



redcentric

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REPORT & ACCOUNTS

2025

Year ended 31 March 2025 | Redcentric plc
Company Number 08397584

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Strategic Report

Highlights

Corporate highlights

During the financial year

- 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 different business market dynamics, so therefore needs to be addressed by different business models and have separate management teams. This was successfully completed on 1 February 2025;
- The Company 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 Company 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 was delighted to welcome 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 these individuals have substantial experience building technology businesses, leading change and crystallising growth in 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 revenue ¹	£120.7m	£110.7m	+9.0%
Recurring revenue percentage ¹	89.3%	88.7%	+0.6%
Gross profit	£83.3m	£78.2m	+6.5%
Gross margin	61.6%	62.7%	-1.1ppts
Adjusted EBITDA ²	£18.8m	£17.4m	+8.1%
Adjusted EBITDA ² 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 debt ³	(£41.9m)	(£42.0m)	+0.3%
Adjusted basic earnings per share ⁴	3.82p	3.74p	+2.3%
Reported basic earnings per share	1.70p	1.10p	+54.5%

Strategic Report

Highlights (continued)

Financial highlights performance measures (continued)

This Annual Report and Accounts contains 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.

For an explanation of the alternative performance measures used in this report and reconciliations to their most directly related GAAP measure, please refer to pages 15-17 of this Report.

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 IAS 17 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 tax, exceptional items and share-based payments and associated National Insurance to which a notional tax charge of 25% is applied.

For more detailed explanations of the alternative performance measures used in this report and reconciliations to their most directly related GAAP measure, please refer to pages 15-17 of this Report.

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 and service 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 sunseting 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.

Strategic Report

Chairman's Statement

I am pleased to introduce the Annual Report and Accounts ("Report") for Redcentric plc ("Redcentric" or the "Company") and the Redcentric plc group of companies (the "Group") for the financial year ended 31 March 2025 ("FY25"), 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 distributions 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.

Strategic Report

Chairman's Statement (continued)

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 foundation to deliver sustainable value.



Richard McGuire

Chairman

23 September 2025

Strategic Report

Chief Executive'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 about 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.

Strategic Report

Chief Executive's Review (continued)

Strategy and business model (continued)

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 public sector and commercial and large enterprise scale 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 opportunist 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 focussed 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 Spectrum Partner for Broadcom.

Strategic Report

Chief Executive's Review (continued)

Strategy and business model (continued)

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 proportion 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.

Strategic Report

Chief Executive's Review (continued)

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
23 September 2025

Strategic Report

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

As detailed in note 6, 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:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000	Change £'000	Change %
Continuing operations				
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.

Strategic Report

Chief Financial Officer's Review (continued)

Gross profit

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000	Change £'000	Change
Continuing operations				
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 (see note 5 and note 2.2 for further details).

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 pressure 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:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000	Change £'000	Change %
Continuing operations				
UK 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 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 (see note 5 and note 2.2 for further details).

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.

Strategic Report

Chief Financial Officer's Review (continued)

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 and in note 5 of this Report.

	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 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 (expense)/credit	(809)	1,318
Profit/(loss) for the period from discontinued operations	795	(5,164)

Revenue for the discontinued operation 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 operation 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.

Strategic Report

Chief Financial Officer's Review (continued)

Earnings per share

As detailed further in note 13 to this Report, 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 and 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 15 to this Report, 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 16 to this Report, 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 17 to this Report, 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

As detailed further in note 20 to this Report, 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

As detailed further in note 22 to this Report, 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 note 23.3 to this Report, 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. A detailed reconciliation of the movement in the year is also shown in note 23.4 to this Report.

Strategic Report

Chief Financial Officer's Review (continued)

Net debt (continued)

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 £'000	Drawn £'000	Undrawn £'000	Available £'000	Drawn £'000	Undrawn £'000
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	139,001	75,610	63,391

Strategic Report

Chief Financial Officer's Review (continued)

Financing (continued)

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

As detailed further in note 24 to this Report, 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

As detailed further in note 25 to this Report, 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
23 September 2025

Strategic Report

Alternative Performance Measures

This Annual 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.

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

**Restated to reflect continuing operations (see note 5 and note 2.2 for further details).*

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 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 below tables 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 (note 16)	9,664	9,318
Intangible additions (note 15)	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.*

Strategic Report

Alternative Performance Measures (continued)

Capital expenditure – maintenance and capital (continued)

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 (as set out in note 9) 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 (note 9)	-	(1,008)
Exceptional costs (note 9)	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 (see note 5 and note 2.2 for further details).*

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

Strategic Report

Alternative Performance Measures (continued)

Adjusted operating profit

Adjusted operating profit is operating profit excluding amortisation on acquired intangibles, exceptional items and share-based payments and 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 (see note 5 and note 2.2 for further details).

Adjusted net debt

Adjusted net debt is reported net debt (i.e. total borrowings net of cash) less supplier term loans and 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 as detailed in note 23.2. The below table 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 syndicate	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)



Tony Ratcliffe
Chief Financial Officer
23 September 2025

Strategic Report

Section 172 Statement – Our Stakeholders

The Board recognises its duty to consider the needs and concerns of the Group's key stakeholders during its discussions and decision-making. The Board acknowledges the importance of fostering relationships with all of its stakeholders, as set out below, and also detailed in the Strategic Report and Corporate Governance Report within this Annual Report. More detailed information on how the Directors have discharged their duties under section 172 of the Companies Act 2006 is available in the Strategic Report on pages 1-45 and the Corporate Governance Report on pages 47-53 of this Report.

Colleagues

- Colleague communications – the Group holds regular all-hands colleague briefing sessions led by members of the operating board to enable colleagues to ask questions and raise any issues, and for colleagues to receive general business updates. Key performance information such as trading updates and financial results, which have been released to the market, are promptly communicated to colleagues by group wide internal emails and follow up all colleague calls;
- Engagement survey – the Group completed another all-colleague opinion survey in the year to help benchmark the engagement of colleagues and support management in the development of a new action plan which will contribute to people strategy moving forward;
- Learning management – the partnership with LinkedIn learning continues to receive positive feedback from colleagues. All line managers have access to create LinkedIn learning and development pathways for their teams, and take-up and utilisation of the programmes and materials on offer continue to increase month on month;
- Colleague recognition – the weekly Friday “Shout Out” recognition scheme has continued, and the “Extra Mile” recognition programme has been re-launched, both schemes intended to reward colleagues for their outstanding contributions to the business;
- Share schemes – the Company has established an HMRC approved Save-As-You-Earn share option plan (“SAYE”) to enable colleagues to become personally invested as shareholders of the Company. The Company invites colleague participation on an annual basis;
- Equal opportunities and inclusion – the Group actively supports the principle of equal opportunities in employment and is committed to ensuring that individuals are treated fairly, with respect and are valued. The Diversity and Inclusion Forum works with colleagues across the business to understand ways to ensure the Group is fully inclusive. Individual working groups ensure focus on areas for improvement identified by colleagues and specialist external advisers. The Group uses diverse hiring practices to help attract candidates from various backgrounds, which are regularly reviewed to ensure recruitment strategies eliminate biases and promote a fair hiring process. The Group remains committed to supporting apprenticeships and currently employs 15 apprentices. All colleagues undertake mandatory diversity training programmes to raise awareness of unconscious biases and promote cultural competence, with a suite of policies aimed at ensuring equal opportunities and inclusion in the workforce. A Neurodiversity Inclusion Policy was introduced in the year; and
- Colleague support - the MetLife Well-being Hub is available to all colleagues and provides a wide range of support and access to services, including an Employee Assistance Programme offering confidential support services (counselling sessions, cognitive-behavioural therapy, legal advice, and financial management guidance). The Group's hybrid working model gives colleagues flexibility, allowing them to achieve a better work-life balance, and the Group offers a 3:30pm finish time on Fridays.

Further information is included in the Corporate Responsibility section on pages 24-28 and in the Corporate Governance Report on pages 47-53 of this Report.

Customers

- Customer surveys - the Service Delivery management team conducts Net Promoter Score (“NPS”) surveys immediately following customer service reviews. The Group has increased the frequency of NPS surveys in the year, resulting in improved response rates and facilitating continuous customer feedback. In addition to the NPS, Service Delivery Managers also engage customers in rating performance across key business areas on a scale of 1 to 10, enabling a more granular understanding of service perception. Survey outcomes are reviewed during monthly Service Improvement Meetings with departmental leadership to identify trends and prioritise improvement areas;
- Monthly and quarterly service reviews - regular service reviews are held with customers, jointly led by Service Delivery Managers and Account Managers. These sessions focus on assessing the overall service experience and identifying additional support requirements or improvement opportunities;
- RAG reviews - Service Delivery Managers document their assessment of customer sentiment each month, based on recent interactions and performance. These ratings are captured in a RAG dashboard and reviewed collaboratively with all operational management teams on a monthly basis to proactively identify, prioritise, and resolve any emerging service issues;

Strategic Report

Section 172 Statement – Our Stakeholders (continued)

Customers (continued)

- Customer success forum - this is a senior management-led, internal monthly forum focused on identifying potential barriers to customer success. It serves as a platform for cross-functional collaboration to drive strategic service enhancements and Group-wide improvement initiatives;
- Customer service management solution – the Group’s primary service management tool is known as “SMAX” (Service Management Automation X). Following several years of development and investment, SMAX provides customers with a single point of contact to raise queries and issues and provides an effective helpdesk solution to manage customer interactions. Key to the successful interaction with customers is how SMAX connects with Microsoft Dynamics 365, enabling effective and targeted communications to customers for situations such as Major Incidents and Changes. Any changes that are planned and made to the solution are communicated to all customers detailing when and what will be changing;
- Customer feedback - every support ticket logged by a customer provides the customer with an opportunity to feedback on the level of service they have received. This opportunity to feedback is created upon the closure of a support ticket and the customer can choose from a star rating of Gold, Green, Yellow and Red. In addition, the customer is able to add comments to a star rating. Ratings and feedback are assessed by the Incident Management Team, with follow up discussions held with respective internal teams and customers around any negative ratings/feedback. Actions for improvement are added to the Group’s Continuous Service Improvement Plan; additional processes are available to customers if they would like to pursue a complaint;
- Development of the Group’s marketing function and output – during the year the Group separated the marketing function from the combined sales and marketing function and appointed a marketing director to also attend the Operations Board. Progress has already been made in developing the function’s capabilities to better engage with customers and prospects. Recognising the ever-changing expectations and the complex nature of customers, the marketing output constantly evolves to ensure it is providing valuable, engaging and informative content and contact. The Group keeps customers fully informed on the Group’s product and service offering, whilst building more specific campaigns and engagement around market verticals. Improving the management of customer data and the utilisation of technology and channels ensures better targeting of customers; and
- Expanded Use of Channels – the Group’s marketing presence has evolved significantly, with a more focussed output and messaging across the primary social media channel, LinkedIn, regular targeted email campaigns to the customer base, introduction of paid media channels to reach new audiences, and the investment in key offline events. A new digital marketing agency working with the Group helps maximise visibility across traditional search engines, whilst continuing to develop strategies and tactics that adapt to the rapidly changing digital landscape.

Suppliers

- Strategic partnerships – the Group takes a strategic approach to fostering and developing robust partnerships with suppliers. These partnerships allow the Group to:
 - Maximise consistent quality and the reliable supply of goods and services;
 - Enhance responsiveness and market agility;
 - Stimulate innovation through collaborative product development;
 - Achieve cost-efficiencies through shared objectives and transparent communication; and
 - Understand and improve the impact of operations on the community and the wider environment.
- There is a particular emphasis on key strategic partners, all of whom participate in annual executive level forums and quarterly partner events, in addition to service reviews within the Group’s strategic value framework. These collaborative events allow participants to develop revenue opportunities, customer value propositions and growth for each other. Some of the Group’s strategic partnerships are listed below:
 - Microsoft – Application Development, Application Integration, Cloud Platform, Cloud Productivity, DevOps (all GOLD); Content and Collaboration, Data Platform, Datacentre, Security (all SILVER);
 - Cisco – GOLD;
 - HPE – Silver PRSP (Partner Ready Service Provider);
 - Citrix – CSPP (Citrix Solutions Provider Programme);
 - VMware by Broadcom – VCSP Pinnacle Partner;
 - Fortinet - Expert Partner;
 - British Telecom; and
 - Virgin Media Business.
- The Group also continues to give additional focus to suppliers in the faster growing market sectors, such as Cloud Security and Managed Services, driven by customer requirements;
- Sustainability - As part of the Group’s commitment to work in line with the ten principles of the United Nations Global Compact, it maintains compliance with an externally facing sustainable supply chain policy document, which is reviewed annually;

Strategic Report

Section 172 Statement – Our Stakeholders (continued)

Suppliers (continued)

- Value alignment - Following the appointment of a procurement and supply chain director in the prior year, FY24, further resourcing of the procurement team in the year has led to the deployment of a digital platform for real-time interaction and data exchange. This platform facilitates engagement with suppliers who are aligned to the Group's strategic goals and hold mutual values. The platform not only ensures compliance but encourages the supply chain to broaden diversity and inclusion, and it fosters deeper partnerships centred around sustainability and carbon reduction; and
- Supplier partnerships remain a cornerstone of operational excellence and strategic expansion. The Board reaffirms its commitment to cultivating these relationships to ensure resilience, innovation, and sustainable growth in a dynamic market landscape.

Shareholders

- Analyst and investor roadshows - the Chief Executive Officer and Chief Financial Officer hold analyst and investor roadshow meetings throughout the year, particularly following the release of the Company's interim and full year results and feedback from those meetings is shared with the Board;
- The Chairman and all Directors make themselves available for direct engagement with shareholders, when required;
- AGM - the Company's AGM is a key opportunity for engagement between the Board and its shareholders, particularly smaller or retail shareholders who do not participate in the roadshow schedules. The AGM's are held as face-to-face meetings, although shareholders are given the opportunity to submit questions for the Board ahead of the AGM if they cannot attend in person;
- Annual Report and Accounts – the Group's Annual Report and Accounts is made available to all shareholders online and in hard copy, where requested; and
- All presentations and regulatory announcements are made available on the investor section of the Group's website. The release of a new shareholder platform, Investor Centre, is scheduled for launch in the current year, FY26, which will allow shareholders to access and manage their investment with greater ease.

Further information is included in the Corporate Governance Report on pages 47-53 of this Report.

Environment

- Accreditations - the Group has maintained its ISO 14001:2015 environmental management certification, through which it identifies and evaluates those business aspects that can impact the environment, ensures relevant compliance obligations are met and measures its environmental performance against agreed objectives;
- Carbon reduction - the Group has continued to focus on carbon reduction improvement initiatives for its data centre estate, whilst monitoring those measures already implemented to evaluate performance against anticipated savings.
 - Infrastructure improvement actions implemented in the year included the installation of highly efficient modular UPS systems to reduce power consumption and significantly increase reliability;
 - The introduction of branchway metering in the year now enables customers to receive carbon reports based on actual power usage. This is intended to encourage positive behavioural change as it allows customers to calculate potential carbon reductions and cost savings through investment in more efficient equipment; and
 - Since 2011, the Group has secured 100% renewable energy to power its data centres.
- During the year the relocation of the Group's head office to a smaller, more efficient space was completed. The Group's hybrid working policy has continued to positively impact environmental performance through the reduced need for office space, energy usage and colleague travel;
- The Group's electric car salary sacrifice scheme is open to employees as part of its commitment to reduce the Group's carbon footprint, whilst delivering financial savings to participating colleagues;
- Throughout the year, the Group has continued to work closely with its third party ESG partners. They were appointed to assist the Group with all elements of sustainability management, ranging from strategy and data analysis and reporting through to identifying all risks and opportunities around environmental and social values. The Group's sustainability committee meets quarterly to discuss key topics and ensure risk and initiatives actions are owned, tracked and progressed; and
- The Group continues its commitment to the environment and supports the Government's UK-wide target to reach net zero by 2050. As part of this commitment, the Group is involved in the UK Government Science Based Target Initiative (SBTi) and also voluntarily discloses its climate position via the CDP – an independent environment disclosure system. The Group is pleased to have produced the CFD report as part of its statutory reporting requirements.

