimal given electricity almost exclusively impacts the DC business unit.

In preparing the cash flow forecasts and analysis relating to debt covenant compliance through the going concern assessment period, the Directors have considered the nature of exceptional items and are satisfied that such items meet the Group's accounting policy and borrowings facility agreement definition of exceptional items.

Given external market analysis indicates an expectation that interest rates have stabilised, no sensitivity on interest rates has been included in the plausible downside scenario. Both the base case and severe but plausible downside forecast scenarios continue to model the payment of dividends, including a potential final FY25 dividend payment in January 2026, however in the instance of a DC business sale there is not anticipated to be a dividend paid in the testing period, due to significant funds being return to shareholders from the proceeds anticipated. The Directors will continue to monitor the impact and timing of dividend payments in the normal course of their quarterly liquidity and debt covenant compliance monitoring.

Under the downside scenario modelled, and including the new customer contract overlay, the forecasts demonstrate that the Group is expected to maintain sufficient liquidity and will continue to comply with the relevant debt covenants without management taking mitigating actions. While not modelled, mitigating actions which are within the Group's control would also be available in the event of a severe downside. Such actions include, but are not limited to, the rephasing of discretionary capital expenditure, and further management of discretionary cost areas such as marketing, training and travel.

The Directors therefore remain confident that the Group and Company have adequate resources to continue to meet their liabilities as and when they fall due within the period of at least 12 months from today's date.

Prior year restatement

During the year management have reviewed the rationale for inclusion of data centre related electricity costs within operating costs, as opposed to cost of sales. Following the acquisitions of Sungard and 4D Data Centres Limited, electricity costs now form a significant part of the Group's cost base. Electricity volumes are in material part driven by the usage of the customer, along with external factors such as outside temperature. Electricity prices are market driven, and, where contractually permitted, passed on to customers.

In addition, during the period the Group has been exploring its business model to provide further clarity to stakeholders, resulting in a proposed operational separation of the data centre business. This separation would further isolate electricity costs as the key variable cost to the data centre business, and a more directly attributable customer cost.

Furthermore, following recent significant investments on power metering in the Group's data centres, the Group can also now much more accurately track the electricity usage by customer and manage the cost and onward charge accordingly. As a result of these increased capabilities and the better information which is now available, electricity costs can be more accurately and directly allocated by customer for FY25.

Consequently, for the year ended 31 March 2025 management have decided that cost of sales better reflects the nature of the expense, as a cost which is directly attributable to revenue generation from customers. The prior year comparisons have been restated accordingly, which also ensures comparability.

In addition, when assessing the nature of direct costs, management also reviewed the rationale for the amortisation of the contract acquisition asset being included within operating costs. The contract acquisition asset is recognised under IFRS 15 as a cost to obtain a contract and is amortised over the life of the customer contract. While the amortisation of the contract acquisition asset was previously included within operating costs, as disclosed in the relevant accounting policies previously, the Group considers the related amortisation is better reflected as a cost of sale. The prior period and prior year comparisons have been restated accordingly.

The prior period/year restatements are presentational within operating profit, and have no impact on adjusted EBITDA, overall operating profit or net income, and have no impact on the Statement of Financial Position, cashflows or equity.

In addition, as a result of the DC business unit carve out and subsequent recognition as a discontinued operation at 31 March 2025, the prior year results have been restated so that both FY25 and FY24 profit and loss is presented on a continuing basis.

The restated Consolidated Statement of Comprehensive Income for the year ended 31 March 2024 is as follows:

	Year ended 31 March 2024 (previously reported)	Cost reclassification	Year ended 31 March 2024 (restated)	IFRS 5 presentational adjustment	Year ended 31 March 2024 *Restated

	£'000	£'000	£'000	£'000	£'000
Revenue	163,150	-	163,150	(38,376)	124,774
Cost of sales	(45,115)	(27,565)	(72,680)	26,132	(46,548)
Gross profit	118,035	(27,565)	90,470	(12,244)	78,226
Operating costs	(119,283)	27,565	(91,718)	18,176	**(73,542)**
Gain on settlement of contingent consideration	2,100	-	2,100	(1,092)	**1,008**
Adjusted EBITDA1	28,316	-	28,316	(10,956)	**17,360**
Depreciation of property, plant and equipment	(6,089)	-	(6,089)	3,440	**(2,649)**
Amortisation of intangibles	(6,010)	-	(6,010)	832	**(5,178)**
Depreciation of right-of-use assets	(11,777)	-	(11,777)	9,512	**(2,265)**
Exceptional costs	(4,550)	-	(4,550)	3,084	**(1,466)**
Exceptional income	2,100	-	2,100	(1,092)	**1,008**
Share-based payments and associated National Insurance	(1,138)	-	(1,138)	20	**(1,118)**
Operating profit	852	-	852	4,840	**5,692**
Finance costs	(5,502)	-	(5,502)	1,642	**(3,860)**
(Loss)/profit before taxation on continuing operations	(4,650)	-	(4,650)	6,482	**1,832**
Income tax credit	1,209	-	1,209	(1,318)	**(109)**
(Loss)/profit for the period from continuing operations	(3,441)	-	(3,441)	5,164	**1,723**
Discontinued operations					
Loss after tax for the period from discontinued operations	-	-	-	(5,164)	**(5,164)**
Loss for the period attributable to owners of the parent	(3,441)	-	(3,441)	-	**(3,441)**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	(117)	-	(117)	-	**(117)**
Net loss on cash flow hedges	-	-	-	-	**-**
Total comprehensive loss for the period	(3,558)	-	(3,558)	-	**(3,558)**

Of the £27.6m of costs reallocated to cost of sales from operating costs, £25.7m related to electricity costs and £1.9m to contract acquisition asset amortisation.

As a result of the changes to segmental reporting in accordance with IFRS 8, and the classification of the DC business unit as a discontinued operation and asset held for sale in accordance with IFRS 5, a number of APM's have been restated for the prior year which are not reconciled in the table above due to their nature. The following reconciliations show the movement from the final FY24 position to the restated FY24 position shown.

	Year ended 31 March 2024 (previously reported) £'000	IFRS 5 presentational adjustment £'000	Year ended 31 March 2024 Restated £'000
Recurring revenue	149,091	(38,376)	**110,715**
EBITDA	24,728	(8,944)	**15,784**
Adjusted operating profit	9,669	1,996	**11,665**

Changes in accounting policy and disclosure

The following amendments became effective as at 1 January 2024:

- Classification of liabilities as current or non-current and non-current Liabilities with covenants (amendments to IAS

1);

- Lease liability in a sale and leaseback (amendments to IFRS 16); and
- Disclosures: supplier finance arrangements (amendments to IAS 7 and IFRS 7).

The amendments have not had any impact on the Group for the year ended 31 March 2025 as the Group already aged its liabilities with covenants and did not have any sale and leaseback transactions or supplier finance arrangements.

Adopted IFRS not yet applied

There are no new standards, amendments to existing standards or interpretations that are not yet effective that are expected to have a material impact on the Group. Such developments are routinely reviewed by the Group and its financial reporting systems are adapted as appropriate.

Basis of consolidation

The Group Financial Statements consolidate those of the Company and of its subsidiary undertakings drawn up to 31 March 2025.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully Consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation.

Critical accounting judgements, key sources of estimation uncertainty and other areas of estimation

In the application of the Group's accounting policies, the Board is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, without clear direction from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements

The Group has identified the following items as a critical accounting judgement which could have a significant impact on the amounts recognised in the Financial Statements for the year ended 31 March 2025.