Further information is included in the Sustainability section of the Annual Report on pages 29-45 of this Report.

Strategic Report

Risk Management

The Board takes risk management very seriously and adopts a simple and consistent approach to the identification, monitoring and management of risk across the Group. Risk management underpins the Group's offerings, both products and services, its core values and helps to maintain stakeholder confidence and support business growth.

The Group has a strong risk management framework that is embedded within the business, managing risks smartly to achieve its ambitions safely, deliver on its strategies, align to the Group's business model, whilst protecting Group assets and leading the way towards a sustainable future. All of this is underpinned by a risk averse culture where risks are identified, assessed and mitigated where possible.

How does the Group manage its risks?

The Group encourages all employees to identify, record, monitor and manage risks at their appropriate level, empowering them to take a level of local ownership whilst maintaining management oversight via regular and independent reviews by dedicated central teams.

Risks are collated, assessed and managed using a consistent framework, with each business unit owning and managing risk relevant to them, measured methodically and consistently through the business. High likelihood and high impact risks are cascaded upwards to operating board level and upwards to the Company Board, where they sit alongside overall Group-wide or corporate risks. This allows the appropriate level of visibility, ownership, and management with consistency and transparency throughout.

Alongside business unit risk, specific risk registers are maintained for functional areas, tailored to the identification, appraisal and mitigation of environmental, sustainability, quality management, financial, business continuity and information technology/cyber security risks, and others, all of which are actively owned and managed by internal functional teams.

Principal risks

The principal risks identified by management, which amount to an overall similar level of risk to last year, are summarised below:

Technology

Information and cyber-security

The market for the Group's services sits within an ever-changing and closely monitored geo-political climate, all of which naturally increases the cyber-risk landscape for the Group and its customers. The Group monitors all short and medium-term implications alongside maintaining constant, pro-active vigilance against such risks, driven from the top down from policy through process and procedure into technology, automation, testing, training, pro-active monitoring and continuously advancing alerting capabilities.

The Group maintains membership of some of the highest levels of security accreditation both inwardly facing and as part of the services offered to customers. The Group also actively works with external cyber security experts, best practice guidance and authorities in continuous analysis and response to the overall changing threat landscape.

The security stance evolves, both internally and externally, in order to meet the ever-increasing threats placed upon the industry in general and globally. The focus here and current mitigations not only allow the Group to protect itself in the best ways possible, but also offer this capability directly to customers, helping them with their own internal cyber risk.

Strategic Report

Risk Management (continued)

Principal risks (continued)

Sustainability

The environment

The Board assesses areas of environmental risk where an operational impact may occur as a result of external environmental factors and also the direct and indirect impact on environmental and social areas by Group activities.

Regarding the Group's impact on the environment, this is taken to include the social, geographical, direct and indirect emissions and the overall sustainability of its facilities, the impact on people, and that of its products, services and processes. As customers seek to reduce their own emissions, demand for the Group's offerings change, and the Board recognises the importance of the Group's corporate responsibility to do everything possible to reduce the impact that both the Group and its customers have on the environment.

A further environmental focus is the potential risk or impact to Group functions and activities of external environmental factors and how they may be changing (including environmental disaster), factors that may impact on the Group's ability to maintain services and keep customers, facilities and colleagues safe.

The Group operates a dedicated in-house Environmental, Social and Governance ("ESG") committee and maintains an environment specific register to identify, understand and consider the mitigation of risks to the Group's own continuity caused by external environmental impacts. The Group is also certified to a recognised environment management standard and maintains an annual set of environmental objectives used to measure and maximise power efficiency across sites, reduce business travel, reduce use of paper and physical peripheries, reduce waste and proactively offset carbon emissions through carbon reduction planning strategies.

The impact of environmental risks has also been considered when preparing the current year financial results. When undertaking the going concern assessment management have considered a downside scenario that reflects reduced energy efficiency savings, for example in sustained periods of hot weather. Also, in reviewing the value of intangible assets and property plant and equipment, consideration has been given to any impacts of climate-related risks to fair values or the useful economic lives of assets. Management deemed these risks as immaterial during the year and as at the balance sheet date.

Business continuity

The Group maintains an externally certified set of best practice policies and processes to help maintain high quality business continuity standards. Key to the success of this activity is understanding its position as a relatively self-contained organisation thus performing a set of criticality assessments across all areas of colleagues, facilities, systems and processes and the interdependencies of these. A critical element of the Group's operating methodologies and procedures is to mitigate identified risks through the careful construction, maintenance and management of all elements of business continuity, maintaining adherence to standard best practice in the industry.

The Group operate regular externally audited crisis scenario exercises and maintains continuity plans covering all areas of the business, performing regular, top-down assessments of business impact through potential loss of colleagues, processes, assets or facilities. The regular testing of back-up and recovery plans also occurs across the technical landscape. These actions all help to increase understanding and capability internally and maximise availability of services to customers, whilst de-risking customers' ability to contract with the Group.

Financial Control

Market and economic conditions

Market and economic conditions, and their uncertainty, are recognised as one of the principal business risks in the current trading environment. This risk is mitigated by the monitoring of trading conditions and the constant search for ways to achieve new efficiencies in the business without impacting levels of service. The Board considers that the Group is relatively well protected against customer concentration risk due to the Group's diverse and broad ranging customer base, however loss of a major contract or customer still remains a principal risk, as discussed below.

Loss of major contract

Failure to successfully manage large, significant and complex clients could lead to a loss of significant revenue and possible reputational damage. To address this risk, the Group pro-actively maintain Sales Management Plans, hold regular customer meetings by account teams, and aligns service delivery to sales in order to support both the Group's and its customers strategies. The Group also operates a meaningful and accurate customer satisfaction methodology with feedback loop.

Strategic Report

Risk Management (continued)

Principal risks (continued)

Capability

Competition and market pressures

The Group operates in a highly competitive marketplace and, whilst the Board believes that the Group enjoys significant strengths and advantages in competing for business, some of its competitors are much larger with considerable scale that could allow them to offer similar services for lower prices than the Group would be prepared to match. Competitors could therefore materially adversely impact the scale of the Group's operations and its profitability. The Group monitors competitors' activity and constantly reviews its own services and prices to ensure a competitive position in the market is maintained. Increasing the capability and scale of operations has greatly strengthened the Group's positioning within the marketplace, allowing more competitive pricing and additional service offerings.

Workforce

As a service provider the Group is dependent on the skill and experience of its established workforce. The Group could be adversely impacted if employee levels and mix of skills are not maintained. The Group continually strives to recruit suitably skilled and experienced employees by offering a challenging and rewarding work environment with appropriate remuneration packages relative to their skills and experience and the competitive landscape. In addition, the Group has facilities in multiple locations which helps to access local talent pools. across the country.

Proposed disposal of DC business unit

The anticipated disposal of the DC business unit presents a number of risks to the Group, some of which are short-term, but a number will remain as ongoing risks for the near future.

Financial

There exists a risk that the disposal is not completed for the anticipated valuation assuming in the preparation of these financial statements, or that the deal has a longer completion timeframe that could impact both valuation and fees incurred. There is also a risk that the terms for ongoing commercial arrangements with a potential buyer are negotiated to a less favourable position for the MSP business that impacts valuation.

Operational

The disposal of the DC business unit will result in a key element of the supply chain of the MSP business unit being outsourced to a third party, which will present operational risks from a potential loss of a degree of control over these activities, such as customer service level agreement requirements. These will be mitigated via negotiation of the post-disposal commercial arrangements between the DC purchaser and the MSP business, as with any typical key third party supplier relationship.

Strategic

Whilst also an opportunity, the disposal of a major business unit inherently comes with it strategic risks, with near-term focus challenges at board-level whilst a disposal is ongoing, coupled with longer term challenges such as a smaller cross-selling opportunity or a reduced amount of leverage with shared suppliers.

Reputational

Whilst this disposal is expected to increase clarity on the continuing business from an investor perspective, there is an inherent risk to the Group's customer base, particularly those customers who are supplied by both the DC and MSP business units. This has to a degree been mitigated by clear communication to customers at the time of separation, but a risk remains that a change in our relationship with customers could be perceived negatively in that community.

Strategic Report

Corporate Responsibility

Our colleagues

The year saw the consolidation of the changes made within the business units in the previous year, with the further embedding of the new divisional operating structures. This change to the Group's operating structure has ensured that the Group continues to enhance the delivery of high-quality products and services to its customers with an increased focus on listening to customers and the development of innovative solutions and services tailored to key customer needs.

During the year, the strategic decision was made to separate the sales function from the marketing function, creating a standalone marketing presence at the Operations Board level, to best focus the Group's offerings to market opportunities. Management believes that this is a critical investment which should be expected to yield significant benefits to the business over the course of the current year FY26 and beyond by developing a clearer product and solutions proposition for customers in addition to increased and improved sales leads for the sales team to intelligently harvest.

Following the separation of the DC and MSP business units from what was a single combined business, each business unit now has its own management team, organisation structure and resources, allowing for dedicated focus for valued customers in each business unit. The Board believes that this successfully clarifies and strengthens the core proposition of the two very distinct business units operating in two distinct markets.

The Group continues to be committed to a hybrid working model, allowing all colleagues much-needed flexibility and opportunity for collaboration as well as the ability for focused office-based work time. This flexibility is also seen as critical in attracting a wider pool of talent. The Head Office space in Harrogate, as well as other locations, offer modern, collaborative and attractive workspaces for all colleagues.

The year has been another busy year for the business, with a continued focus on process improvements and efficiencies across all areas of the business, aided by embedding consolidated operating structures and separating the DC and MSP business units, an exercise which has completed successfully.

Listening to our colleagues

Some years ago, the Group launched an ongoing listening programme to ensure management had the opportunity to hear and understand the views of each and every colleague in the business. As a result of this programme, a number of new people programmes and initiatives have been introduced over the last five years, and the business expects to continue to evolve these in tandem with ongoing feedback from all teams to help create a best-in-class colleague experience for everyone working in the business.

Management is committed to continuing to listen to the views of colleagues and ensuring tangible actions are put in place to address recent survey feedback. The results of this and future surveys will inform and refine people priorities and focus for the years ahead.

Management is also committed to maintain or preferably improve upon past engagement levels, which given the volume of change across the business would be a significant achievement, especially given the context of the external market challenges and other economic challenges. A number of initiatives have been committed in response to previous feedback from colleagues, including;

- Continued investment and development in the Group's LinkedIn learning partnership, which has seen a significant increase in utilisation over the last 12 months as a result of targeted campaigns, colleague learning webinars and line manager upskilling on career and development pathways;
- Ongoing enhancements to the online performance and development and recognition systems which form part of Peoplecentric, the Group's HR system, enabling colleagues with easy one-stop access to their objective and development actions, as well as the ability to quickly recognise other colleagues more easily;
- Continued focus on hybrid working and flexible working opportunities enabling colleagues to perform at their very best;
- Continued access to all internal communications, keeping teams connected and engaged with all colleague calls, divisional calls and the weekly recognition "Shout Outs";
- Dedicated Brand champions who are committed to promoting and supporting the Group;
- Expansion of the Diversity and Inclusion forum to ensure equal opportunities for all across the business and to help ensure an inclusive working environment and the launch of new diversity modules for all colleagues;
- Continued maintenance of high-quality office spaces and working environments; and
- The relaunch of the monthly "Extra Mile Awards", to celebrate and recognise the achievements of colleagues.

Strategic Report

Corporate Responsibility (continued)

Our colleagues (continued)

Wellbeing

The wellbeing of all colleagues continues to be at the forefront of the Group's people agenda, with a dedicated programme of activity addressing a number of differing needs.

Physical Wellbeing

All colleagues have access to private medical and permanent health insurance schemes to give peace of mind and security, with the knowledge help is there if required. In addition, the Group continues to provide a scheme offering discounts on dental care, physiotherapy and a range of other health discounts for colleagues. The Group has arranged a number of education programmes over the last year, including yoga, fitness, eating healthily, men's mental and physical health and the menopause. The Group has a new partner to support the delivery of occupational health support for colleagues.

Emotional Wellbeing

The "Time to Talk" programme gives access to a mental health first aider team and to the employee assistance scheme, supporting a number of mental health initiatives including access to workshops for personal resilience, managing stress, help for sleep, mindfulness and more.

Financial Wellbeing

Financial wellbeing is becoming increasingly important to colleagues, and the business continues to offer a number of schemes to help colleagues make their money go further including:

- Continued availability of the Perks scheme which gives access to a large number of online and high street discounts;
- Continued access to a Tastecard scheme, with discounts on a large number of food chains, retailers and theme parks;
- Continued access to an electric car scheme partnership delivered via a salary sacrifice programme which enables colleagues to save money on car leases whilst also helping to support the environment;
- Continued access to the Cycle to Work scheme delivered via a salary sacrifice programme which enables colleagues to save money whilst incentivising cycle travel; and
- Access to the SAYE share scheme to support colleagues with the option to grow their savings whilst aligning to shareholders.

The Group is committed to seeking additional initiatives to support colleagues.

All colleagues also have access to the Employee Assistance programme which offers help and support across a number of key areas, including external counselling support, legal support and basic financial advice.

Equality and diversity

Creating a diverse, inclusive and great place for all colleagues to work and thrive is a top priority of the Group's people agenda.

The Group actively supports the principle of equal opportunities in employment and is committed to ensuring that individuals are treated fairly, with respect and are valued. The Group opposes all forms of unlawful or unfair discrimination on the grounds of colour, race, religion or belief, nationality, ethnic or national origin, sex, gender reassignment, sexual orientation, marital or civil partner status, age or disability (the "Protected Characteristics").

It is important that no one receives less favourable treatment or is disadvantaged on any of the above grounds. Every possible step is taken to ensure that individuals are treated equally and fairly and that decisions on recruitment and selection and opportunities for training and promotion are based solely on objective and job-related criteria.

The Group has an established diversity, equality and inclusion forum and created a new diversity and inclusion policy aimed to ensure these principles are maintained across the business. The recruitment processes have been reviewed to ensure that recruitment is from a diverse workforce. Diversity and inclusion training has been rolled out across the business.

Strategic Report

Corporate Responsibility (continued)

Our Colleagues (continued)

Gender diversity

The average number of employees employed during the year was as follows:

	Male	Female	Total
Executive Directors	2	0	2
Operations Board	4	1	5
Senior managers	29	6	35
Other employees	498	114	612
Total average headcount	533	121	654

Whilst the gender profile of the Group is in line with the industry norms, the Group is undertaking a number of initiatives to address the male/female imbalance, as outlined in the section below:

Gender pay report

It is pleasing to be able to highlight the positive steps made in reducing the gender pay gap in the last year. Like most peer organisations, the gender pay gap is heavily influenced by the imbalance of males and females across the business, which has most notably been driven by recent headcount growth through acquisition. Positively, over the last 12 months, the mean difference in pay has decreased by 3% from 25% to 22% and there has been a significant decrease by 11% from 28% in the median pay gap to 17%.

The gender pay gap in the lower, lower middle and upper middle quartiles of the business have all decreased, whilst the gender pay gap in the upper quartile has increased. Both the lower middle and upper middle quartile pay gaps are now at 1% which shows a near equal pay between males and females within these quartiles.

Management acknowledges that further improvements could be made, and the leadership team is fully committed to supporting a continued focus on attracting and retaining female talent, as well as supporting existing colleagues, in all quartiles and into more senior positions.

The Group will continue to focus on improving its gender pay gap through a focus on the following actions:

- Talent acquisition and gender balanced shortlists;
- Continued investment in apprenticeship schemes across the business;
- Support for the DE&I forum;
- Promotion of a flexible and family friendly work environment;
- Investment in learning and development support for all colleagues; and
- Working closely with local schools and colleges to particularly identify female talent.

Apprenticeship programmes

Supporting talent into and in the business via apprenticeships continues to be a key priority to both develop existing colleagues and to attract new talent into the business.

Leveraging apprenticeship programmes for both new and existing colleagues remains a priority for the business which has supported 15 apprenticeships across various business functions over the last year, including IT Sales, Data Technology, Data Analysis and Finance.

Ongoing support across local communities has helped enable job opportunities, whilst working with local schools and colleges helps give school children the skills and confidence to enter the workplace. The Group has supported six work experience placements over the last year.

Strategic Report

Corporate Responsibility (continued)

Our Colleagues (continued)

Share ownership scheme

The Group believes that providing an effective employee share ownership programme helps to align colleagues' interests with those of the Company's shareholders and plays a key part in the attraction and retention of colleagues and supports their investment into the business. In November 2014 the Company launched a SAYE option plan where colleagues contribute a monthly amount, up to £500, which is saved and accumulated over a three-year period, crystallising in an option to buy shares in the Company at a pre-determined price. If the option is not exercised, the saved funds are returned to the colleague.

There is typically an annual opportunity to participate. In November 2024, the Company granted options over a total of 413,062 ordinary shares. These options will be available for exercise from 1 November 2027 and were struck with an exercise price of 103.14 pence per share.

As at 31 March 2025, the following number of SAYE share options were outstanding under the plan:

Grant date	Exercise price (p)	Opening options	Options granted	Options exercised	Options lapsed/cancelled	Options remaining
2 September 2020	119.60	34,013	-	(4,515)	(29,498)	-
27 August 2021	108.33	91,412	-	(82,440)	(2,326)	6,646
23 December 2021	99.87	434,155	-	(302,852)	(16,220)	115,083
26 August 2022	96.07	375,973	-	(8,379)	(75,368)	292,226
2 October 2023	101.33	339,622	-	-	(46,493)	293,129
1 November 2024	103.14	-	413,062	-	(43,523)	369,539
Total		1,275,175	413,062	(398,186)	(213,428)	1,076,623

Charitable activity

The Group remains deeply committed to supporting local charities and communities and expects this to continue into the new year, FY26, continuing efforts to make a positive and lasting impact. It is very inspiring to see how colleagues have not only continued, but also expanded their involvement in charitable activities, embracing the spirit of giving both locally and nationally.

As part of the Group's charitable initiatives, support continues for a number of important causes through colleague fundraising activities, including:

- Harrogate Hospital;
- MacMillan Coffee Morning;
- Children's Heart Surgery Fund;
- Sue Ryder – specifically through partnership with them on a payday raffle, raising more than £33,000 to date for their essential services;
- St Michael's Hospice – a local charity supported by colleagues through fundraising activities every Christmas; and
- Yorkshire Cancer Research.

During the year, the Group's focus on community engagement has evolved further to support a wider range of initiatives:

- Work experience and apprenticeships – through a continued collaboration with Leeds City College, to provide young people with opportunities to enter the technology sector. This has led to an increase in the number of apprenticeships and work experience placements for underrepresented groups;
- School Partnership and outreach – through partnership with Ahead Partnership, to continue to help schools by providing mentorship and career guidance, supporting the next generation of talent, particularly within the technology sector; and
- Corporate Sponsorships and donations – the Group proudly supports key community initiatives, including;
 - Donation of £10,000 worth of new laptops to the Thackery Museum of Medicine to enhance their educational outreach programme; and
 - Sponsorship of a group of Leeds school children to attend the Women's Rugby World Cup, promoting inclusivity and inspiring young women in sports.

Strategic Report

Corporate Responsibility (continued)

Charitable activity (continued)

Additionally, there has been an increased uptake of colleagues using their paid volunteering days to help local causes. The business encourages colleagues to use their paid volunteering leave to support the causes that matter the most to them, and the interest in doing this continues to grow.

Looking ahead, the Group is planning in the new year, FY26, to:

- Continue the work experience programme, “Redcentric, Set, Go”, to focus on supporting local schools and universities through CV workshops and interview skills training specifically tailored to the technology sector, helping students pursue careers in technology; and
- Charity Champion Award. The Group plans to introduce a new Charity Champion Award to recognise and celebrate colleagues who have made exceptional contributions to charitable causes.

Health and safety

The Group is committed to maintaining high standards of health and safety.

Colleagues receive and have access to an extensive library of health and safety training through several online management systems. New starters are provided with an induction that includes safety awareness and DSE Assessment.

There were no RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) accidents reported during the year.

All offices and sites have had fire risk assessments as well as statutory compliant audits completed through the course of the year, providing confidence that all sites comply with UK Health & Safety legislation requirements and the Board is meeting its duty of care responsibilities.

Lone working technology (through an external partner, SoloProtect) has been introduced, with the internal policy and procedure updated and rolled out across the Group.

Additional training has been made available for all appropriate colleagues, to support their ability to operate in a safe and compliant manner.

The Group actively promotes a positive safety culture with employee engagement and instruction whilst guidance is communicated through a corrective action process, a well-managed health and safety policy, safety notice boards, and supported by a newly introduced quick guide booklet.

Strategic Report

Sustainability Reporting

The Group acknowledges that climate change is a growing challenge that poses potential risks and opportunities for businesses. As a responsible IT Service Provider, the Group is committed to reducing its environmental impact and embedding sustainability across its operations. The Group actively addresses the implications of climate change and strive to operate in a way that supports a more sustainable and resilient future.

The Climate-Related Financial Disclosures (CFD) require mandated companies to disclose their material climate-related risks and opportunities and their framework for assessing and managing such risks. This framework is structured around four key areas: Governance, Risk Management, Strategy and Metrics & Targets. These areas align with the core elements of how an organisation operates. Within these areas, the CFD recommends eight specific disclosures (detailed in Table 1 below). These disclosures provide a roadmap for transparent reporting to stakeholders, ensuring a comprehensive understanding of the Group's position regarding climate change.

Redcentric is captured by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 for the second year. As an AIM-registered company with more than 500 employees, Redcentric is mandated to provide a climate-related financial disclosure. Accordingly, the Group has complied with all eight CFD reporting disclosure requirements set out in the regulations. In addition to the CFD-related reporting, the Group discloses its energy usage and carbon emissions following the Streamlined Energy & Carbon Reporting (SECR) regulation, thereby abiding by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Net Zero is defined as a 90% absolute reduction in Scope 1, 2 and 3 emissions by 2040, offsetting the remaining 10%.

Table 1: CFD Recommended Disclosures Reference

CFD Area	Recommended Disclosures	Page
Governance	A) A description of the governance arrangements of the Company or LLP in relation to assessing and managing climate-related risks and opportunities.	30
Risk Management	B) A description of how the Company or LLP identifies, assesses, and manages climate-related risks and opportunities.	31-34
	C) A description of how processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management process in the Company or LLP.	31-34
Strategy	D) A description of— (i) the principal climate-related risks and opportunities arising in connection with the operations of the Company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed.	34-40
	E) A description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the Company or LLP.	34-40
	F) An analysis of the resilience of the business model and strategy of the Company or LLP, taking into consideration different climate-related scenarios.	34-40
Metrics and Targets	G) A description of the targets used by the Company or LLPs to manage climate-related risks and to realise climate-related opportunities and performance against those targets.	40-45
	H) The Key Performance Indicators (KPIs) used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based.	40-45

Strategic Report

Sustainability Reporting (continued)

Governance

The Group remains committed to a rigorous and reliable approach to identifying, assessing and managing risk across all aspects of the business. A consistent risk management approach is grounded in core values and supports the overall business strategies, to ensure their success.

Figure 1: Redcentric's governance structure.



The Board of Directors

Details of the Board of Directors and their experience can be found at pages 54 and 55.

The Board is responsible for the Group's response to climate change, ensuring that climate-related risks and opportunities are effectively integrated into its business operations and financial strategy. These matters are reviewed at least annually during Board meetings. To support this, the Board is advised by its external ESG specialists, Inspired ESG, who provide expert guidance in identifying and assessing climate-related risks and opportunities. This is led by the CEO, Michelle Senecal de Fonseca, and the CFO, Tony Ratcliffe, who hold responsibility for overseeing sustainability and regularly communicating priorities with both the Board and key stakeholders. ESG criteria are part of the remuneration structure of the Operations Board to ensure ESG strategy is aligned with individual and management objectives.

The Board is supported by the Sustainability Committee, which aims to update the Board quarterly through the Chief Technology Officer ("CTO"), Paul Mardling, who is the executive sponsor of the Committee. This enables the Board to monitor and oversee progress against goals and targets associated with climate change throughout the year. These updates, which include the revised climate risk register, allow the Board to address climate-related issues identified by the Sustainability Committee as relevant to Redcentric during the review of the Group's business strategy and major action plans. Inspired ESG conducted a climate risk workshop in March 2025, ensuring that the Committee can identify and monitor changes as they arise, allowing the Group to remain competitive within its field. This workshop has been shared with the Board as part of their climate risk register sign-off to ensure they understand the context of the risks with the most current information.

The Sustainability Committee was established in FY23, which has been delegated responsibility for reviewing and monitoring sustainability performance by the Board. The Sustainability Committee also has delegated responsibility for identifying, assessing and managing climate-related risks and opportunities which is conducted annually. The Sustainability Committee is now supported by an internal Champions Team (established in FY25) comprising key members from across the business who focus on various aspects of ESG, with a particular emphasis on the Social pillar. This Champions Team is integrated into the Sustainability Committee, increasing the Committee's total membership to twenty, with two additional members from the Champions Team.

The Sustainability Committee hosted three meetings in FY25. Attendance was made up of members including the Champions Team, twenty Senior Managers and Directors of the Group, covering key departments of the business. In the most recent Committee meeting on 5 March 2025, Inspired ESG supported the Group with annual climate scenario analysis, attended by the wider Sustainability Committee.

Disposal of the Data Centre business

Should a sale of the DC business unit complete, the Group will inherently have a dramatically reduced energy requirement and will consider resetting the baseline and climate strategy accordingly. However, the Group will continue its efforts to operate its MSP business unit in a sustainable manner.

Strategic Report

Sustainability Reporting (continued)

Risk management

This is the second year the Group has been mandated to produce a Climate-related Financial Disclosure. The Group has maintained a tiered hierarchy for risk management to ensure that climate-related risks and opportunities are seamlessly integrated into the overall risk management process. Each climate-related risk and opportunity is assigned to risk owners for oversight and management throughout the year, and feedback is provided to the Sustainability Committee during annual reviews to ensure the most appropriate team takes ownership and the risk is managed as effectively as possible. The climate risk management process, which includes assessing, monitoring, and managing climate-related risks and opportunities, is aligned with the Group's enterprise risk management process. The Group is confident in its ability to respond and adapt to climate-related risks, whilst appreciating the size of impact climate-related risks will have on businesses in the UK in the coming years. To keep on top of this, the Group has a dynamic, detailed risk management framework that enables the Group to consider emerging climate-related risks with a business focus as described in the following steps.

It should be highlighted that this report has been produced based on the Group as a combined DC and MSP business rather than focusing solely on the continuing MSP business, however in assessing the risks articulating where possible whether they are solely related to the discontinued operations.

Identify

The Group's third party ESG specialists, Inspired ESG, provided an updated climate scenario analysis in FY25 to identify and assess new and emerging climate-related risks and opportunities for the organisation. Climate scenario analysis was carried out across 10 sites directly controlled by the Group and 22 key suppliers selected based on the highest spend value. In collaboration with Inspired ESG, the Group held a climate risk workshop in March 2025 to assess the likelihood and impact of climate-related risks and opportunities, creating challenges to business operations, strategy, or planning. The workshop covered two risk categories: transition risks (risks associated with a shift to a low-carbon economy), which were identified at the Group level, and physical risks (risks relating to the physical impacts of climate change), which were identified at the site level (as well as key suppliers' sites). The identified climate-related risks followed the transition risk themes of policy and legal, market, technology, and reputation, while physical risks were classified as acute (event-driven) or chronic (longer-term shifts in the Earth's atmosphere and processes). The potential impact of emerging and existing regulations was considered under transition risks. The Group evaluated nineteen climate-related risks and six opportunities, which may impact Redcentric at the Group level. This year, the Group also analysed the impact of climate change on key service categories, such as data connectivity and the water footprint of data centres. The climate scenario analysis is expected to be conducted on an annual basis.

Assess

During the climate risk workshop, a review was undertaken of the impact of each climate-related risk and opportunity on the business across three scenarios (<2°C, 2-3°C and >3°C) and three timeframes (short (2024-2028), medium (2029-2038) and long-term (2039-2053) (see Strategy section for more information). Each climate-related risk and opportunity was evaluated and scored based on its likelihood (the probability of the event occurring) and magnitude of impact (the effect should it occur). The impact of climate-related risks and opportunities was assessed based on direct and indirect impacts, as well as actual and potential consequences. The risk score of each climate-related risk and opportunity was calculated by multiplying the likelihood and impact scores. This score was then further multiplied by the risk region value assigned to all Group locations to determine the inherent risk score. The risk region value reflects the number of locations included in the analysis: a value of 1 indicates low risk (few regions analysed), 2 indicates medium risk (moderate coverage), and 3 indicates high risk (comprehensive coverage). Since the climate scenario analysis covered all of Redcentric's sites, a risk region value of 3 (high) was applied in this assessment (Table 5).

Table 2: Likelihood rating process

Rating	Likelihood Rating Description
5 – Very High	It is almost certain that the risk will occur, as there are no controls in place, or it has happened in the past.
4 – High	It is highly possible that the risk will occur, as there is limited or no mitigation in place.
3 – Medium	It is possible that the risk will occur, as only some mitigation is in place.
2 – Low	It is unlikely that the risk will manifest, as good mitigation levels are in place and tested (where possible).
1 – Very Low	It is highly improbable that the risk will occur, as the controls in place are considered excellent.