Identification of cash generating units ("CGUs") and subsequent split of goodwill

In accordance with IAS *36 Impairment of assets*, the Group assesses at each reporting date whether there is an indication that its non-financial assets may be impaired. For the purpose of this impairment testing, assets are grouped into the smallest identifiable group of assets that generates cash inflows largely independent of those from other assets or groups of assets - referred to as a CGU. The identification of CGUs involves management judgement, particularly in determining the level at which cash inflows are independent.

During the current year, management re-evaluated the composition of its CGUs in line with the change in segmental reporting outlined below and determined that the Group comprises two distinct CGUs, being the MSP business unit and the DC business unit, rather than a single integrated operation. This judgment was based on the assessment that each business unit had independent cash inflows, is operated and managed separately from 1 February 2025, and serves different markets with different offerings and business models. Accordingly, the change in CGU composition was deemed a trigger for impairment testing in line with IAS 36. This impairment was conducted at 31 January 2025, prior to the carve out, on the original CGU composition. Significant headroom was identified therefore no impairment noted. In addition, reasonable sensitivities would not result in an impairment charge.

As per IAS 36 the goodwill recognised at both subsidiary level and on consolidation needs to be allocated to each CGU. The identification of two CGUs on 1 February 2025 led management to split the existing goodwill, which represented synergies of the Group, in two using a relative value method. Management have used judgement and determined that the most reliable and appropriate valuation method for this exercise was to prepare a value-in-use (VIU) model for each CGU to calculate the recoverable amounts for both CGUs before considering the portion of goodwill to allocate. The outcome of this exercise is that on a relative value basis £27.2m of goodwill is allocated to the MSP CGU and £33.4m to the DC CGU.

In determining the VIU for the MSP CGU, the Directors applied the following key assumptions:

- New order intake increased steadily on prior year following sales team stability and improved marketing conditions;
- Price increases average of 1.0% of total revenue;
- Overall gross margin percentage of c. 70% in line with historic trends;
- Operating costs (depending on nature) to increase in line with either revenue growth or 3%, factoring in any near-term licence inflation;
- Pre-tax discount rate of 11.89% at 31 January 2025 and 12.87% at 31 March 2025 (FY24: 10.87%); and
- Terminal growth rate percentage of 2.0% is consistent with the market the entity operates in for real growth.

The MSP VIU is sensitive to changes in key assumptions, and the Directors have disclosed sensitivities in relation to this in note 6.

In determining the VIU for the DC CGU, the Directors determined that since the carve-out of the trade and assets into a separate CGU was being done for the purpose of a potential sale of that CGU (see note 4), the VIU for the purpose of the relative value exercise should include cashflows from the operation of the CGU up to the expected date of disposal, plus the expected net proceeds from a forecast sale of the CGU. The expected net proceeds is a key assumption in this VIU model. The Directors have disclosed a sensitivity in relation to this in note 6. Reasonably possible changes in other assumptions would not drive a significantly different outcome.

In line with IAS 36, impairment testing was then conducted at 31 March 2025 at the newly defined CGU level, representing a change in the lowest level at which assets generate largely independent cash flows. Whilst headroom was identified, a number of sensitivities have been performed. Additional information is included in note 6.

Segmental reporting - prior period restatement

During the current year, management re-evaluated the composition of its operating structure, which resulted in the separation of one previously reported business into two distinct operating segments, being the MSP business unit and the DC business

unit. Work to formally carve out the DC business began in summer 2024, with Redcentric Data Centres Limited being incorporated on 28 August 2024 as a wholly owned subsidiary of Redcentric PLC. On 1 February 2025 the trade and assets of the DC business were transferred from Redcentric Solutions Limited into Redcentric Data Centres Limited, such that the trading activities of the DC business unit essentially sits within Redcentric Data Centres Limited and the trading activities of the MSP business unit essentially sits within Redcentric Solutions Limited. As a result of this carve out and migration, management were able to report to the Board, (the Chief Operating Decision Maker "CODM") from 1 February 2025, discrete financial information for both business units.

In order to complete this business unit separation, a thorough and detailed contract by contract analysis was undertaken for components of both revenue and costs to determine into which business unit individual items belonged. In preparing comparative information for the two new segments, management had to exercise judgement in applying the basis of this separation retrospectively but believe that the approach taken and result obtained represented a reasonable set of comparative results.

Comparative information in respect of revenue from external customers was derived from the underlying financial records on an aggregated basis determined by its revenue product category, as opposed to contract detail level obtained in respect of the current year. The level of estimation from this approach was low due to the discrete nature of the revenue streams within the data centre business.

Inter-segment revenues, and corresponding cost of sales and operating costs, for both years were derived with reference to the contractual relationships that governed the period from 1 February 2025 onwards. Management judge the contracts to be on an arms-length basis, determined by reference to existing third-party customer and supplier contracts and considered extensively at the Board level before their initiation.

Cost of sales from external customers for both years was derived by reference to underlying financial records, with limited judgement applied due to the discrete nature of costs that are analysed in this caption.

Operating costs before adjusted EBITDA for both years were derived again by reference to underlying financial records, principally the cost centre originally used for existing reporting, thereby requiring little judgement. Judgement has been applied in respect of corporate overheads, by reference to appropriate metrics such as headcount and sales effort, though the quantum of costs assessed under this basis is a small proportion of overall overheads.

Depreciation and amortisation for both years could again be derived by underlying financial records by reference to asset registers and their corresponding categorisation. Judgement was mainly applied in this area in reference to the split of Customer relationship intangible assets. In this example the segmentation has been performed by reference to which business unit that customer relationship has been allocated to when separating the business units on 1 February 2025.

Exceptional costs and exceptional income have been assessed by management on an item-by-item basis for both years based on the business unit that drove the exceptional activity, which in most cases was discrete.

Share-based payments for both years have been derived by reference to the associated employees, with no judgement required.

Finance costs in respect of lease arrangements in both years have been derived by underlying financial records, with little judgement required. Finance costs in respect of the Group's RCF have been allocated based on an estimation of the original

drawdown requirement, adjusted for the estimated segmental cash flows subsequent to initial drawdown. This has required a degree of judgement in respect of the drawdown allocation and the subsequent judgements over cash flows, however represents management's best estimation of the segments' use of the RCF during this period. Other bases were considered including working capital / capital employed, as well as measures such as revenue or profitability measures, however management deemed these bases to be either inappropriate or requiring a higher degree of estimation than the method used.

These allocations represent management's best estimate of the financial impact of the DC business on prior periods and management considers this to provide relevant, reliable, and understandable information to users of the Financial Statements in accordance with the principals of IFRS 8 and IFRS 5. Additional information is included in note 3.

Assets held for sale and discontinued operations

During the year management has exercised judgement in determining whether the criteria for classification of an operation held for sale under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* have been met for the DC business unit at the reporting date of 31 March 2025.

Discussions with prospective buyers of the DC business unit have taken place in the latter part of the year and the DC business was formerly separated as of 1 February 2025.

The Board considered the DC business unit and hence Redcentric Data Centre Limited subsidiary to meet the criteria to be classified as held for sale at 31 March 2025 for the following reasons:

- Redcentric Data Centres Limited, i.e. the DC business unit, was available for immediate sale and could be sold to an appropriate buyer in its current condition;
- The actions to complete any potential sale had commenced and was expected to be completed within one year from the date of the initial classification; and
- Whilst a number of interested parties had come forward, negotiations were at an advanced stage with a preferred buyer with whom the Company had agreed a non-binding offer in March 2025.

In making this assessment, the Board considered factors such as the progress of negotiations, existence of a signed non-binding offer and external conditions that may affect a completion timeline. Although there are always inherent uncertainties in any such transaction, the Board believes that a sale will occur within the coming months and therefore criteria for classification as an asset held for sale are met.

Management also exercised judgement in determining what components of the Group's operations met the requirements of IFRS 5 to ensure that only trade that is ceasing was included in the discontinued operations disclosures. It should be highlighted that in the allocation of costs to the two business units, all central and shared costs, which would be ongoing in the event of a disposal of the DC business unit, have been shown within the MSP business unit with the exception of the RCF finance costs which have been split.

Accordingly, the assets and liabilities of the DC business unit have been reclassified as single line items within the Consolidated Statement of Financial Position. The Income Statement results of the DC business have also been extracted from the total business results and shown separately within the Consolidated Statement of Comprehensive Income in accordance with IFRS 5.

Exceptional items

The Group presents separately on the face of the Consolidated Statement of Comprehensive Income, material items of income

and expenses, which, because of their nature and expected infrequency of events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of the Company's underlying financial performance. An element of management judgment is required in identifying these exceptional items. Additional information and a detailed breakdown of exceptional items is included in note 5.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Relative value method of splitting goodwill between the MPS CGU and the RDC CGU

As part of the work in determining the net asset value of the DC business unit to complete the carve out on 1 February 2025, the value of goodwill in Redcentric Solutions Limited needed to be split to show what is attributable to the DC business unit and what should remain in relation to the MSP business unit. Whilst this carve out was a common control transaction, the method of splitting goodwill using a relative value approach at a business unit level (and also statutory company level in this case) is also applicable to splitting Group goodwill for the purpose of adhering to IFRS 5 requirements when disclosing an operation as held for sale.

The relative value approach to splitting goodwill is based on the VIU of each CGU at the date of split. The determination of VIU of each CGU involves the application of valuation techniques such as DCF models and market-based methods. These techniques require management to make significant assumptions about future events and market conditions which is also explained in the "impairment of non-financial assets" section above. As such, the process is subject to estimation uncertainty, particularly in the following areas:

- Future cash flow projections; and
- Discount rates.

These assumptions are inherently uncertain. Small variations in key inputs could have had a material impact on the relative values of CGUs and consequently, on allocation of goodwill. Whilst this exercise represented a key estimate during the year, it only occurred due to the change in the composition of the Group's CGUs and is not expected to reoccur in the future. If more/less goodwill had been allocated to the MSP CGU it would have reduced/increased the headroom for impairment of this CGU in the future and increased/decreased any potential future profit on disposal of the DC business. Further details on the key assumptions used in the allocation and subsequent testing of goodwill are provided in note 15 of this Report.

Dilapidation provision

The Group has recognised a dilapidations provision for the cost of returning the leasehold properties to their agreed condition at the end of the lease term, in accordance with the terms of the lease agreements. In determining the fair value of the provision, assumptions and estimates have been made in relation to the expected cost for anticipated condition of the properties at the end of the lease term and reinstatement works plus inflation and discount rates. In order to reduce the estimation uncertainty regarding expected costs Management engaged a third part expert to prepare detailed valuations. These were then discounted back to present value by management.

3 Segmental reporting

IFRS 8 requires operating segments to be identified based on internal financial information reported to the chief operating decision-maker (CODM) for decision-making purposes. The Group considers the role of the chief operating decision-maker (CODM) for decision-making purposes as being performed by the main Board. The Board believes that the Group continued to comprise a single reporting segment, being the provision of IT Managed Services to customers until the Data Centre business was transferred from Redcentric Solutions Limited to Redcentric Data Centres Limited on 1 February 2025. After this point the Board reviewed financial information for the P&L on a two divisional basis being the provision of IT Managed Services ("MSP") and the provision of Data Centre Services ("DC"). Balance Sheet and Cash Flow information however continued to be reviewed on a Group basis.

In restating comparative information, management exercised judgement in applying the basis of segmentation retrospectively based on available and reliable information, rather than conducting standalone segment determination on the prior period contract structure. Management deemed that reconstructing a full standalone segmental view based on the prior period structure would have been unduly complex and impractical as it would have required reconstructing historic allocations at a level of detail not used by management in prior decision making. In restating comparative information, management exercised judgement in applying the basis of segmentation retrospectively based on available and reliable information which it believes presents a fair comparison. This judgement is considered in more detail below.

Comparative information in respect of revenue from external customers was derived from the underlying financial records on an aggregated basis determined by its revenue product category, as opposed to contract detail level obtained in respect of the current year. The level of estimation from this approach was low due to the discrete nature of the revenue streams within the data centre business.

Inter-segment revenues, and corresponding cost of sales and operating costs, for both years were derived with reference to the contractual relationships that governed the period from 1 February 2025 onwards. The contracts management judge to be on an arms-length basis, determined by reference to existing 3rd party customer and supplier contracts and considered extensively at the Board level before their initiation.
Cost of sales from external customers for both years was derived by reference to underlying financial records, with limited judgement applied due to the discrete nature of costs that are analysed in this caption.

Operating costs before adjusted EBITDA for both years were derived again by reference to underlying financial records, principally the cost centre originally used for existing reporting, thereby requiring little judgement. Judgement has been applied in respect of corporate overheads, by reference to appropriate metrics such as headcount and sales effort, though the quantum of costs assessed under this basis is a small proportion of overall overheads.

Depreciation and Amortisation for both years could again be derived by underlying financial records by reference to asset registers and their corresponding categorisation. Judgement was mainly applied in this area in reference to the split of Customer relationship intangible assets. In this example the segmentation has been performed by reference to which business unit that customer relationship has been allocated to when separating the business units on 1 February 2025.

Exceptional costs and exceptional income have been assessed by management on an item-by-item basis for both years based on the business unit that drove the exceptional activity, which is most cases was discrete.

Share-based payments for both years have been derived by reference to the associated employees, with no judgement

required.

Finance costs in respect of lease arrangements in both years have been derived by underlying financial records, with little judgement required. Finance costs in respect of the Group's RCF have been allocated based on an estimation of the original drawdown requirement, adjusted for the estimated segmental cash flows subsequent to initial drawdown. This has required a degree of judgement in respect of the drawdown allocation and the subsequent judgements over cash flows, however represents managements best estimation of the segments use of the RCF during this period. Other bases were considered including working capital / capital employed, as well as measures such as revenue or profitability measures, however management deemed these bases to be either inappropriate or requiring a higher degree of estimation than the method used.

These allocations represent managements best estimate of the financial impact of the DC business on prior periods and management considers this to provide relevant, reliable, and understandable information to users of the Financial Statements in accordance with the principals of IFRS 8 and IFRS 5.

These allocations represent management's best estimate of the financial impact of the DC business on prior periods and management considers this to provide relevant, reliable, and understandable information to users of the financial statements in accordance with the principals of IFRS 8 and IFRS 5.

The CODM assesses profit performance principally through an adjusted EBITDA measure.

Whilst the Board reviews the Group's three revenue streams separately (recurring, product and service), the operating costs and operating asset base used to derive these revenue streams are the same for all three categories and are presented as such in the Group's internal reporting to the CODM. In addition, the Statement of Financial Position is still presented on a Group basis hence it is not disclosed in the following information on a line-by-line basis.

The Group has presented the DC segment as a discontinued operation and restated the comparatives for FY24 for consistency.