Strategic Report

Sustainability Reporting (continued)

Risk management (continued)

Table 3: Magnitude rating process

Risk Value	Operational	Financial	Legal	Compliance	Reputational damage
1 – Very Low	No impact.	No financial impact.	None.	None.	None.
2 – Low	Minor impact on operations.	Minor financial impact.	None.	None.	Staff aware, loss of morale, single customer aware.
3 – Medium	Some impact on operational functions that may be visible to staff or customers.	Some financial loss.	Breach of laws, regulations or contracts, leading to litigation or prosecution and fines.	Potential breach of some compliance obligations or major non-conformance.	Multiple customers and businesses aware, local media coverage.
4 – High	Operations unable to function adequately to meet some internal or customer service requirements.	Significant financial loss.	Breach of laws, regulations or contracts, leading to litigation or prosecution and significant fines.	Breach of compliance obligations leading to potential loss of certification.	Widespread local or limited national media coverage.
5 – Very High	Business threatened due to the inability to support staff or customers at a wholesale level, breaches of Service Level Agreements (SLAs), huge levels of critical service downtime etc.	Major financial losses/business threatened.	Breach of laws or regulations leading to prosecution and imprisonment.	Loss of one or more certified obligations or frameworks leading to potential loss of large revenue streams and/or fines.	Widespread national media coverage.

Appraise

Following the initial scoring, the Group reviewed the mitigation measures implemented to reduce the impact of risks and capitalise on opportunities. The identification of mitigation measures is supplemented by a comprehensive internal stakeholder review, conducted by the Group's ESG specialists, which evaluates Redcentric's climate-related risks and mitigation strategies. This ensures the climate management system is strengthened beyond the direct oversight of risk owners within the Sustainability Committee.

Considering all mitigation and adaptation measures in place, the Group reassessed the magnitude and likelihood of the climate-related risks and opportunities based on the true vulnerabilities, giving a final residual risk score which falls under risk levels of low, medium, and high (classification of the risks can be found within Tables 3-5). Risk scores of medium and high (25 and above) were classified as material. This is applicable for both climate-related risks and opportunities. Based on this threshold, two transition risks, three physical risks and three opportunities have been identified as material to the Group and are outlined in Tables 8-10 within the Strategy section.

Following the climate risk management workshops, the Group updated its climate risk register that feeds into the Group's existing risk management process, to ensure that the operations remain resilient to climate change. The financial impact of each climate-related risk and opportunity is mainly considered using qualitative information; however, for the next climate-related financial disclosure report, the Group intend to perform detailed financial modelling of the climate-related risks and opportunities with specific Redcentric-focused estimates of the size of the financial impact beyond the consideration in Table 5.

Strategic Report

Sustainability Reporting (continued)

Risk management (continued)

Table 4: Risk rating scale

Rating	Measure	Rating Description
Low	1 – 24	No further activity necessary. The low level of risk does not justify additional controls being put in place.
Medium	25 – 48	management will apply their judgement as to whether the risks are acceptable. Controls will be applied as appropriate.
High	49 – 75	management will select appropriate controls.

Table 5: Risk/opportunity scoring matrix.

	Risk Region	1 Low					2 Medium					3 High				
	Likelihood (Vulnerability)	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5
Risk Value	1	1	2	3	4	5	2	4	6	8	10	3	6	9	12	15
	2	2	4	6	8	10	4	8	12	16	20	6	12	18	24	30
	3	3	6	9	12	15	6	12	18	24	30	9	18	27	36	45
	4	4	8	12	16	20	8	16	24	32	40	12	24	36	48	60
	5	5	10	15	20	25	10	20	30	40	50	15	30	45	60	75
		Risk Measure														

Address

The Group drives engagement and management of climate risks through the collaboration of relevant stakeholders and internal teams. Through this approach, the Group ensures that climate considerations are integrated at every level of the Group. The Board and Sustainability Committee are responsible for identifying, assessing, monitoring and managing identified climate-related risks, including guiding progress against goals and targets on climate-related matters. However, risk owners are regularly engaged, particularly when ensuring effective and appropriate mitigations. This includes annually reviewing the effectiveness and appropriateness of existing mitigation measures for each climate risk, for example, the acceleration of the solar panel rollout timeframe to manage opportunities and minimise the risks. These actions will be considered at the next annual risk meeting, where progress will be reported. See page 43 for the Group's energy efficiency progress, which will support in mitigating the risks. The Sustainability Committee, representing the broader business, is responsible for overseeing the reduction of Scope 1, 2 and 3 emissions in alignment with the Group's Net Zero strategy. As highlighted in the assessment of physical and transition risks, reducing Scope 1 and 2 emissions is a critical component in mitigating the most significant impacts of climate change.

Strategic Report

Sustainability Reporting (continued)

Risk management (continued)

Results

The final result of the four-part risk management system is an updated climate risk register, for which the Sustainability Committee holds responsibility. The climate risk register was reviewed and signed off by the CTO. Environmental impact (which includes climate change) has been categorised as a principal risk to Redcentric's overall business since August 2021 by the Group's overarching risk committee. This is because climate change can directly affect Redcentric's operations, including supply chain disruptions, infrastructure vulnerabilities, and resource availability. These effects can lead to increased costs and operational inefficiencies. The impact of environmental risks has also been considered when preparing the FY25 Financial Statements. When undertaking the going concern assessment, management has factored in a downside scenario to reflect reduced energy efficiency savings in sustained periods of hot weather. Also, in reviewing the value of intangible assets and property, plant and equipment, consideration has been given to any impacts of climate-related risks on fair values or the useful economic lives of assets.

Strategy

Climate change has been categorised as a principal risk to Redcentric's overall business since August 2021, where the Group's overarching Risk Committee rated sustainability, which includes environment-related risk, as principal risk to the Group. Managing and mitigating these issues through a clear strategy ensures that the growth plan, customer delivery, and shareholders' returns are not affected.

Annually, the compliance team refines the Group's risk matrix to identify any emerging climate-related risks or opportunities for the Group. This is conducted through climate scenario analysis, where ten sites directly controlled by Redcentric and 22 key supplier sites selected based on highest spend value are considered over three warming pathways and time horizons. Through this analysis, the Group can adapt and mitigate the risks climate change poses for its operations. The Group has continued to include key suppliers in its climate scenario analysis. This year, the Group also analysed the impact of climate change on key service categories, such as data connectivity and water footprint of data centres, to consider the whole supply chain impact and indirect risks and opportunities that Redcentric may experience due to climate change. Climate-related risks and opportunities which have been considered material (risk scores of medium or high) are outlined in Tables 8, 9 and 10. This information feeds directly into the operations and financial planning. Redcentric has conducted an analysis of the resilience of its business model and strategy, taking into consideration the three different climate-related scenarios. Therefore, the Group has determined that its business model and strategy are resilient to each of these scenarios.

Climate Scenarios

The three warming scenarios used in the Group's analysis are based on the predicted increase in global average temperatures by 2100, compared to the pre-industrial era. The climate modelling was conducted to align with the UK's Net Zero target by 2050. Each scenario highlights significant points where parts of the climate cannot return to normal, known as a tipping point. Tipping points are elements of the Earth's system that have the potential to change abruptly in response to warming. A small change marks a point of no return and permanently alters the climate.

Climate scenarios are future projections of the Group's climate, considered under differing potential warming pathways. Climate scenarios are a culmination of several climate models and internationally established frameworks. These include the International Energy Agency's World Energy Models ("WEM"), the Shared Socioeconomic Pathways ("SSPs"): Climate Natural Catastrophe Damage Model, the Coordinated Regional Climate Downscaling Experiment (CORDEX) regional climate forecasts, and Integrated Assessment Models ("IAM"). While these models offer detailed insights into potential futures, their accuracy is not guaranteed. Discrepancies between model predictions and real-world observations are common when evaluating the Group's climate; potential exaggerations or underestimations of climate variables may occur.

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

Table 6: A table to show the three warming pathway scenarios.

Scenario Warming Pathways	Description and resilience strategy
Below 2°C (“Proactive”) Scenario	In this scenario, efforts to curb climate change are taken seriously. Governments, industry, and the public collaborate to keep the global average temperature rise well below 2°C by 2100. Organisations begin to align with the Paris Agreement and the Science-Based Targets Initiative to be Net Zero by 2050. Governments introduce policies in a structured manner, with companies investing in low-emission technology. Under the proactive scenario, Redcentric will likely be exposed to more regulatory and consumer demands, with the opportunity to shift operations further towards lower-emission and energy-efficient business operations to meet market needs. Redcentric has initiated its Net Zero journey by collaborating with a specialised third party to establish achievable carbon targets aligned with the UK’s 2050 Net Zero strategy. Redcentric is committed to implementing energy efficiency initiatives and reducing emissions. Therefore, the impact of climate change under this scenario has been considered and factored into the business strategy, increasing the Group’s resilience.
Between 2-3°C (“Reactive”) Scenario	Policies and legislation are introduced with a staggered effect, with inconsistent levels of action being taken that align with current forecasts. Redcentric may experience the effects of climate tipping points and the impacts of severe physical risks across several sites. Redcentric’s annual engagement with Inspired ESG tracks progress against the Group’s near-term and Net Zero targets and facilitates annual reviews of climate-related risks to evaluate the effectiveness of mitigations. An annual Business Continuity and Disaster Recovery (BCDR) Crisis Management Exercise is conducted to ensure preparedness. This increases the operational resilience of the Group to such risks.
Above 3°C (“Inactive”) Scenario	Minimal climate action is taken under the inactive scenario, and emissions go unchecked, resulting in a worst-case climate scenario. The inactive scenario appears to be the most impactful on Redcentric’s business model. However, Redcentric has conducted climate-related workshops to understand its risks and explore mitigation measures related to both physical and transition risks. Redcentric utilises highly efficient cooling systems and the latest available technologies. In addition, Redcentric is committed to publishing a climate-related financial disclosure report annually to communicate the efforts to stakeholders. The Group has assessed the resilience of the business strategy against this scenario and considers it to be operationally and financially resilient.

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

Table 7: A table to show the three-time horizons.

Time Horizons
Short-term (2024-2028) Risks associated with this scenario are risks where the impact is already beginning to be experienced or is expected to materialise in the short-term. For Redcentric, these risks include both material transition and physical risks, where climate change has the potential to reduce revenue. This time horizon aligns with the Group's near-term targets, which includes 86% of the suppliers covering Category 1 and Category 2 (Scope 3) having science-based targets in place by FY28.
Medium-term (2029-2038) During this period, physical impacts would be experienced, and in the reactive scenario, policies would tighten. This time horizon aligns with the Group's near-term target of a 42% absolute reduction in Scope 1 and 2 emissions by FY30.
Long-term (2039-2053) In the inactive scenario, the greatest physical impacts would be experienced during this period, which is also when most of the Group's material physical risks are likely to occur. This time horizon is consistent with the target of Net Zero in Scope 1, 2 and 3 emissions by FY50 and the UK Government's Net Zero pledge by 2050.

Redcentric aims to conduct climate scenario analysis on its sites every financial year to update its knowledge and categorisation of the physical and transition risks. The Group conducted a climate risk workshop with the Sustainability Committee in March 2025.

During the workshop, the Group discussed and rated the climate-related risks and opportunities, providing a risk rating for each based on the likelihood and magnitude of impact with the 5x5 RAG (red, amber and green) rating system (Tables 3, 4 and 5) to provide a potential impact figure (inherent risk scores). The Sustainability Committee discussed the current mitigation measures and reassessed the likelihood and magnitude of each climate-related risk and opportunity to consider a more accurate risk score (residual risk scores). Six physical risks, thirteen transition risks and six opportunities were assessed during this process. Based on the materiality threshold (risk rating of medium or higher impact), two transition risks, three physical risks and three opportunities have been identified as material to the Group and are outlined in Table 9.

The Group will endeavour to undergo this analysis annually.

Table 8: Material transition risks

Climate-related Risk	Potential Impact Area	Risk Mitigation
1.1 Legal – Enhanced emissions reporting obligations Scenario: <2°C and 2-3°C Timeframe: Short – Medium term (2024-2038) Risk Level: Medium	Redcentric has seen an increase in sustainability-related reporting regulations in the UK (CFD, Procurement Policy Note (PPN) 06/21, SECR, Energy Savings Opportunity Scheme (ESOS)). Compliance costs including, consultancy fees and internal resources, will rise with increased regulation. Emission reporting may require verification, accelerating calculation turnaround, with higher costs. Non-compliance could lead to litigation and reputational damage. While the Task Force on Nature-related Financial Disclosures (TNFD) regulations are currently voluntary, stakeholders may anticipate mandatory implementation. The EU has introduced the Carbon Border Adjustment Mechanism (CBAM), and similar measures are being considered in the UK, with potential implementation in 2027. Financial impact areas: Expenditures – Increased operating costs (higher compliance costs). Write-offs, asset impairment, and early retirement of existing assets due to policy changes.	At Redcentric, dedicated internal resources are supported by the expertise of third party ESG specialists to manage compliance effectively. Redcentric actively monitors the evolving legislative landscape, both within its operations and throughout its supply chain. Given the increasing complexity of legal and regulatory requirements, Redcentric has established robust procedures to ensure consistent adherence. Related Metrics: Scope 1, 2 and 3 emissions and Net Zero Strategy.

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

Table 8: Material transition risks (continued)

Climate-related Risk	Potential Impact Area	Risk Mitigation
<p>1.2 Marketing- Increased cost of energy and raw materials</p> <p>Scenario: <2°C and 2-3°C</p> <p>Timeframe: Medium - Long term (2029-2053)</p> <p>Risk Level: Medium</p>	<p>Redcentric's operations are energy-intensive, making the company sensitive to fluctuations in energy costs. The introduction of carbon pricing on gas and oil imports could lead to higher operational expenses. While renewable electricity offers more stable pricing, it is often more costly due to limited supply and high demand. Additionally, the volatility of the energy market makes it challenging to accurately predict future energy costs for data centres.</p> <p>Financial impact areas: Expenditures – Increased operating costs; Change in revenue mix and sources, resulting in decreased revenues.</p>	<p>Redcentric maintains strong relationships with key suppliers through regular quarterly reviews, ensuring continuous monitoring and proactive management. This allows Redcentric to identify potential delays or supply issues early. While energy price fluctuations are beyond Redcentric's direct control, it actively monitors market trends and secures the best renewable tariffs available. Redcentric has committed to purchasing green energy, locking in prices 36 months in advance until September 2028. However, long-term price uncertainty remains a risk. To mitigate rising costs, Redcentric remains focused on energy-saving measures to optimise efficiency and reduce expenditures wherever possible.</p> <p>Related Metrics: Scope 1, 2 and 3 emissions and Net Zero Strategy.</p> <p>Whilst a risk remains for continuing operations in respect of raw material pricing, this risk materially impacts the energy usage of the discontinued operations.</p>

Table 9: Material physical risks

Climate-related Risk	Potential Impact Area	Risk Mitigation
<p>1.1 Physical Risk – Acute – Increased severity of flooding</p> <p>Scenario: 2-3°C and >3°C</p> <p>Timeframe: Medium – Long Term (2029-2053)</p> <p>Risk Level: Medium</p>	<p>Seven of Redcentric's sites (including West Yorkshire, Reading and West Byfleet) were classified as vulnerable to the impacts of flooding. Possibility of short circuits, which can cause serious damage, fires or small-scale explosions. The effects of water and moisture can cause long-term damage, resulting in insulation damage, corrosion, cable and equipment failure. Damages could require equipment to be replaced, leading to an increase in capital spending. Reliance on local electricity supply to power data centres could lead to disruptions in operations. Transport networks around the site may be inundated, preventing employees and supply chain resources from reaching the site and reducing productivity. Fifteen of the Group's key suppliers (68%) were found to be vulnerable to flooding, showing risk across the Group, which requires the Group to consider its mitigations with this information to ensure preparedness.</p> <p>Financial impact areas: Expenditures from directly incurred costs due to damages; Reduced revenue from decreased productivity; Reduced revenue and higher costs from negative impacts on workforce; Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high-risk" locations).</p>	<p>The Group proactively monitor extreme weather events and receive updates from the environmental agency, which helps the Group act on alerts and extreme weather warnings. An annual Business Continuity and Disaster Recovery (BCDR) Crisis Management Exercise is conducted to ensure preparedness. These exercises consider flooding as the theoretical crisis event and include all the teams in the scope.</p> <p>In the event of disruptions, Redcentric staff can work remotely if necessary. Some of the Group's sites have mitigation measures to deal with flooding events, or are situated on elevated ground, thereby reducing the impact. The Group has ensured it is comprehensively covered by insurance on the sites most at risk from flooding. For long-term resilience, the Group will ensure that drainage systems at its sites are well-maintained and serviced. To reduce the physical effects of floods at these sites, adequate upkeep of drainage networks will be conducted along with continuous robust flood risk assessments.</p> <p>Related Metrics: Scope 1, 2 and 3 emissions and Net Zero Strategy.</p> <p>Whilst this risk predominantly relates to the discontinued operation, a risk remains with the continuing operation in respect of its supply chain, including, but not limited to, the discontinued operation as a supplier of data centre services.</p>

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

Table 9: Material physical risks (continued)

Climate-related Risk	Potential Impact Area	Risk Mitigation
<p>1.2 Physical Risk – Acute – Heatwaves/Extreme Heat</p> <p>Scenario: 2-3°C and >3°C</p> <p>Timeframe: Short - Long term (2024-2053)</p> <p>Risk Level: Medium</p>	<p>Ten of the Group's sites including London and Harrogate, and all 22 of its key suppliers' sites are vulnerable to the impacts of extreme heat. Heatwaves significantly increase cooling demands for data centres, straining infrastructure and reducing efficiency. Prolonged high temperatures can cause server and hardware malfunctions, slower performance, or permanent damage, while rising temperatures also decrease electrical efficiency and increase energy costs. Staff comfort requires greater use of air conditioning, increasing both energy use and emissions. In regions like Greater London, where data centres are concentrated, the impact of heatwaves and power disruptions is intensified, leading to more frequent repairs and potential service interruptions.</p> <p>Financial impact areas: Reduced revenue and higher costs from increased cooling demands; Write-offs and early retirement of existing assets (e.g., damage to property and assets in "high-risk" locations).</p>	<p>Redcentric utilises highly efficient cooling systems and the latest available technologies. Currently, the Group has implemented the best possible cooling infrastructure. However, technological advancements are expected over the next decade. When temperatures in London reached 40°C in July 2022, Redcentric's West London site had to significantly increase cooling capacity. If such extreme weather events become more frequent, this poses a medium-level risk by driving up operational costs. Additionally, increased energy usage will potentially increase emissions.</p> <p>Related Metrics: Scope 1 and 2 emissions and Net Zero Strategy.</p> <p>Whilst this risk predominantly relates to the discontinued operation, a risk remains with the continuing operation in respect of its supply chain, including, but not limited to, the discontinued operation as a supplier of data centre services.</p>
<p>1.3 Physical Risk – Chronic – Rising Mean Temperatures</p> <p>Scenario: 2-3°C and >3°C</p> <p>Timeframe: Long-Term (2039-2053)</p> <p>Risk Level: Medium</p>	<p>Ten of the Group's sites from Reading to West Yorkshire are vulnerable to the impacts of rising mean temperatures. Rising temperatures may require Redcentric to invest in advanced cooling technologies for data centres, leading to higher capital, installation, and maintenance costs. Increased cooling demands raise energy use and the risk of critical system failures, potentially causing outages, hardware damage, and reduced performance. Temperature fluctuations can also impair computing capacity and disrupt maintenance, adding financial pressure. New building standards may require renovations to ensure energy-efficient, comfortable workspaces. For staff, extreme heat can reduce productivity through illness or slower work, with additional costs from increased air conditioning needs. Without a shift to renewable energy and efficient systems, growing cooling demands could also hinder Redcentric's progress toward Net Zero targets. Additionally, impact from supply chain could also be experienced with all 22 of the Group's suppliers being vulnerable to rising mean temperatures.</p> <p>Financial impact areas: Increased capital and operating costs.</p>	<p>Data centres must be cooled to operate at their optimal capacity. Redcentric utilises highly efficient cooling systems and the latest available technologies. Currently, the Group has implemented the best possible cooling infrastructure. However, technological advancements are expected over the next decade. This enhanced cooling infrastructure will see both reduced carbon emissions and reduced operating costs during warmer periods.</p> <p>Outside of the data centres, the Group's presence is mainly limited to the office space in Harrogate and York, which is comparatively small, and impact expected to be minimal. A large proportion of the workforce work remotely. Management of the impacts from rising mean temperatures will be conducted and monitored to provide necessary support for all employees.</p> <p>Related Metrics: Scope 1 and 2 emissions and Net Zero Strategy.</p> <p>Whilst this risk predominantly relates to the discontinued operation, a risk remains with the continuing operation in respect of its supply chain, including, but not limited to, the discontinued operation as a supplier of data centre services.</p>

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

Table 10: Material climate-related opportunities

Climate-related Opportunity	Potential Impact Area	Opportunity management
<p>1.1 Resource Efficiency – Use of energy-efficient technology</p> <p>Scenario: <2°C and 2-3°C</p> <p>Timeframe: Short - Medium term (2024-2038)</p> <p>Opportunity Level: Medium</p>	<p>The Group has initiated its Net Zero journey by collaborating with third party ESG specialists to establish achievable Greenhouse Gas (GHG) targets aligned with the UK's 2050 Net Zero strategy. The Group can deploy energy-efficient technology throughout its operations. Although this technology may involve high capital costs, it enhances process efficiencies, resulting in reduced energy consumption and lower energy costs. The resultant energy savings yield rapid payback periods, generating net financial gains over the technology's lifespan. Investing in water and energy efficiency technology can bolster operational resilience, particularly in sites vulnerable to flooding and water stress.</p> <p>Financial impact area: Reduction in operating expenses because of increased efficiency (e.g., energy costs).</p>	<p>The Group can position itself to be ready for changing customer demands as it is on the Net Zero journey. Substituting current technology in data centres would come at a cost to the Group. However, it is undergoing measures to improve energy efficiency by 40%. At some of its sites, inefficient water chillers have been replaced with gel cooling, significantly accelerating the reduction in water consumption. Key initiatives involve upgrading to more efficient Uninterruptible Power Supply (UPS) units and consolidating data halls to reduce power use and emissions. The installation of solar panels is also underway.</p> <p>Related Metrics: Scope 1 and 2 emissions and Net Zero Strategy.</p> <p>Whilst this risk predominantly relates to the discontinued operation, the continuing operation will maintain a reliance on a significant data centre presence, which it could seek to consolidate and rationalise, thereby reducing its footprint and energy usage.</p>
<p>1.2 Product and Services – Development and/or expansion of low emissions goods and services</p> <p>Scenario: <2°C and 2-3°C</p> <p>Timeframe: Short - Medium term (2024-2038)</p> <p>Opportunity Level: Medium</p>	<p>Organisations that innovate and develop new low-emission products and services may improve their competitive position and capitalise on shifting consumer and producer preferences. Redcentric can create and market green IT solutions, such as energy-efficient hosting, cloud services, and data centre operations that help clients reduce their environmental impact. These services would align with the increasing demand from businesses and consumers for sustainable practices. Redcentric could introduce circular economy principles, such as offering recycling programs for old hardware, remanufacturing technology, and promoting the reusing of IT assets to extend their lifespan.</p> <p>Financial impact area: New revenue streams.</p>	<p>The marketing and sector-specific teams host quarterly events tailored to specific sectors, engaging potential customers to understand their needs better. The takeaways from events are communicated across the Group. This helps Redcentric to have a fair understanding of the changing market demands and then offer any changes to its services accordingly.</p> <p>Related Metrics: Scope 1 and 3 emissions and Net Zero strategy.</p>
<p>1.3 Resilience – The business is well adapted and positioned to deal with climate change</p> <p>Scenario: <2°C and 2-3°C</p> <p>Timeframe: Short - Medium term (2024-2038)</p> <p>Opportunity Level: Medium</p>	<p>Opportunities related to resilience may be especially relevant for Redcentric with long-lived fixed assets or depend critically on utility and infrastructure networks. Redcentric has been involved in developing adaptive capacity to respond to climate change to better manage the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks.</p> <p>Financial impact area: Expenses for developing an adaptive strategy.</p>	<p>The Group has have initiated its Net Zero journey by collaborating with third party ESG specialists to establish achievable emission reduction targets aligned with the UK's 2050 Net Zero strategy. The Group has hosted workshops to understand its risks and how it can adapt mitigation measures for physical and transition risks. The Group is committed to publish a climate-related financial disclosure report annually to communicate its efforts to stakeholders. The Group created the Sustainability Committee in FY23 and the Champions Team in FY25 to establish a Net Zero strategy with an aim to validate near-term and long-term targets with SBTi in FY26.</p> <p>Related Metrics: Scope 1, 2 and 3 emissions and Net Zero Strategy.</p>

Strategic Report

Sustainability Reporting (continued)

Strategy (continued)

Climate Scenarios (continued)

The climate scenario analysis of physical and transition risks followed by the workshop resulted in an updated climate risk register to reflect changes in the vulnerabilities from climate change to the Group's sites and overall business operations. Within the climate risk register, the Group categorises the financial impact area to ensure that the climate-related risks and opportunities are considered when undergoing financial planning and relevant strategies. In addition, the risk owners, assigned based on the relevant business areas most likely to be impacted by the risks or opportunities, ensure their individual budgets reflect this knowledge. This is an example of where the Group implements the CFD principle of strong governance from the top down of risk management to assist with everyday business as well as its annual reporting. "Increased cost of energy and raw materials" was considered material in the previous year; however, the risks associated with it have been mitigated as Redcentric actively monitors market trends to secure the most competitive renewable energy tariffs. The Group is committed to sourcing green electricity and has locked in renewable energy contracts 36 months in advance, securing prices through to September 2028. Therefore, the risk is no longer deemed material for FY25. Overall, the Group believes that it is well prepared and resilient to the transition to a low-carbon economy consistent with a below 2°C scenario. The establishment of the Champions Team alongside the Sustainability Committee and the implementation of robust mitigation measures developed through the FY25 risk analysis will provide even greater oversight in FY26, as the climate risk register is integrated into the company-wide risk register.

Metrics & Targets

The Group's goal for the world is to be Net Zero by FY50. Net Zero requires a concerted effort over time to eliminate GHG emissions, with compensatory measures as a final step for any emissions that cannot be reduced. The SBTi Net Zero standard requires a 90% absolute reduction in emissions prior to any residual offsets and allows up to 10% of the baseline to be offset using carbon removal methods. To reach the Group's SBTi-aligned Net Zero target, the Group has developed a roadmap with specific near-term targets and a strategy designed to ensure the reduction of its emissions:

1. Net Zero (at least 90% absolute reduction) in Scope 1, Scope 2 and Scope 3 emissions by FY50, from a FY22 base year.
2. 42% absolute reduction in Scope 1 and Scope 2 emissions by FY30, from a FY22 base year.

To achieve the Group's targets for Scope 1 and 2, it would need an annual average reduction of ~5% per year and for Scope 3 of ~4% per year (this was calculated in FY23 as part of its Net Zero Strategy). The Scope 1 and 2 emissions have a separate target from Scope 3 emissions due to the complexity of collating Scope 3 emissions data, the breadth it covers, and the time it will take to reduce.

The Group reports on Scope 1, 2 and Scope 3 grey fleet emissions annually in accordance with the Streamlined Energy and Carbon Reporting ("SECR"). The full Scope 3 emissions across categories 1-15 have been disclosed within this report for both FY22 (baseline year) and FY23. Redcentric is undergoing a change in company structure that has impacted its FY24 and FY25 Scope 3 data collection. The Group will aim to make progress on its Scope 3 emissions calculations for FY24, FY25, and FY26 in the upcoming financial year and endeavour to report these emissions within its FY26 disclosure. This will also include the Net Zero strategy and a revision of the emissions baseline year to capture and reflect the new company structure. In addition, the Group will recalculate the average annual percentage reduction required for each Scope to meet its targets and disclose this in its FY26 disclosure.

Strategic Report

Sustainability Reporting (continued)

Metrics & Targets (continued)

Streamlined Energy and Carbon Reporting (SECR)

Redcentric summarises the energy usage, associated emissions, energy efficiency actions and energy performance for the Group, under the government policy SECR, as implemented by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. Emissions calculations follow a 12-month period from April 2024 to March 2025 to align with the Group's financial reporting period. The Group emissions are calculated in collaboration with Inspired ESG. No third party assurance has been provided.

Carbon emissions are categorised as follows:

Scope 1: Consumption and emissions include direct combustion of other fuels, use of refrigerants, and fuels utilised for transportation in operations, for example, company vehicle fleets.

Scope 2: Consumption and emissions cover indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3: Consumption and emissions cover emissions resulting from sources not directly owned by Redcentric, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

In FY25, the Group recorded a notable change in total emissions (location-based), reflecting a 13.50% decrease compared to the previous year. Several factors influenced this change, which have been detailed in the Energy Efficiency Narrative section. Below is a detailed breakdown of emissions performance across all scopes, based on the percentage difference between FY25, FY24 and FY22 (base year).

Table 11: Redcentric's total UK energy consumption (kWh) for SECR.

Utility and Scope	FY25* Consumption (kWh)	FY24 Consumption (kWh)	FY22** Consumption (kWh)
Scope 1 Total	328,508	322,523	90,796
Other Fuels (Scope 1)	264,652	270,212	90,796
Transportation (Scope 1)	63,856	52,311	N/a***
Scope 2 Total	77,345,814	89,569,095	18,916,332
Grid-Supplied Electricity (Scope 2)	77,345,814	89,569,095	18,916,332
Scope 3 Total	247,644	351,866	218,058
Transportation (Scope 3)	247,644	351,866	218,058
Total	77,921,966	90,243,484	19,225,186

*In FY25, Other Fuels consumption has been taken from FY24 as a proxy due to the unavailability of data.

**The base year of FY22 Consumption (kWh) did not have Scope 1 transport, as company cars were introduced after this baseline financial year.

Strategic Report

Sustainability Reporting (continued)

Metrics & Targets (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

Table 12: Redcentric's total UK location-based emissions (tCO₂e) for SECR.

Utility and Scope	FY25* Emissions (tCO ₂ e)	FY24** Emissions (tCO ₂ e) restated	FY22 Emissions (tCO ₂ e)	% Change between FY25 and FY24	% Change between FY25 and FY22
	Location-based	Location-based	Location-based		
Scope 1 Total	310.15	308.59 (48.27*)	23.27	+0.51%	+1,232.83%
Other fuels (Scope 1)	35.78	35.78	23.27	0.00%	+53.76%
Refrigerants (Scope 1)	260.32	260.32 (0.00*)	N/a	0.00%	N/a
Transportation (Scope 1)	14.06	12.49	N/a***	+12.57%	N/a***
Scope 2 Total	16,014.45	18,547.46	4,016.50	-13.66%	+298.72%
Grid-Supplied Electricity (Scope 2)	16,014.45	18,547.46	4,016.50	-13.66%	+298.72%
Scope 3 Total	56.44	81.02	50.86	-30.34%	+10.97%
Transportation (Scope 3)	56.44	81.02	50.86	-30.34%	+10.97%
Total	16,381.04	18,937.07 (18,676.75*)	4,090.63	-13.50%	+300.45%

* In FY25, Other Fuels and Refrigerants (F-Gas) emissions have been taken from FY24 as a proxy due to the unavailability of data.