Segmental results

The segment results for the year ended 31 March 2025 are as follows:

	MSP - continuing operations £'000	DC - discontinued operations £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Revenue					
Recurring revenue	119,070	35,928	154,998	-	154,998
Product revenue	4,888	-	4,888	-	4,888
Services revenue	9,593	412	10,005	-	10,005
External customers	133,551	36,340	169,891	-	169,891
Inter-segment	1,587	8,231	9,818	(9,818)	-
Total revenue	**135,138**	**44,571**	**179,709**	**(9,818)**	**169,891**
Cost of sales					
External customers	(51,681)	(16,828)	(68,509)	-	(68,509)
Inter-segment	(176)	(1,587)	(1,763)	1,763	-
Total cost of sales	**(51,857)**	**(18,415)**	**(70,272)**	**1,763**	**(68,509)**
Gross profit	**83,281**	**26,156**	**109,437**	**(8,055)***	**101,382**
Adjusted EBITDA	**18,758**	**16,633**	**35,391**	**-**	**35,391**
Depreication of property,					
Depreciation of property, plant and equipment	(4,001)	(3,617)	(7,618)	-	(7,618)
Amortisation of intangibles	(2,593)	(832)	(3,425)	-	(3,425)
Depreciation of right-of-use assets	(1,610)	(8,308)	(9,918)	-	(9,918)
Exceptional costs	(924)	(779)	(1,703)	-	(1,703)
Share-based payments and associated National Insurance	(1,235)	(32)	(1,267)	-	(1,267)
Operating profit	**8,395**	**3,065**	**11,460**	**-**	**11,460**
Finance costs	(2,352)	(3,120)	(5,472)	-	(5,472)
Profit before tax	**6,043**	**(55)**	**5,988**	**-**	**5,988**

**This is eliminated out in operating costs therefore the effect is £nil at adjusted EBITDA.*

The segment results for the year ended 31 March 2024 are as follows:

	MSP - continuing operations £'000	DC - discontinued operations £'000	Total segments £'000	Adjustments and eliminations £'000	Consolidated £'000
Revenue					
Recurring revenue	109,236	39,855	149,091	-	149,091
Product revenue	5,507	-	5,507	-	5,507
Services revenue	8,552	-	8,552	-	8,552
External customers	123,295	39,855	163,150	-	163,150
Inter-segment	1,479	7,538	9,017	(9,017)	-
Total revenue	**124,774**	**47,393**	**172,167**	**(9,017)**	**163,150**
Cost of sales					
External customers	(46,372)	(26,308)	(72,680)	-	(72,680)

Inter-segment	(176)	(1,479)	(1,655)	1,655	-
Total cost of sales	**(46,548)**	**(27,787)**	**(74,335)**	**1,655**	**(72,680)**
Gross profit	**78,226**	**19,606**	**97,832**	**(7,362)***	**90,470**
Adjusted EBITDA	**17,360**	**10,956**	**28,316**	**-**	**28,316**
Depreication of property,					
Depreciation of property, plant and equipment	(2,649)	(3,440)	(6,089)	-	(6,089)
Amortisation of intangibles	(5,178)	(832)	(6,010)	-	(6,010)
Depreciation of right-of-use assets	(2,265)	(9,512)	(11,777)	-	(11,777)
Exceptional costs	(1,466)	(3,084)	(4,550)	-	(4,550)
Exceptional income	1,008	1,092	2,100	-	2,100
Share-based payments and associated National Insurance	(1,118)	(20)	(1,138)	-	(1,138)
Operating profit/(loss)	**5,692**	**(4,840)**	**852**	**-**	**852**
Finance costs	(2,322)	(3,180)	(5,502)	-	(5,502)
Profit/(loss) before tax	**3,370**	**(8,020)**	**(4,650)**	**-**	**(4,650)**

**This is eliminated out in operating costs therefore the effect is £nil at adjusted EBITDA.*

4 Discontinued Operations

As previously announced and noted, the Board took the decision to create two autonomous business units, DC and MSP. At the balance sheet date, the Board had made the decision to sell the DC business unit (Redcentric Data Centres Limited), allowing the Group to concentrate on its core MSP business. The DC business unit has therefore been treated as a discontinued operation at the year-end reporting date.

The profit/(loss) of the discontinued operation is as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revenue	**44,571**	47,393
Cost of sales	**(18,415)**	(27,787)
Gross profit	**26,156**	19,606
Operating expenditure	**(23,091)**	(25,538)
Gain on settlement of contingent consideration	**-**	1,092
Adjusted EBITDA	**16,633**	10,956
Depreciation of property, plant and equipment	**(3,617)**	(3,440)
Amortisation of intangibles	**(832)**	(832)
Depreciation of right-of-use assets	**(8,308)**	(9,512)
Exceptional costs	**(779)**	(3,084)
Exceptional income	**-**	1,092
Share-based payments and associated National Insurance	**(32)**	(20)
Operating profit/(loss) from discontinued operations	**3,065**	(4,840)
Finance costs	**(1,461)**	(1,642)
Profit/(loss) before tax from discontinued operations	**1,604**	(6,482)
Income tax credit/(expense)	**(809)**	1,318
Profit/(loss) for the period from discontinued operations	**795**	(5,164)
Earnings per share from discontinuing operations		
Basic loss per share	**0.50p**	(3.30p)
Diluted loss per share	**0.49p**	(3.19p)

Finance costs for the discontinued operation do not include finance costs which relate to the DC business unit but will remain within the continuing business. These finance costs will however be shown in the DC segment finance costs in note 3.

Cash flows for the DC business unit have been derived on a direct basis using the available information for the current and comparative reporting periods. In most cases this has been derived directly from, and as a subset of, financial records that have supported the preparation of the Group Financial Statements. In deriving cash flows from operating activities adjusted EBITDA less exceptional costs has been used as managements best estimate. No adjustment has been made for working capital as there is no available comparative financial information to derive this information, given treasury management was managed as a Group during this time.

Cash flows from Investing and Financing activities represent those directly attributable to the business unit, with no significant allocation activity due to the discrete nature of these cash flows. In deriving cash flows from financial activities no apportionment has been made for the Group's equity or bank debt financing arrangements.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Net cash flow from operating activities	**16,029**	7,872
Net cash flow from investing activities	**(3,887)**	(4,952)
Net cash flow from financing activities	**(6,295)**	(7,530)

5 Exceptional items

	Year ended 31 March 2025	Year ended 31 March 2024 **restated*
	£'000	£'000
Included within operating costs:		
Acquisition related professional and legal fees	**484**	350
Integration costs	**-**	383
Restructuring costs	**440**	733
Total exceptional costs from continuing operations	**924**	1,466
Total exceptional costs from discontinued operations	**779**	3,084
Total exceptional costs	**1,703**	4,550
Gain on settlement of contingent consideration	**-**	(1,008)
Total exceptional income`	**-**	(1,008)

**restated to reflect continuing operations*

Current year

Exceptional costs

From time to time the Group explores potential M&A activity to further enhance shareholder value. During the year acquisition related professional and legal fees of £0.5m were incurred on acquisition related projects that did not come to fruition. Cash costs of acquisition related professional and legal fees were £0.5m.

Integration costs of £0.2m (discontinued operations) relate to residual costs from the prior year projects to exit the Harrogate data centre and the decommissioning of two third-party data centres inherited from historic acquisitions (see prior year narrative for further details). Cash costs were £0.1m.

Restructuring costs of £0.4m were incurred as a result of a one-off restructuring activity instigated by the Board to streamline operations and enhancing long-term profitability of the Group. This project was undertaken as a direct consequence of the integration of prior year acquisitions and due to the nature and size of the initiative was deemed exceptional by management. Annualised savings from this restructure are estimated at approximately £1.0m per annum. Cash costs were £0.4m.