**FY24 Scope 1 Other Fuels have been restated with the addition of F-Gas data as a data improvement measure in FY25.

***The base year of FY22 Consumption (kWh) did not have Scope 1 broken down by transport, as company cars were introduced after this financial year.

Table 13: Redcentric's UK Location-based emissions intensity metrics for SECR.

Utility and Scope	FY25	FY24*	% Change
Scope 1, 2 and 3 (grey fleet transportation only) tCO₂e per Floor Area (m²)	0.6530	0.6698 (0.6606*)	-2.51%

*The FY24 intensity metric has been restated due to the addition of F-Gas data within Scope 1 Other Fuels as a data improvement measure in FY25.

Redcentric's Scope 1 direct and Scope 3 indirect emissions (combustion of transportation fuels and other fuels and the use of refrigerants) for this reporting year are 366.59 tCO₂e, resulting from the direct combustion of 576,151 kWh. This represents a carbon reduction of 5.91% from last year (FY24). Scope 2 indirect emissions (purchased electricity) for this reporting year are 16,014.45 tCO₂e, resulting from 77,345,814 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 13.66% from last year. Redcentric's operations have an intensity metric of 0.6530 tCO₂e per Total Floor Area (m²) for this reporting year. This represents a reduction of 2.51% from last year.

Strategic Report

Sustainability Reporting (continued)

Metrics & Targets (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

In FY25, electricity emissions (tCO₂e) dropped by 13.66% compared to FY24, largely due to the closure of the Harrogate data centre and its relocation to the Elland site at the end of FY24. The benefits of this move were reflected in the energy efficiency results for FY25. Transport emissions (tCO₂e) decreased by 24.61% from FY24 to FY25 due to reduced business activity. In FY24, Redcentric had an ongoing Project Ritz, where Redcentric was using more transportation for business activities, contributing to Scope 3 grey fleet emissions. Project Ritz was completed in FY24, leading to a decrease in Scope 3 grey fleet transportation emissions in FY25. Overall, the intensity metric decreased by 2.51% between FY24 and FY25 due to the reductions in electricity and transport emissions.

In FY25, electricity emissions (tCO₂e) increased by 298.72% compared to FY22. The transport emissions for FY22 did not have Scope 1 separated by transport, as company cars were introduced after this financial year. However, Scope 3 transport emissions (tCO₂e) increased by 10.97% from FY22 to FY25 due to increased business activity. The Scope 1, 2 and Scope 3 grey fleet emissions have increased since FY22, due to significant changes in business scale and composition following the acquisitions across FY22 and FY23, particularly regarding 4D Data Centres and Sungard, which have resulted in a considerably larger data centre portfolio. Given this shift, the Group recognise that its current metrics and targets no longer accurately reflect the Group's present scale and operational realities. To address this, the Group is conducting a comprehensive review of its emissions across Scopes 1, 2 and 3 over the timeframe from FY22 to FY25, with support from Inspired ESG. This review will include reassessing the Group's emissions reduction targets and KPIs and exploring the potential to update the baseline year to better reflect the transformed business structure. The Group will also evaluate its progress thus far to align with its SBTi validation process, which is scheduled for May 2026.

Energy Efficiency Narrative

Redcentric actively monitors market trends to secure the most competitive renewable energy tariffs. The Group is committed to sourcing green electricity and have locked in renewable energy contracts 36 months in advance, securing prices through to September 2028.

Cooling is essential to ensure data centres operate at peak efficiency. Redcentric employs highly efficient cooling systems, leveraging the latest technologies to maintain optimal conditions. The Group has implemented best-in-class infrastructure to improve cooling performance, which is expected to reduce both carbon emissions and operating costs during warmer months. Key initiatives include upgrading to more efficient Uninterruptible Power Supply (UPS) systems and consolidating data centres to lower overall energy consumption and emissions. The Woking DC landlord also used chilling equipment at the sites, which has also improved Redcentric's operations. The Group closed the Harrogate data centre at the end of FY24 and moved the activity to Elland which created efficiency in energy usage in FY25.

Redcentric remains committed to continuously improving energy efficiency and deepening its understanding of the factors influencing power usage. This financial year, a significant investment was made in metering infrastructure across all data centres. While the primary aim was to enable accurate, customer-specific energy usage tracking, access to this data also empowers clients to reduce their consumption. By implementing metering across all sites, Redcentric can monitor usage at the customer level, driving behavioural changes that deliver mutual benefits: lower costs and reduced emissions.

Looking ahead, Redcentric is dedicated to enhancing the quality of its data and the checks during the collection process. This includes improving the data collection and gathering methods within the team for Other Fuels, refrigerants and actual electricity consumption over the full reporting period. The installation of solar panels is underway.

SECR Reporting Methodology

The presented SECR information (including the Scope 1, 2 and 3 kWh consumption and CO₂e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2024 version 1.1 has been used, utilising the published kWh gross Calorific Value (CV) and kgCO₂e emissions factors relevant for the reporting period 01/04/2024 – 31/03/2025.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to Redcentric. These were calculated on a kWh/day pro-rata basis at the meter level. All estimations equated to 4.71% of reported electricity consumption.

FY24 Scope 1 Other Fuels have been restated to include F-Gas data available. In FY25, due to data unavailability, Other Fuels and Refrigerant (F-Gas) data from FY24 have been taken as a proxy.

Strategic Report

Sustainability Reporting (continued)

Metrics & Targets (continued)

SECR Reporting Methodology (continued)

Intensity metrics have been calculated using total tCO₂e figures and the total floor area (m²) as the performance indicator agreed with Redcentric for the relevant report period:

Total Floor Area (m²) – FY25: 25,085.21 (FY24: 28,270.86).

Table 14: Redcentric's Carbon Balance sheet for FY23 and FY22.

Scope Category	FY23 Emissions (tCO ₂ e)	FY22 Emissions (tCO ₂ e)	% Change between FY23 and FY22
Scope 1	427	23	+1758.6%
Natural Gas	N/a	N/a	N/a
Transport	40	N/a	N/a
Other Fuels and Refrigerants	388	23	+1587%
Scope 2 (Location-based)	12,975	4,017	+223.0%
Scope 3	24,832	14,737 (17,840*)	+68.5%
1. Purchased Goods & Services	12,322	10,982 (89*)	+12.2%
2. Capital Goods	3,325	N/a (13,960*)	N/a
3. Fuel- and Energy-related Activities	4,637	1,512	+206.7%
4. Upstream Transportation and Distribution	30	28 (64*)	+5.9%
5. Waste Generated in Operations	1	2	-47.2%
6. Business Travel	103	69	+49.1%
7. Employee Commuting	265	75	+253.2%
8. Upstream Leased Assets	N/a	N/a	N/a
9. Downstream Transportation and Distribution	N/a	N/a	N/a
10. Processing of Sold Products	N/a	N/a	N/a
11. Use of Sold Products	4,150	2,069	+100.6%
12. End-of-life Treatment of Sold Products	0.4	0.3	+32.2%
13. Downstream Leased Assets	N/a	N/a	N/a
14. Franchises	N/a	N/a	N/a
15. Investments	N/a	N/a	N/a
Total Emissions (Location-based)	38,234	18,777 (21,880*)	+103.6%
All tCO₂e (Location-based) per m²	1.4	2.1	-33.3%

Strategic Report

Sustainability Reporting (continued)

Metrics & Targets (continued)

SECR Reporting Methodology (continued)

**FY22 Scope 3 Category 1, 4, and 6 emissions have been restated to reflect updated DEFRA spend-based emissions factors. Please see the Methodology section for further details.*

In FY23, Scope 2 (location-based) is the most significant source of overall emissions, accounting for 33.9% of total company emissions. This category includes the emissions associated with electricity consumption from all Redcentric sites. The most significant Scope 3 emissions category and the second highest overall contributor is Category 1 (Purchased Goods and Services). This category accounts for 32.2% of overall emissions and includes all the goods and services purchased for internal use in the reporting year. Embedded emissions related to IT and Telecommunications services contribute 83.6% of total category emissions. The third most significant source of emissions is Category 3 (Fuel- and Energy-related Activities), which is primarily influenced by electricity consumption and, to a small extent, by the consumption of other fuels. Reducing Scope 1 and 2 emissions will directly reduce emissions associated with this category, which accounts for 12.1% of total emissions. Category 11 (Use of Sold Products) is the next most significant source of emissions, accounting for 10.9% of total emissions. According to the GHG Protocol guidance, emissions from all energy-consuming products sold by the reporting company should be accounted for under this category. Over a fifth of total category emissions are related to sold Cisco routers. The fifth most significant source of emissions is Category 2 (Capital Goods), which accounts for 8.7% of Redcentric's total emissions. Category 2 emissions were reported for the first time in FY23 as a data improvement measure. The majority of Category 2 emissions (73.9%) are related to purchases from one supplier (Ingram Micro UK Ltd); therefore, engaging with this supplier to gather product-specific data will help drive down related emissions. Overall, Redcentric's location-based emissions increased by 103.6%, driven by the increases in Scope 3 Category 3 (Fuel- and Energy-related Activities) and Category 11 (Use of Sold Products) emissions. Redcentric's Scope 1 emissions increased by 1,758.6% between FY22 and FY23. Scope 2 emissions (Location-based) increased by 223.0%. These increases are a result of other fuel consumption significantly increasing in FY23, and emissions from company vehicles and refrigerant usage being included for the first time in FY23. Additionally, three new sites were added to the portfolio in FY23, with two new sites (Hounslow and Heathrow) consuming a significant amount of energy.

Carbon Balance Sheet Methodology for FY23 and FY24

After the applicability review, Category 8 (Upstream Leased Assets), 9 (Downstream Transportation and Distribution), 10 (Processing of Sold Products), 13 (Downstream Leased Assets), 14 (Franchises), and 15 (Investments) of the Group's Scope 3 emissions were considered not relevant and have not been disclosed. In reference to Category 8, Redcentric does not lease any assets from third parties; Category 9, Redcentric pays for all transportation and distribution services; Category 10, Redcentric does not sell any products that require further processing; Category 13, Redcentric does not lease out assets to third parties; Category 14, Redcentric does not have franchises; and Category 15, Redcentric has no financial investments or joint ventures.

Unless stated otherwise, all conversion factors are sourced from the UK Government (DESNZ) GHG Conversion Factors for Company Reporting 2022 v2.0 and include Scope 3 Well-to-Tank (WTT) and Transmission and Distribution (T&D) losses.

The Greenhouse Gas Protocol Value Chain methodology is followed in all cases. WTT refers to the emissions associated with extracting raw materials (e.g., oil and gas), processing them into fuels and transporting them to the point of use (e.g., the fuel tank or the power station). T&D losses represent the electricity consumed and lost in the network between the power generators and the consumers.



Michelle Senecal de Fonseca
Chief Executive Officer
23 September 2025

Governance

Introduction to Governance

The Board recognises the continued importance of the highest standards of corporate governance and integrity. It is committed to ensuring strong and effective corporate governance as the foundation to deliver long-term value growth and for meeting shareholder expectations for proper oversight and leadership of the business.

As Chairman of the Board, I am responsible for corporate governance within the Group and together with the Board, I am committed to ensuring the Group maintains sound governance and adherence to ethical operating structures and decision-making processes which supports the business strategy and direction.

The Board believes that the implementation of good corporate governance principles provides shareholder value and transparency, promoting sustainable, long-term success for the Group and its stakeholders.

The Company has adopted the Quoted Companies Alliance Corporate Governance Code 2023 (the “Code”) as its benchmark for governance matters. At the date of this Report, the Board believes the Company is compliant with the Code other than Principles 6 and 7 as they relate to Board composition and independence.

This section of the Report sets out how the Group has addressed the principles of the updated Code and includes more detail in relation to the Company’s current non-compliance with Principles 6 and 7.

The Board is committed to continue to review and update its approach and will update its Corporate Governance statement in the AIM Rule 26 section of the Group’s website.



Richard McGuire

Chairman

23 September 2025

Governance

Corporate Governance

Governance Principle	Application
<p>Principle 1</p> <p>Establish a purpose, strategy and business model which promote long-term value for shareholders</p>	<p>The Group's model and strategy has a very clear business purpose, which is discussed within the Chief Executive's Review on pages 5-8 of this Report. Following the decision to split the business into two discrete business units, MSP and DC, the Board made the decision in March 2025 to dispose of the DC business unit in order to focus on developing and growing the MSP business unit, whilst also realising a return from the anticipated sale of the DC business unit. The Group's strategy has therefore shifted in the new financial year as the business plan has been focused accordingly to the development of the MSP business unit.</p> <p>Details of the key risks and challenges facing the Group and the high-level management or mitigation of such risks and challenges are outlined on pages 21-23 of this Report. The Group continues to operate a tiered hierarchy for risk management, with functional management of direct risks and consistent measures across all functions, and escalation of significant value risks, along with principal corporate risks, to the Group's corporate risk register. Risks addressed include financial risks, addressed via the internal control processes. The corporate risk register is shared, reviewed and refined with the Audit Committee and Board at various points in the year, where potential mitigation actions are also considered.</p>
<p>Principle 2</p> <p>Promote a corporate culture that is based on ethical values and behaviours</p>	<p>The Board aims to lead by example with respect to promoting a healthy corporate culture and ensuring that ethical values and behaviours are embedded in the business. The processes in place for decision making require high standards of behaviour from the Board and are clearly documented in the Group's terms of reference, the Company's share dealing code and the requirement for ongoing disclosure of interests.</p> <p>Employment policies adopted by the Group assist in embedding a culture of ethical behaviour and the values set out in its corporate social responsibility statement, included in this Report. Ongoing training on the Group's compliance and anti-bribery policy and the Group's Modern Slavery Act policy continue to reinforce the culture of ethical values and behaviours.</p> <p>The Group is pleased to have seen strong engagement in the Group's support of charitable activity in the year, with a number of volunteering challenges and successful fundraising events. This activity includes maintenance of the Trees For Life partnership, a partnership with Generation (which supports underprivileged young adults into the workplace), the Mission Christmas volunteering campaign, Easter Egg appeal and charity walks (including a 36.9km walk of the Scafell skyline in aid of the Children's Heart Surgery Fund). Several local and national charities have been supported through the year by colleague fundraising, including Macmillan Cancer Support.</p> <p>All colleagues are granted a day's paid volunteering, and the Group encourages colleagues to use this day to take part in local volunteering activity. The Board was delighted that the year has continued to see a strong take up of the Company volunteering day as colleagues support their chosen causes.</p> <p>Further details of the Group's charitable activities are set out on pages 27-28 of this Report.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
<p>Principle 3</p> <p>Seek to understand and meet shareholder needs and expectations</p>	<p>The Group continues to be committed to engaging with its shareholders to ensure that the strategy and business model and key events of the Company are clearly shared and understood. Following the appointment of Oliver Scott, representing Kestrel, one of the Company's largest shareholders, as a Non-Executive Director of the Company last year, the Company also appointed John Radziwill of NDC Capital, also a significant shareholder, in October 2024. Whilst these appointments have impacted the level of independence in the Board composition, the Board recognises the benefits of the additional skills brought to the Board and the greater shareholder alignment, engagement and representation at the highest level within the Company.</p> <p>The Board believes that the disclosures of this Report provide information necessary for shareholders to assess the Group's performance, business model and strategy. Hard copies of the Annual Report are issued to all shareholders that have requested them, and copies are also available on the Group's website. The Group's half year reporting is also available on its website and the Group makes full use of its website to provide information to the shareholders and other interested parties.</p> <p>The Company issues regulatory announcements through RNS to ensure that important news is shared with all shareholders, potential shareholders and the wider investment community in a clear and uniform way.</p> <p>The Executive Directors are also in regular contact and available to the Company's shareholders and brief the Board on any relevant feedback or issues raised by shareholders. During the year, investor briefings and roadshows were held following announcement of the Group's preliminary and interim results. Other ad-hoc one-to-one meetings with significant investors and potential investors were also held through the year to discuss the Group's strategy and operations.</p> <p>There is also regular dialogue with shareholders through the Company's corporate broker, Cavendish Capital Markets Limited ("Cavendish"), who provide research which assists in setting shareholder and market expectations. Cavendish keep the Board abreast of shareholder feedback and input and assist in setting up meetings with investors or potential investors. Any reports from analysts that refer to the Company or cover the sector are circulated to the Board to support their understanding of the views of the investment community. Cavendish provide feedback directly to the Board from shareholder meetings and other events such as the investor days. Any update on key shareholding changes and any relevant investor sentiment is also provided at each Board meeting.</p> <p>There is a dedicated investor relations contact email address by which shareholders or investors may contact the Company (investorrelations@redcentricplc.com) and the Company Secretary also deals with a number of written queries throughout the year along with the Company's registrar, MUFG Corporate Markets.</p> <p>The Chair and other Non-Executive Directors always make themselves available to shareholders on an as needed basis. The AGM is a key opportunity for all shareholders to have the opportunity to raise questions to the Board. The Board is pleased to once again be able to welcome shareholders in person to the planned AGM this year. To ensure that shareholders who are unable or would rather not attend the AGM have the ability to ask questions of the Board, the Board shall accept any questions relating to the business being dealt with at the AGM which are submitted by shareholders in advance to the Company. The voting record at the Company's general meetings is monitored and published. The Chairman engages directly with large shareholders who vote against resolutions to better understand their position.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
<p>Principle 4</p> <p>Take into account wider stakeholder interests, including social and environmental responsibilities and their implications for long-term success</p>	<p>The Board recognises that the long-term success of the business relies on a number of key stakeholders, as described on pages 18-20 and 24-28 of this Report, including colleagues and customers. The engagement with these important stakeholders is fundamental to helping the Board make the best business decisions.</p> <p>COLLEAGUES</p> <p>Having the right colleagues in the right roles will always be critical to the success of the business. The Board is committed to ensuring the Group encourages and maintains a high-performing culture, underpinned by strong engagement with all colleagues through the year.</p> <p>During the year, relocation of the Group's head office to a new space was completed. These facilities, as well as other Group locations, are modern and efficient, with a large number of standing desks and collaboration spaces which enhance and support colleagues' productivity. The Group's approach to hybrid working has continued which has provided access to a much broader and experienced talent pool.</p> <p>Management ran further engagement surveys in the year and is in the process of collating feedback and prioritising potential initiatives to address points raised by colleagues. The partnership with LinkedIn learning continues to receive positive feedback from colleagues. All line managers have access to create LinkedIn learning and development pathways for their teams, with take-up and utilisation of the programmes and materials on offer continuing to increase month on month. The physical, emotional and financial well-being of colleagues continued to be a key focus for the Group in the year, and this remains management's commitment in the new year. Management has developed and enhanced the Group's well-being strategy, maintaining multiple areas of support for colleagues, including access to an Employee Assistance Programme, offering mental health support, access to health schemes and discounts, shopping discounts and an ongoing programme of webinars across a variety of subjects.</p> <p>The Group has continued to invest in the future of the business by supporting young people into work through apprenticeship programmes. There are currently fifteen apprentices working within the Group.</p> <p>As outlined on page 27 of this Report, the Group has continued to maintain its SAYE scheme, giving colleagues the opportunity to become personally invested in the equity of Company. During the year, the Company granted options over a total of 413,062 ordinary shares under this scheme.</p> <p>CUSTOMERS</p> <p>The Group's extensive customer services offering, which is detailed on the Group's website at https://www.redcentricplc.com/services/, is core to the Group's customer proposition and the Group is in regular dialogue with its existing and potential customers in order to best understand and respond to their ongoing and future requirements. The Group also keeps abreast of customer needs and communicates its proposition to customers through regular customer surveys, monthly and quarterly service reviews and through its social media channels. During the year the Group appointed a marketing director onto its Operations Board, recognising the importance of a dedicated marketing function to increase market intelligence and access. The marketing team are aggressively developing the function's capabilities to better engage with existing customers and prospects and the market as a whole.</p> <p>SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES</p> <p>The Group is committed to fulfilling its environmental and social responsibilities. The Group has maintained its ISO 14001:2015 environmental management certification during the year, through which it identifies and evaluates those business aspects that can impact the environment, ensures relevant compliance obligations are met and measures its environmental performance against agreed objectives. The Group has continued to focus on carbon reduction improvement initiatives for its data centre estate, whilst monitoring those measures already implemented to evaluate performance against anticipated savings. The commitment to social value is demonstrated through various offerings, including digitally driven fundraising campaigns, the collaboration with the Breck Foundation (which provides training to pupils and teachers in the arena of staying safe online) and the provision of employment and training opportunities for local residents.</p> <p>The Board also considers its shareholders and suppliers to be key stakeholders. Details of how the Group fosters relationships with its stakeholders and considers their needs are set out in the Section 172 statement on page 18-20 of this Report.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
<p>Principle 5</p> <p>Embed effective risk management, internal controls and assurance activities, considering both opportunities and threats, throughout the organisation</p>	<p>As set out in the Audit Committee Report on page 56 of this Report, the Board is committed to ensuring that risk management forms part of the way the Group operates and is embedded within the business, coordinated by the Chief Financial Officer. As well as identifying key risks, focus is towards identifying the potential likelihood and impact of identified risks materialising, then assessing and prioritising potential mitigating actions.</p> <p>The key risks and challenges facing the Group and the high-level management of such are outlined on pages 21-23 of this Report. The Group continues to operate a tiered hierarchy for risk management, with functional management of direct risks and consistent measures across all functions, and escalation of significant value risks, along with principal corporate risks, to the Group's corporate risk register. The corporate risk register is shared and refined with the Audit Committee and Board at regular intervals in the year, coordinated by the Chief Financial Officer and with particular attention paid to addressing mitigating actions for each risk identified.</p> <p>There continues to be close focus on emerging climate change related risks with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations being integrated into the Group's risk management framework. These risks are managed by the Group's Sustainability Committee, which provides regular reports to the Board.</p> <p>The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. The implementation and maintenance of the risk management and internal control systems are the responsibility of the Operating Board. However, the internal control system is designed to manage rather than eliminate risk and can therefore only provide reasonable and not absolute assurance against material misstatement or loss. The Board considers that the internal controls in place are appropriate for the size, complexity and risk profile of the Group. Enhancements continue to be made to Microsoft Dynamics 365 (D365), the Group's ERP system, overseen by the Group's Chief Technology Officer, which are expected to further strengthen the Group's control environment. Work has continued throughout the year to generally improve the Group's control environment, both through the further integration work arising from acquisitions completed in FY23 and the continuous development and implementation of initiatives to address previously identified risks and control weaknesses. The principal elements of the Group's internal control system cover financial, operational and compliance controls and include:</p> <ol style="list-style-type: none"> 1. close management of the day-to-day activities of the Group by the Executive Directors; 2. an established budgetary system with the preparation and approval of an annual budget by the Board and regular monitoring and review of performance against budget and prior year, with at least quarterly forecast updates through the year; 3. detailed monthly reporting to the Board, both at Group and business unit level (including financial information, performance against plan and key performance indicators) whereby the Executive Directors report on significant changes to the business or its outlook to the extent they represent significant risk; 4. an organisational structure that has clear reporting lines and delegated authorities, and which aligns with the divisional structure first implemented in FY23 but subsequently amended as the MSP and DC business units have now been separated; 5. management and monitoring of risk and performance at multiple levels throughout the Group; and 6. continually improving finance, legal and assurance and compliance functions that maintain processes and systems to enhance the control environment, including the control of expenditure, authorisation limits, purchase ordering, sales order intake, contract review and approval. <p>The Group also works hard to maintain a number of ISO accreditations it has achieved over a number of years, detailed at https://www.redcentricplc.com/about-us/accreditations, and has a number of policies and procedures in place in order to fulfil the requirements and maintain these accreditations.</p>
<p>Principle 6</p> <p>Establish and maintain the Board as a well-functioning, balanced team led by the chair</p>	<p>The composition of the Board is detailed on pages 54-55 of this Report. The Board has delegated specific responsibilities to the Board Committees. The composition of the Board Committees and how they discharge their responsibilities can be found on pages 54-55 of this Report. A key role of the Board's Nomination Committee is to keep the composition of the Board under review as the Group's business evolves.</p> <p>During the year and in the months following the year-end date there were a number of changes in the composition of the Board, both Executive and Non-Executive. In September 2024, Richard McGuire was appointed as Chairman of the Company replacing Nick Bate. Richard is a very experienced Chairman and Non-Executive Director, having held directorships in a portfolio of companies across the technology, financial, real estate and the leisure and gaming sectors.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
Principle 6 (continued)	<p>To further strengthen the Board, the Group appointed John Radziwill in October 2024 as a Non-Independent Non-Executive Director as a representative of ND Capital Investments Limited, one of the Company's largest shareholders.</p> <p>Peter Brotherton, former Chief Executive Officer, informed the Board in August 2024 that he intended to retire from the Board, which he did in May 2025. He has remained employed by the Group in order to provide a solid handover. For a short period between February and April 2025, Brian Woodford served as Chief Executive Officer Designate, however he stepped down from the role due to personal reasons. Michelle Senecal de Fonseca, formerly a Non-Executive Director of the Company, was appointed Chief Executive Officer in May 2025. Michelle brings a wealth of experience from the technology sector to the role and has the benefit of knowing the Group very well, from having already served on the Board. David Senior, the Group's Chief Finance Officer since 2020, also informed the Board of his resignation in January 2025 and left the Group in April 2025. He was replaced by Tony Ratcliffe in August 2025. Whilst there was a gap of several months without a Chief Financial Officer, the Group was able to rely on a strong and highly qualified finance team in the interim.</p> <p>All Directors are encouraged and expected to use their independent judgement and to challenge matters where required, strategic, financial and operational. Whilst Oliver Scott and John Radziwill are not considered independent as a result of them being shareholder representatives, the Board was satisfied throughout the year and in the new financial year that it had a suitable Board composition with sound and appropriate governing principals in place, with a reasonable balance between independence and knowledge of the Group to enable it to discharge its duties and responsibilities effectively.</p> <p>The Board confirms that it currently has two independent Directors, a requirement of the Code, but acknowledges that the number of independent Directors on the Board has now been reduced such that the number of independent Directors does not balance or exceed the number of non-independent Directors, which currently comprises four in total – two Executive Directors and two Non-Executive Directors. This does not meet the formal requirements of this Principle of the Code. However, the Board is committed to keep the position under close review and will act as it believes necessary should it consider there is a need to address the number and composition of the Board in due course.</p> <p>The Executive Directors of the Company are employed on a full-time basis. Non-Executive Directors are required to devote such time to the Group's affairs as necessary to discharge their duties and this may change from time to time. In addition to scheduled Board meetings, members are required to attend other ad hoc Board meetings, Committee meetings, the AGM and any other business or general meetings as required. Board members are also required to consider all relevant papers before each meeting and to devote additional time in respect of preparation and ad hoc matters which may arise. Non-Executive Directors are required to obtain the agreement of the Chairman before accepting additional commitments that may affect the time that they are able to devote to their role as a Non-Executive Director. Further details of external appointments of the Board are included in their biographies on pages 54-55 of this Report.</p> <p>Details of the number of regular scheduled meetings of the Board and committees, together with the attendance record for each Board member, are set out on page 54 of this Report.</p> <p>The Board evaluate its own performance last year, and more detail on the results of this is provided below against Principle 9.</p>
Principle 7 Maintain appropriate governance structures and ensure that individually and collectively the Directors have the necessary up-to-date experience, skills and capabilities	<p>The business and management of the Group are the collective responsibility of the Board. The Board meets at least eleven times a year at various Group locations in accordance with its scheduled meeting calendar, which is supplemented by additional meetings as and when required. Monthly Board reports are circulated ahead of each Board meeting in respect of the previous month's trading and activities. The annual Board calendar typically includes presentations from members of the Operating Board through the course of the year. The attendance by each Board member at meetings held in the year is shown in the table on page 54 of this Report.</p> <p>Whilst there were changes in the Chief Executive Office role, continuity was maintained as Peter Brotherton stayed with the business throughout the period of change and effected an orderly handover to Michelle Senecal de Fonseca. There was a gap in Chief Financial Officer of some months prior to Tony Ratcliffe's appointment. This occurred in the new financial year, and the Board was satisfied that the wider finance team provided solid reporting and ensured controls were maintained in this period.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
Principle 7 (continued)	<p>The Board acknowledges that this gap compromised the formal requirements of this Principle of the Code. However, this has now been addressed, and the Board is committed to maintain strong levels of governance with a robust control environment and solid Board oversight.</p> <p>At each scheduled Board meeting, the Board considers and reviews the trading performance of the Group for the previous month and year-to-date, as well as the outlook, together with additional relevant topics. The Board and its Committees receive appropriate and timely information prior to each meeting in accordance with a reporting timetable agreed by the Board and Operating Board. A formal Board agenda is issued by the Chair for each meeting.</p> <p>The Board has a formal written schedule of matters reserved for its review and approval including approval of an annual budget, major capital expenditure and approval prior to issuance of its interim and annual results. All specific actions arising from meetings are minuted following each Board or Committee meeting, for appropriate follow up by the Executive Directors and Company Secretary and subsequent review at the next meeting.</p> <p>The Board is supported by the Audit, Nomination and Remuneration Committees. A report on the composition, responsibilities and key activities of the Audit Committee are set out in the Audit Committee Report and in the Directors' Remuneration Report for the Remuneration Committee.</p> <p>The Nomination Committee meets at least once a year and further as required, particularly as and when necessary to identify and nominate for approval by the Board, any candidates for Board appointment. The Nomination Committee engages external consultants when appropriate to assist in the search for and selection of new Board members and has terms of reference which have been formally approved by the Board. At least annually, and now on an ongoing basis in reference to the non-compliance referred to in principle 6, the Board reviews the structure, size, composition and diversity of the Board. It also considers succession planning and regularly reviews the leadership needs of the organisation.</p> <p>The senior management of the business is known as the Operating Board, which comprises the most senior leaders from the Group's business units and functional disciplines. Authority for execution of approved policies, delivery of the business plan and daily running of the business is delegated by the Board to the Executive Directors together with the Operating Board, which manages and monitors operational performance across the business and ensures effective decision-making. The Operating Board meets on a weekly basis and provides written summary reports to the Executive Directors on a monthly basis for discussion at each Board meeting to ensure that the Board always has the most up to date information possible.</p> <p>Directors' details and biographies are on pages 54-55 of this Report. The Board considers that it has the appropriate mix of skills and experience to enable it to execute its duties and responsibilities effectively and appropriately given the nature and size of the Group. However, and as noted in Principal 6, it is very mindful of the need to maintain independence on the Board.</p> <p>Directors are responsible for ensuring their continuing professional development to maintain their effective skills and knowledge. Details of performance assessments undertaken by the Board are set out below.</p> <p>The Board receives monthly reports on the Group's operational and financial performance with formal agendas and reports circulated to the Board in advance of each meeting. The Board has access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed, and applicable rules and regulations are adhered to. Directors are able to obtain further advice or seek clarity on issues raised in reports or at meetings from colleagues within the Group. The Board also has a procedure whereby any Director may seek, through the Company Secretary, independent professional advice in furtherance of their duties, if necessary, and at the Company's expense. Alan Aubrey is the Company's Senior Independent Director and provides a sounding board for the Chairman and an intermediary for the other Directors, where required. On appointment to the Board, all new Directors receive a tailored induction pack and introductions to relevant personnel within the Group.</p>