On 1 February 2025 the DC business was transferred from Redcentric Solutions Limited to Redcentric Data Centres Limited, a newly incorporated subsidiary to better reflect the segmental reporting of the DC business unit, and the contemplation of a potential disposal of the DC business unit. Both legal and professional fees of £0.4m and consultancy fees and staff costs of £0.2m have been incurred during the year (discontinued operations). Cash costs were £0.3m.

Prior year

Exceptional costs

Acquisition related professional and legal fees of £0.4m were for professional services linked to the significant acquisitions of certain business and assets relating to three data centres from Sungard Availability Services (UK) Limited ('Sungard'), the

consulting business from Sungard and 100% of the issued share capital of 4D Data Centres Limited during the previous year. These costs, though incurred in FY24, relate to the acquisition projects and include valuation services in respect of establishing the fair value of acquired assets and other associated professional fees. Cash costs were £0.4m.

Integration costs of £3.5m (£3.1m relating to discontinued operations) principally related to the exit of the Harrogate data centre and relocation of both customer and internal platforms to our West Yorkshire data centre in Elland. This activity was intrinsically linked to the integration of the Sungard and 4D Data Centre acquisitions, which left the Group with significant data centre capacity that required consolidation.

The relocation of the Harrogate data centre was a significant undertaking for the Group, involving dedicated resource for up to 12 months, including staff that were seconded to the project, and diverted away from other value-adding activities, for most or all of their time before returning to their existing roles following the project's completion. £0.7m of cost allocated to integration costs in FY24 in respect of this move related to staff costs which would have been included within adjusted operating profit in the prior year. In total, £1.4m of third-party expenditure across contract resource and other directly associated spend and £1.2m of staff salaries, bonuses and associated taxes were spent on the move to migrate activities to the West Yorkshire data centre. In addition, £1.0m of cost was incurred to restore the Harrogate site to its original condition following the customer migration. These costs, where they related to restoration and dilapidations activity, are shown as a utilisation of the existing dilapidations provision for this site.

The remaining £0.9m of integration costs presented within exceptional costs included £0.7m incurred to decommission presences in two third-party data centres inherited from acquisitions as part of the ongoing strategy to consolidate the estate and £0.2m related to staff costs performing other integration work to migrate legacy platforms.

Cash costs relating to exceptional integration costs in the year were £3.1m.

Restructuring costs included £0.5m of staff costs associated with a management restructure for colleagues who have subsequently left the business, and £0.2m of related legal fees. Cash costs were also £0.7m.

Exceptional income

During FY24, the consideration for the Sungard acquisition was finalised. £2.5m of contingent consideration was recognised as a liability in the prior year based on the expectations at prior year balance sheet date. The final position crystallised on the anniversary date of the acquisition, in line with the purchase agreement. During FY24, the final settlement totalled £0.4m, and therefore an exceptional £2.1m credit (£1.1m relating to discontinued operations) was recognised as a gain on settlement of contingent consideration in line with the prior year subsequent events disclosure. This is presented separately on the face of the Consolidated Statement of Comprehensive Income.

6 Intangible assets

	Goodwill	Customer contracts and related relationships	Trademarks and brands	Software and licences	Total
	£'000	£'000	£'000	£'000	£'000

Cost					
At 1 April 2023	60,640	80,130	649	6,303	147,722
Additions	-	-	-	1,479	1,479
Disposals	-	-	-	(393)	(393)
Transfers from property, plant and equipment	-	-	-	261	261
At 31 March 2024	60,640	80,130	649	7,650	149,069
Additions	-	-	-	1,698	1,698
Transfers from right-of-use assets	-	-	-	123	-
Reclassification to assets held for sale	(33,399)	(9,604)	-	-	(43,003)
At 31 March 2025	**27,241**	**70,526**	**649**	**9,471**	**107,887**
Accumulated amortisation and impairment					
At 1 April 2023	-	58,876	649	4,980	64,505
Charged in year	-	5,229	-	781	6,010
Disposals	-	-	-	(393)	(393)
Transfers from property, plant and equipment	-	-	-	64	64
At 31 March 2024	-	64,105	649	5,432	70,186
Charged in year	-	2,367	-	1,058	3,425
Transfers from right-of-use assets	-	-	-	105	-
Reclassification to assets held for sale	-	(2,257)	-	-	(2,257)
At 31 March 2025	**-**	64,215	649	6,595	71,459
At 31 March 2025	**27,241**	**6,311**	**-**	**2,876**	**36,428**
At 31 March 2024	60,640	16,025	-	2,218	78,883

As part of the trade and asset transfer of the DC business from Redcentric Solutions Limited to Redcentric Data Centres Limited on 1 February 2025 a review was undertaken to ensure that the asset registers for intangible assets, property, plant and equipment and right-of-use assets correctly recorded the relevant assets. As a consequence of the decision to account for the DC business unit as a discontinued operation, transfers have been made in relation to the relevant DC business unit assets. In addition, intangible assets with a NBV of £40.7m have been transferred to assets held for sale.

Amortisation of customer contracts has decreased by £2.9m to £2.4m in FY25. This is because one large customer contract was fully amortised towards the end of FY24.

Customer contracts have a weighted average remaining amortisation period of 8 years and 3 months (FY24: 8 years and 9 months). There are no indicators of impairment at 31 March 2025.

Software and licences include £1.2m (FY24: £1.3m) of additions in relation to customer capital expenditure.

Included within software and licences are £nil (FY24: £0.5) of assets financed under the Group's Asset Financing Facility. The Directors have exercised judgement in determining that there has been no sale of these assets under IFRS 15 and therefore the assets are financed rather than representing a sale and leaseback arrangement.

Goodwill impairment testing

Under IAS 36, goodwill is tested annually for impairment, or more often when indicators of impairment exist. To confirm whether an impairment of the goodwill is necessary, management compares the carrying value to the recoverable amount. Other intangible assets are tested for impairment whenever events or a change in circumstances indicate carrying values may no longer be recoverable. Consideration for any impacts of climate-related risks to impairment is not deemed to affect the overall conclusions in the medium to long-term.

DC business transfer and subsequent impairment review

On 1 February the trade and assets of the DC business were transferred from Redcentric Solutions Limited to Redcentric Data Centres Limited on a book value basis. Following this transfer, management, including the Chief Operating Decision Maker, viewed the financial information of the Group on a two divisional basis being the MSP business unit and the DC business unit.

The identification of a second CGU on 1 February 2025 was a trigger for impairment at 31 January 2025 on the original one CGU structure. This was performed by calculating the VIU of the MSP business unit (i.e. Group) using a Board approved five-year forecast cash flow projection to the period of 31 March 2030. This comprised the detailed Group budget for FY26 and the latest detailed forecast for FY27, with higher level assumptions applied for the outer years. A terminal value based on a perpetuity calculation using a 2.0% real growth rate was then added (FY24: 2.0% growth).

The key assumptions used in the impairment testing of the Group were as follows:

- New order intake increased steadily on prior year following sales team stability and improved marketing conditions;
- Price increases average of 1.0% of total revenue;
- Overall gross margin percentage of c. 70% in line with historic trends for MSP;
- Electricity costs driven by near-term contracted prices and medium-term third-party price forecasts for energy;
- Operating costs (depending on nature) to increase in line with either revenue growth or 3%, factoring in any near-term licence inflation;
- Pre-tax discount rate of 11.89% at 31 January 2025 and 12.87% at 31 March 2025 (FY24: 10.87%); and
- Terminal growth rate percentage of 2.0% is consistent with the market the entity operates in for real growth.

The Group has also considered that any cost implications of achieving net zero would not have a material impact on the assessment period.

Significant headroom was noted at 31 January 2025 therefore no impairment noted such that reasonable sensitivities would not result in an impairment charge and have hence not been disclosed.

Relative value allocation of goodwill

As per IAS 36 the goodwill recognised at both subsidiary level and on consolidation needs to be allocated to each CGU. The identification of two CGUs on 1 February 2025 led management to split the existing goodwill, which represented synergies of the Group, in two using a relative value method. The relative value method splits goodwill based on the relative values of the assets, liabilities or business units to which the goodwill relates. Management have used judgement and interpreted that the valuation method to be used to do this must be consistent between the two CGUs i.e. a combination of fair value and VIU cannot be used. As a result, management decided to use a VIU method to calculate the recoverable amounts for both CGUs before considering the portion of goodwill to allocate. In determining the VIU for the DC CGU, the Directors determined that since the carve out of the trade and assets into a separate CGU was being done for the purpose of a potential sale of that CGU (see note 4), the VIU for the purpose of the relative value exercise should include cashflows from the operation of the CGU up to the expected date of disposal, plus the expected net proceeds from a forecast sale of the CGU. Consequently, the key assumptions for the DC CGU differ to those in the MSP CGU model. The key assumptions for the MSP CGU were consistent with the Group impairment testing at 31 January 2025. The key assumptions for the DC CGU are as follows:

- Sales proceeds less costs to sell;
- Timing of disposal; and
- Pre-tax discount rate of 11.89% at 31 January 2025 and 12.87% at 31 March 2025 (FY24: 10.87%).

The carrying amount of goodwill allocated to the two CGUs following this split on 1 February 2025 was as follows:

	1 February 2025 £'000
MSP	**27,241**
DC	**33,399**
	60,640

The amount of £33.4m recognised against the DC business unit has been included within assets held for sale. An increase in the MSP allocation would reduce the headroom on the impairment of the MSP CGU assessment but would increase the profit on disposal of the DC CGU.

Sensitivity analysis - MSP

For VIU calculations for the MSP CGU management consider the key assumptions to which the recoverable amounts are most sensitive are discount rates and EBITDA growth. Changes in key assumptions within the MSP CGU would cause a materially different split of goodwill between the two CGUs. In each sensitivity assessment, all other item assumptions, other than the assumption being sensitised, remained equal:

- EBITDA growth - In the VIU calculations EBITDA growth is primarily a result of the assumptions over revenue and gross margin growth, as it assumed that operating costs and capital expenditure are largely fixed or have linear relationships to gross margin growth. Therefore, a reduction in the growth assumptions in revenue and gross margin would derive a corresponding reduction in EBITDA growth. A reduction in the EBITDA growth rate from a compound annual growth rate (CAGR) of 5.1% to 0% over the forecast period would have a £5.4m increase to the

goodwill allocated to the DC business unit.

- WACC - A movement in the WACC by + or - 1% has a £1.7m impact on the goodwill allocated to either business unit.

Sensitivity analysis - DC

For VIU calculations for the DC CGU management consider the key assumptions to which the recoverable amounts are most sensitive are net sales proceeds and disposal timing. A 5% change in the net proceeds would not result in a material change to the GW allocation, nor would a reasonable scenario in the forecast period.

The relative value split of goodwill was the result of the change in composition of CGUs and is not expected to occur again in the next 12 months hence this disclosure is considered a non-recurring disclosure for FY25.

Year-end impairment testing

In line with IAS 36, impairment testing was then conducted at 31 March 2025 at the newly defined CGU level, representing a change in the lowest level at which assets generate largely independent cash flows. This was performed by calculating the VIU of the MSP business unit using a Board approved five-year forecast cash flow projection to the period of 31 March 2030. This comprised the detailed Group budget, split between the MSP and DC business units for FY26 and the latest detailed forecast for FY27, with higher level assumptions applied for the outer years. A terminal value based on a perpetuity calculation using a 2.0% real growth rate was then added (FY24: 2.0% growth). The key assumptions for the MSP CGU were consistent with the Group impairment testing at 31 January 2025.

In determining the VIU for the DC CGU, the Directors determined that the most appropriate cashflows include those from the operation of the CGU up to the expected date of disposal, plus the expected net proceeds from a forecast sale of the CGU. The key assumptions used for the DC CGU were consistent with the relative value split on 1 February 2025.

Whilst sufficient headroom was identified at 31 March 2025 for both CGUs, a number of sensitivities have been performed which are disclosed below.

Sensitivity analysis - MSP

There are no reasonably possible changes in key assumptions within the MSP CGU which would erode the headroom. Management have run a combined scenario of an EBITDA growth rate of 0% and an increase to the WACC of +1%. This scenario erodes the headroom; however, the Directors believe this to be an unlikely scenario to the extent that this is not a reasonably possible scenario.

Sensitivity analysis - DC

Reasonable possible movements in the assumptions regarding net proceeds and forecast period for the purpose of the sensitivity assessment would not result in an impairment charge.

Overall, no goodwill impairment was recognised at 31 March 2025 in either CGUs.

Customer relationship asset impairment testing

As with goodwill the trade and asset transfer of the DC business was identified as a trigger for impairment on 1 February 2025 for two customer relationship assets that would need to be split between the MSP and DC business units. The two customer relationship assets relating to the DC business unit were tested for impairment using a discounted cash flow model at 31 January 2025 prior to the carve out and subsequent transfer. The discounted cashflow model used the original customer

revenue data from the PPAs and compared this to the expected FY26 revenue as the base and then applied growth and attrition thereafter. Sufficient headroom existed on both the base and sensitised valuation models and a reasonably possible adverse movement to any of the above key assumptions made would not give rise to impairment at 31 January 2025.

The book value of the customer relationship assets was then split on 1 February 2025 based on which statutory entity the customer contracts were legally assigned to. In line with IAS 36, impairment testing was then conducted at 31 March 2025 using the same discounted cashflow method as outlined above but updated for actual cancellations post 31 January 2025.

Sufficient headroom existed on both the customer relationship assets for both the base and sensitised valuation models and a reasonably possible adverse movement to any of the above key assumptions would not give rise to impairment at 31 March 2025.

7 Property, plant and equipment

	Leasehold improvements	Office fixtures and fittings	Vehicles and computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	12,371	9,698	26,862	180	49,111
Additions	4,952	95	4,271	-	9,318
Disposals	(1,201)	(447)	(8,367)	-	(10,015)
Transfer to intangible assets	-	(261)	-	-	(261)
Transfer from right-of-use assets	-	-	1,618	-	1,618
Reclassification	180	-	-	(180)	-
Exchange differences	(8)	-	-	-	(8)
At 31 March 2024	16,294	9,085	24,384	-	49,763
Additions	3,893	453	5,124	194	9,664
Disposals	(300)	(65)	(108)	-	(473)
Transfer from right-of-use assets	156	-	650	-	806
Reclassification to assets held for sale	(17,877)	(7,558)	(96)	(194)	(25,725)
Exchange differences	-	(4)	-	-	(4)
At 31 March 2025	**2,166**	**1,911**	**29,954**	**-**	**34,031**
Accumulated depreciation					
At 1 April 2023	6,556	2,072	23,352	-	31,980
Charged in year	1,260	2,412	2,417	-	6,089
On disposals	(1,201)	-	(8,812)	-	(10,013)
Transfer to intangible assets	-	(64)	-	-	(64)
Transfer from right-of-use assets	-	-	351	-	351
Exchange differences	-	(2)	-	-	(2)
At 31 March 2024	6,615	4,418	17,308	-	28,341
Charged in year	2,352	1,694	3,572	-	7,618
On disposals	(155)	(50)	4	-	(201)
Reclassification	-	-	(57)	-	(57)
Transfer from right-of-use assets	485	-	125	-	610
Reclassification to assets held for sale	(7,976)	(4,442)	(65)	-	(12,483)
Exchange differences	-	(5)	-	-	(5)
At 31 March 2025	**1,321**	**1,615**	**20,887**	**-**	**23,823**
Net book value					
At 31 March 2025	**845**	**293**	**9,067**	**-**	**10,208**
At 31 March 2024	9,679	4,667	7,076	-	21,422

As part of the trade and asset transfer of the DC business from Redcentric Solutions Limited to Redcentric Data Centres Limited on 1 February 2025 a review was undertaken to ensure that the asset registers for intangible assets, property, plant and equipment and right-of-use assets correctly recorded the relevant assets. As a consequence of the decision to account for the DC business unit as a discontinued operation, transfers have been made in relation to the relevant DC business unit assets. In addition, property, plant and equipment with a NBV of £13.2m have been transferred to assets held for sale.

The trade and asset transfer of the DC business was identified as a trigger for impairment. Management determined that the book value of property, plant and equipment equated broadly to their fair value, so no impairment was identified.

Vehicles and computer equipment include additions of £4.0m (FY24: £2.8m) relating to customer capital expenditure.

Included within property, plant and equipment additions is £2.1m (FY24: £3.1) of assets financed under the Group's Asset Financing Facility. The Directors have exercised judgement in determining that there has been no sale of these assets under IFRS 15 and therefore the assets are financed rather than representing a sale and leaseback arrangement.

8 Right-of-use assets

	Land and buildings £'000	Vehicles & computer equipment £'000	Total £'000
Cost			
At 1 April 2023	66,444	12,327	78,771
Additions	699	3,541	4,240
Transfer to property, plant and equipment	-	(1,618)	(1,618)
At 31 March 2024	67,143	14,250	81,393
Additions	505	288	793
Reassessments	(335)	-	(335)
Transfer to property, plant and equipment	(156)	(650)	(806)
Transfer to intangible assets	-	(123)	(123)
Disposals	(14,359)	(1,232)	(15,591)
Reclassification to assets held for sale	(50,058)	-	(50,058)
At 31 March 2025	**2,740**	**12,533**	**15,273**
Accumulated depreciation			
At 1 April 2023	22,296	10,193	32,489
Charged in year	10,231	1,546	11,777
Transfer to property, plant and equipment	-	(351)	(351)
At 31 March 2024	32,527	11,388	43,915
Charged in year	8,966	952	9,918
Transfer to property, plant and equipment	(485)	(125)	(610)
Transfer to intangible assets	-	(105)	(105)
Disposals	(12,411)	(3,146)	(15,557)
Reclassification to assets held for sale	(26,977)	-	(26,977)
At 31 March 2025	**1,620**	**8,964**	**10,584**
Net book value			
At 31 March 2025	**1,120**	**3,569**	**4,689**
At 31 March 2024	34,616	2,862	37,478

Most of the Group's right-of-use assets are associated with the leased property portfolio.

As part of the trade and asset transfer of the DC business from Redcentric Solutions Limited to Redcentric Data Centres Limited on 1 February 2025 a review was undertaken to ensure that the asset registers for intangible assets, property, plant and equipment and right-of-use assets correctly recorded the relevant assets. As a consequence of the decision to account for the DC business unit as a discontinued operation, transfers have been made in relation to the relevant DC business unit assets. In addition, right-of-use assets with a NBV of £23.1m has been transferred to assets held for sale.

As a consequence of the above review, it was also noted that a number of assets had been fully written down and the related lease contracts terminated in prior years. A disposal was therefore processed (£nil NBV) to remove these assets from the asset register as they no longer exist.

Of the £0.8m right-of-use assets acquired in the year, £0.1m was funded using leases that would have previously been classified as finance leases under IAS 17 (FY24: £nil).

Included in the net book value of land and buildings at 31 March 2025 is £0.2m right-of-use assets for dilapidations (FY24: £8.2m). The significant reduction year-on-year relates to the transfer of right-of-use assets to assets held for sale.

9 Assets held for sale

The major classes of assets and liabilities of the DC business unit, which met the criteria for being held for sale as at 31 March 2025 are as follows:

	Year ended 31 March 2025 £'000
Intangible assets	40,746
Property, plant and equipment	13,242
Right-of-use assets	23,081
Trade and other receivables	3,227
Prepayments	754
Contract acquisition asset	425
Accrued income	694
Assets held for sale	**82,169**

	Year ended 31 March 2025 £'000
Trade and other payables	1,005
Accruals	3,017
Deferred income	733
Asset financing liabilities	3,119
Leases	19,892
Deferred tax liability	1,650
Provisions	10,904
Liabilities held for sale	**40,320**

The above assets and liabilities are held at their carrying value which is lower than their fair value. No impairment was identified on classification as held for sale.

Included within liabilities held for sale is £3.1m of asset financing liabilities. At the balance sheet date, these liabilities are legally held by Redcentric Solutions Limited, and the liabilities are required to be settled upon a sale of the relevant assets to which they relate. As such, the Directors are satisfied that these amounts have been appropriately presented as held for sale. Similarly, lease liabilities of £19.9m, which at the balance sheet date are legally held by Redcentric Solutions Limited, have been presented as held for sale as they correspond to the ROU assets that are planned for disposal with the DC business. Post year end, a process of legally assigning these leases and novating the asset financial liabilities to Redcentric Data Centres Limited has commenced and is ongoing. The asset financing liabilities will be settled as part of the consideration for the sale.

10 Earnings per share

The calculation of basic and diluted EPS for continuing operations is based on the following earnings and number of shares.

Earnings	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 *restated £'000
Statutory profit/(loss)	**2,693**	1,723
Tax credit	**1,691**	109
Amortisation of acquired intangibles	**1,535**	4,397
Share-based payments and associated National Insurance	**1,235**	1,118
Exceptional costs	**924**	1,466
Exceptional income	**-**	(1,008)
Adjusted earnings before tax	**8,078**	7,805
Notional tax charge	**(2,020)**	(1,951)
Adjusted earnings	**6,059**	5,854

**restated to reflect continuing operations*

Weighted average number of ordinary shares	**Number '000**	Number '000
In issue	**159,021**	157,371
Held in treasury	**(540)**	(693)
For basic EPS calculations	**158,481**	156,678
Effect of potentially dilutive share options	**5,351**	5,129
For diluted EPS calculations	**163,832**	161,807

EPS for continuing operations	**Pence**	Pence
Basic	**1.70**	1.10
Adjusted	**3.82**	3.74
Diluted	**1.64**	1.06
Adjusted diluted	**3.70**	3.62

The calculation of basic and diluted EPS for the Group (combined continuing and discontinued operations) is based on the following earnings (number of shares noted above).

Earnings	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 £'000
Statutory profit/(loss)	**3,488**	(3,441)
Tax charge	**2,500**	(1,209)
Amortisation of acquired intangibles	**2,367**	5,229
Share-based payments and associated National Insurance	**1,267**	1,138
Exceptional costs	**1,703**	4,550
Exceptional income	**-**	(2,100)
Adjusted earnings before tax	**11,325**	4,167
Notional tax charge	**(2,831)**	(1,042)
Adjusted earnings	**8,494**	3,125

EPS for combined continuing and discontinued operations	**Pence**	Pence
Basic	**2.20**	(2.20)
Adjusted	**5.36**	1.99
Diluted	**2.13**	(2.20)
Adjusted diluted	**5.18**	1.93

In line with the Group's policy, the notional tax charge above is calculated at a standard rate of 25% (FY24: 25%).

11 Share capital

	Ordinary shares of 0.1p each		Share premium
	Number	£'000	£'000
At 1 April 2024	156,991,982	157	73,267
New shares issued	1,892,937	2	2,382
At 31 March 2024	**158,884,919**	**159**	**75,649**
New shares issued	**260,994**	**-**	**-**
At 31 March 2025	**159,145,913**	**159**	**75,649**

The total shares held in treasury at 31 March 2025 was 242,175 at an average cost of £1.23 per share therefore, with a total value of £298,258 (FY24: 632,703 shares at an average cost of £1.23, with a total value of £779,224).

The number of shares authorised is the same as the number of shares issued. Ordinary shareholders have the right to attend, vote and speak at meetings, receive dividends, and receive a return on assets in the case of a winding up.

12 Subsequent events

Subsequent to the reporting date of 31 March 2025, the Group has continued negotiations regarding the sale of the DC business unit (Redcentric Data Centres Limited). As at the date of approval of these Financial Statements, no transaction had been completed.

The potential transaction is part of the Group's strategic initiative to focus on its core business operations of the MSP business unit, which the Board believes offers attractive growth opportunities. The assets and liabilities related to the Data Centre business unit were classified as held for sale as at 31 March 2025 in accordance with IFRS 5.

The Group will assess and recognise any financial impacts arising from the transaction, including any gain on the disposal, in the period in which the sale completes.

On 14 April 2025 the Group signed a reversionary lease for its London West site. The reversionary lease will take effect upon expiry of the current lease being 24 June 2030 and will extend the term for 10 years, ending on 23 June 2040. The reversionary lease includes terms that are substantially similar to the current lease. Management have assessed that the signing of the reversionary lease is a non-adjusting subsequent event, as the agreement was executed after the reporting period and does not provide evidence of conditions that existed at the balance sheet date.

On 25 July 2025, the Revolving Credit Facility and Asset Financing Facility were extended a further year to 26 April 2027. In parallel with this extension, the Revolving Credit Facility was reduced from £80.0m to £60.0m, with Bank of Ireland exiting

the facility, all other terms remaining unchanged.

Appendix - Alternative Performance Measures

This report contains certain financial measures and analyses that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that management believes will be helpful to investors and other readers in assessing the underlying performance of the Group.

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

This information is again presented on a continuing basis unless otherwise indicated.

Recurring revenue

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

Continuing operations:	**Year ended 31 March 2025 £'000**	Year ended 31 March 2024 *restated £'000
Recurring revenue	**120,657**	110,715
Non-recurring revenue	**14,481**	14,059
Total revenue	**135,138**	124,774

**restated to reflect continuing operations*

The recurring revenue percentage is the percentage of recurring revenue as a proportion of total revenue and was 89.3% in the year, an increase of 0.5ppts from the prior year (FY24: 88.7%), remaining a favourable performance measure.

Capital expenditure - maintenance and customer

Maintenance capital expenditure is the element the capital expenditure that is incurred in support of the Group's underlying infrastructure rather than in support of specific customer contracts. This metric shows the level of internal investment the Group is making through capital expenditure. As the measure explains and analyses routine capital expenditure, land and buildings (including any associated assets relating to dilapidation provisions) and asset financing additions are excluded due to the infrequency of this expenditure occurring.

Customer capital expenditure relates to expenditure on assets utilised by the Group in delivering IT Managed Services to its customers.

The tables below are reported on a Group (combined continuing and discontinued operations) basis.

Capital expenditure is analysed as:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Property plant and equipment additions	**9,664**	9,318
Intangible additions	**1,698**	1,479
Right-of-use asset additions	**288**	1,033
Total capital expenditure	**11,650**	11,830

**These are right-of-use assets defined by the banking covenants.*

Capital expenditure is split as:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Maintenance capital expenditure	**6,519**	7,731
Customer capital expenditure	**5,131**	4,099
Total capital expenditure	**11,650**	11,830

EBITDA and Adjusted EBITDA

Adjusted EBITDA is earnings before interest, taxation, depreciation and amortisation ("EBITDA") excluding exceptional items and share-based payments plus any associated National Insurance. The same adjustments to earnings are also made in determining the adjusted EBITDA margin.

The Board considers that this metric provides a useful measure of assessing the underlying trading performance of the Group as it excludes items which can dramatically impact financial performance, for example one-off exceptional costs, or amortisation of acquired intangibles arising from business combinations, which varies year on year dependent on the timing and size of any acquisitions, and obscure the visibility of the underlying trading performance of the business. Adjusted EBITDA also helps to more easily assess the business' ability to generate cashflow and is a widely adopted metric.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *restated £'000
Reported operating profit	**8,395**	5,692
Amortisation of intangible assets arising on business combinations	**1,535**	4,397
Amortisation of other intangible assets	**1,058**	781
Depreciation of property, plant and equipment	**4,001**	2,649
Depreciation of right-of-use assets	**1,610**	2,265
EBITDA	**16,599**	15,784
Exceptional income (see note 5)	**-**	(1,008)
Exceptional costs (see note 5)	**924**	1,466
Share-based payments and associated National Insurance	**1,235**	1,118
Adjusted EBITDA	**18,758**	17,360

**Restated to reflect continuing operations*

Adjusted EBITDA increased to £18.8m, £1.4m higher than prior year, with an adjusted EBITDA margin of 13.9% (FY24: 13.9%).

Adjusted operating profit

Adjusted operating profit is operating profit excluding amortisation on acquired intangibles, exceptional items and share-based payments and any associated National Insurance.

Reconciliation of operating profit to adjusted operating profit for continuing operations is as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *restated £'000
Reported operating profit	**8,395**	5,692
Amortisation of intangible assets arising on business combinations	**1,535**	4,397
Exceptional costs	**924**	1,466
Exceptional income	**-**	(1,008)
Share-based payments and associated National Insurance	**1,235**	1,118
Adjusted operating profit	**12,089**	11,665

**Restated to reflect continuing operations*

Adjusted net debt

Adjusted net debt is reported net debt (i.e. total borrowings net of cash) less supplier term loans and less lease liabilities that would have been classified as operating leases under IAS 17 and is a measure reviewed by the Group's banking syndicate as part of covenant compliance. The table below is based on the full Group numbers combining both continuing and discontinued operations.

	Year Ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Borrowings - Revolving Credit Facility	**(38,947)**	(39,885)
Borrowings - Lease liabilities	**(24,599)**	(31,980)
Borrowings - Term loan	**(3)**	(21)

Borrowings - Asset Financing Facility	**(4,924)**	(3,609)
Total borrowings	**(68,473)**	(75,495)
Cash	**3,018**	3,130
Reported net debt	**(65,455)**	(72,365)
Term loans	**3**	21
Lease liabilities defined by the banking covenants	**23,562**	30,346
Adjusted net debt	**(41,890)**	(41,998)

Shown as:	
Continuing operations	**(38,771)**
Discontinued operations	**(3,119)**
Adjusted net debt	**(41,890)**

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact **rns@lseg.com** or visit **www.rns.com**.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our **Privacy Policy**.

END

FR FZGZLKDNGKZG