Governance

Corporate Governance (continued)

Governance Principle	Application
<p>Principle 8</p> <p>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement</p>	<p>The Board last carried out its periodic evaluation of its own performance in FY24. This assessment was internally facilitated and comprised the following elements:</p> <ul style="list-style-type: none"> a questionnaire completed by every Board member covering Board and Committee structure, processes, agendas and priorities. Each Board member's assessment of their individual performance and feedback on each other was also sought. The questionnaire was based on templates designed by external consultants with considerable experience of Board reviews, but tailored to meet the specific circumstances of the Group; and completion of a skills matrix by each Board member, as referred to under Principle 7 above, to identify areas of expertise on the Board and additional areas that the Board could consider in relation to future appointments. <p>Due consideration was given to the feedback reported back to the Board.</p> <p>The Board also undertakes regular, less formal assessments of its effectiveness to ensure alignment with the needs of the business. The Chair maintains close communications with Board members, and all Directors are encouraged to provide feedback on all areas of the Board's efficacy.</p> <p>The Nomination Committee is responsible for developing succession plans in respect of the Board. Openness amongst Board members is encouraged regarding individual member's future plans to enable the Company to manage orderly transitions. Management work with the Group's HR team to identify and develop emerging leaders across the Group to help maintain and nurture a pool of internal talent for future career development opportunities and growth.</p>
<p>Principle 9</p> <p>Establish a remuneration policy which is supportive of long-term value creation and the Company's purpose, strategy and culture</p>	<p>The Group has maintained a remuneration policy for a number of years. It was established with the benefit of advice from external consultants and has been continuously reviewed over the years. The primary objectives of the policy are:</p> <ul style="list-style-type: none"> to operate a transparent, simple and effective remuneration structure which encourages the delivery of Group targets in accordance with its business plan and strategy; to attract, motivate and retain the best people of the highest calibre by providing competitive and appropriate short and long-term variable pay which is dependent upon challenging performance conditions; and to promote the Group's purpose, culture and beliefs and promote the long-term success of the Group and ensure that the policy is aligned with the interests of, and feedback from, its shareholders. <p>The Board supports the emphasis placed on remuneration transparency by the Code and full details of both the Directors' Remuneration Policy and actual remuneration are published in full below, see pages 61-66 of this Report.</p> <p>At the Company's forthcoming AGM, the Directors' Remuneration Report containing the Remuneration Policy as well as the Directors' remuneration will be put forward as resolutions for the shareholders' vote. With the appointment of a new Chair of the Remuneration Committee and a refocussing of strategy towards developing the MSP business unit following the decision to dispose of the DC business unit, the Board expects the Remuneration Committee to undertake a detailed review of the remuneration policy during the new financial year, with any potentially updated policy being put forward to shareholders at the 2026 AGM.</p>
<p>Principle 10</p> <p>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other key stakeholders</p>	<p>The Board communicates with its shareholders in a range of ways including through the Annual Report and Accounts, interim and full-year results announcements and presentations as well as further trading updates and other news events where required, the AGM, investor roadshow meetings and further one-to-one meetings with major shareholders or potential new shareholders. The Group's website (www.redcentricplc.com), particularly the investor section of the site, also provides a range of corporate information for shareholders, investors and the public, including all Company announcements and presentations.</p> <p>Group performance information is also communicated to colleagues, within the limitations imposed by the Company's public company disclosure obligations, in a number of ways, including regular colleague-wide email communications from the Executive Directors and Operating Board and monthly colleague briefing sessions. The Group conducted another colleague survey in the year, the results and proposed outputs of which are in the process of being shared with colleagues, along with potential initiatives to address points raised by colleagues.</p> <p>Further details of how the Company maintains a dialogue with customers and suppliers, both being key stakeholders, are set out in the section 172 statement at pages 18-20 of this Report.</p>

Governance

Board of Directors

The following table details the attendance of the Board members at regular scheduled Board and Committee meetings held during FY25 which they were eligible to attend.

Name	Position (at 31 March 2025)	Board		Audit Committee		Remuneration Committee		Nomination Committee	
		Total	Attended	Total	Attended	Total	Attended	Total	Attended
Nick Bate (RESIGNED 27 SEPTEMBER 2024)	n/a	7	5	1	1	6	4	1	0
Alan Aubrey	NED	15	15	3	3	8	8	2	2
Richard McGuire (APPOINTED 27 SEPTEMBER 2024)	Chair	8	8	2	1	2	1	1	1
Oliver Scott	NED	15	15	3	3	8	8	2	2
Michelle Senecal de Fonseca	NED	15	15	3	3	8	8	2	2
John Radziwill (APPOINTED 31 OCTOBER 2024)	NED	7	5	2	2	2	1	1	1
Peter Brotherton (RESIGNED 31 MAY 2025)	CEO	15	15	-	-	-	-	-	-
David Senior (RESIGNED 30 APRIL 2025)	CFO	15	12	-	-	-	-	-	-
Brian Woodford (APPOINTED 3 FEBRUARY 2025, RESIGNED 2 APRIL 2025)	CEO DESIGNATE	3	3	-	-	-	-	-	-

Current Non-Executive Directors

Richard McGuire, Independent Non-Executive Chairman of the Board

Appointment date: 27 September 2024

Committee membership: Chair of the Nomination Committee, member of the Remuneration and Audit Committees

Experience and external appointments: Richard is an experienced chairman and non-executive director, having held directorships in a portfolio of companies across the technology, financial, real estate and leisure/gaming sectors.

Governance

Board of Directors (continued)

Current Non-Executive Directors (continued)

Alan Aubrey, Independent Non-Executive Director (and Senior Independent Director)

Appointment date: 21 July 2022

Committee membership: Chair of the Audit Committee, member of the Remuneration and Nomination Committees.

Experience and external appointments: Alan is an experienced executive and Non-Executive Director, having been CEO of IP Group plc from 2006 to 2021 and having served as Non-Executive Chair of Ceres Power Holdings plc and Proactis Holdings plc and Non-Executive Director of Avacta Group plc. Alan currently serves as Non-Executive Chair of ChemAI Limited and OxCCU Tech Limited, and on the board of Trellex Limited and Rio AI Limited. Alan has also formerly served on the boards of several large private companies, including Oxford Nanopore and Oxford Sciences Innovation plc, and served as a Non-Executive Director and Chair of the Audit Committee of the Department of Business, Innovation, University and Skills ('DIUS', now the Department of Business, Energy and Industrial Strategy, 'BEIS') of the UK government.

Oliver Scott, Non-Executive Director (non-independent)

Appointment date: 1 December 2023

Committee membership: Chair of the Remuneration Committee, Member of the Audit and Nomination Committees

Experience and external appointments: Oliver is a partner of Kestrel, the independent investment manager, which Oliver co-founded in 2009. Kestrel is Redcentric's largest shareholder. Prior to Oliver's co-founding of Kestrel, Oliver spent 20 years advising smaller quoted and unquoted companies, latterly as a Director of KBC Peel Hunt Corporate Finance. Oliver is currently a Non-Executive Director of K3 Business Technology PLC, and was previously a Non-Executive Director of Smoove PLC, Idox PLC, IQGeo Group PLC and KBC Advanced Technology PLC.

John Radziwill, Non-Executive Director (non-independent)

Appointment date: 31 October 2024

Committee membership: Member of the Audit, Remuneration and Nomination Committees

Experience and external appointments: John is a representative of ND Capital, one of Redcentric's largest shareholders. He is a highly experienced director and has held several senior leadership roles in investment banking, advisory and asset management.

Current Executive Directors

Michelle Senecal de Fonseca, Former Independent Non-Executive Director, appointed Chief Executive Officer from May 2025

Appointment date: 13 February 2024

Experience and external appointments: Michelle is an experienced executive and Non-Executive Director in the technology industry, having been managing Director for Vodafone's cloud and hosting services business, and serving as area vice president for sales and services for Northern Europe at Citrix before becoming its global vice president for strategic alliances. Michelle also currently serves as a Non-Executive Director on the boards of GB Group PLC, Alphawave IP Group PLC, ASU Global Foundation UK Limited and Women in Telecoms & Technology (WITT) Limited.

Tony Ratcliffe, Chief Financial Officer

Appointment date: 18 August 2025

Experience and external appointments: Tony has over 25 years' senior financial management experience with fast growing technology and service companies, including on AIM and Nasdaq. This experience extends across a number of high growth sectors, including healthcare, software and materials science. Most recently, Tony was CFO of SourceBio International, a healthcare technology group, where he led its AIM IPO and a successful restructuring which contributed to a fourfold increase in revenues and significant increase in profitability over a two-year period. In prior CFO roles, Tony has acquired varied operational, transactional, and strategic experience and driven significant growth, both organically and via M&A, with an ultimate focus on creating value for shareholders. Tony is a UK Chartered Accountant and MBA.

Governance

Audit Committee Report

Governance

The Audit Committee was chaired by Alan Aubrey throughout the year. Oliver Scott and Michelle Senecal de Fonseca were also members of the Committee throughout the year. They were joined by Richard McGuire and John Radziwill following their appointments on 27 September and 31 October 2024 respectively. Nick Bate was a member of the Committee until his resignation on 27 September 2024. At the date of this report the Audit Committee consists of the following members:

- Alan Aubrey
- Oliver Scott
- Richard McGuire
- John Radziwill

The Committee meets at least twice a year at appropriate intervals in the financial reporting and audit cycle, and at other times during the year as agreed between the members of the Committee or as required. The Executive Directors are not members of the Committee but attend Committee meetings by invitation, as necessary, to facilitate its business. The Committee also meets the external auditor at least once a year without management present, to discuss their remit and any issues arising from the previous audit.

During the year, the Committee met three times. Attendance details for the regular scheduled meetings are provided on page 54 of this Report.

Key responsibilities

The Committee's terms of reference are available on the Investor section of the Group's website. In accordance with the terms, the Committee's responsibilities include:

- monitoring the integrity of the Financial Statements of the Group, including all formal announcements relating to financial performance;
- reviewing and reporting to the Board on significant financial reporting issues and judgements contained in any announcements of financial performance;
- reviewing the effectiveness of internal financial controls and internal control and risk management systems and the need for an internal audit function;
- reviewing the adequacy of arrangements for the raising of concerns about possible wrongdoing, procedures for detecting fraud and systems and controls for the prevention of bribery;
- the recommendation of, appointment, re-appointment, and removal of the external Auditor;
- reviewing the scope and results of the external annual audit by the Auditor, their effectiveness, independence and objectivity; and
- reviewing the nature and extent of any non-audit services provided by the external Auditor.

The Committee reports on all such matters to the Board.

Internal control and risk management

The Audit Committee supports the Board in reviewing the risk management methodology and the effectiveness of internal control. The Committee continues to make progressive improvements to the control environment to address risk and control weaknesses which were identified following the acquisition and integration of several businesses in FY22 and FY23, and subsequent period recommendations as part of the annual audit process.

The Group continues to operate a tiered hierarchy for risk management, with functional management of direct risks and consistent measures across all functions, and escalation of significant value risks, along with principal corporate risks, to the Group's corporate risk register. The corporate risk register is shared and refined with the Audit Committee and Board at key intervals in the year, coordinated by the Chief Financial Officer and with reporting on mitigating actions for each risk.

Governance

Audit Committee Report (continued)

External audit

The Audit Committee approves the appointment and remuneration of the external Auditor and the Chief Financial Officer monitors the level and nature of non-audit services, and specific assignments are flagged for approval by the Audit Committee as appropriate. The Audit Committee reviews non-audit fees and considers implications for the objectivity and independence of the relationship with the external Auditor. The Committee maintains regular dialogue with the external Auditor on ways to improve the efficiency and effectiveness of the external audit process.

The responsibilities of the Board and external Auditor in connection with the Group's Financial Statements are set out in the Statement of Directors' Responsibilities and Auditor's Report respectively and details of the services provided by and fees payable to the Auditor are included in note 8 to the Consolidated Financial Statements.

The Financial Reporting Council ("FRC") carried out a review of the Annual Report and Accounts for the year ended 31 March 2024 and selected the associated audit for inspection (the Audit Quality Review ("AQR")). The AQR report identified a single finding in respect of the Auditor's use of an AI tool to assess operating expenses.

No significant questions or queries were raised as part of the review of the Annual Report and Accounts, and the Group took into consideration the FRC recommendations when preparing this Annual Report. The Committee notes that the FRC's review does not provide assurance that the Annual Report is correct in all material respects as the FRC's role is not to verify information provided, but to consider compliance with reporting requirements.

As part of the review of the Annual Report and Accounts, the FRC also drew the Company's attention to an issue relating to the payment of the full year final dividend for FY23 and the interim dividend for FY24. While the Group as a whole had sufficient distributable reserves to pay these dividends, the level of reserves in the Company was insufficient, as the calculation of the requisite distributable reserves had not reflected the consideration paid for shares held in treasury by the Company. The dividends had therefore been paid in breach of the requirements of the Companies Act 2006 ("CA 2006"), and their payment had resulted in a consequential breach of the net assets restriction in the CA 2006. In order to rectify the situation, the Company intends to propose resolutions at the forthcoming AGM to approve:

- (i) deeds of release between the Company and each of its shareholders and Directors; and
- (ii) the appropriation of the shortfall in distributable reserves.

The Audit Committee has taken steps to ensure that this issue does not arise again in the future.

KPMG LLP were appointed as the Group's Auditor on 15 May 2017. Following three years as engagement lead, Christopher Vaulks left KPMG in July 2025 and was replaced by Roger Nixon. The re-appointment of KPMG LLP as auditors will be tabled at the forthcoming 2025 AGM.

Financial reporting

The Committee reviewed the full year results including the annual report and accounts, the preliminary results announcement and the report from the external auditor. In reviewing the statements and determining whether they were fair, balanced and understandable, the Committee considered the work and recommendations of management as well as the report from the Auditor.

The Committee considered the appropriateness of accounting policies, including critical accounting judgements and estimates. To do this, the Committee reviewed the information provided by management and the views from the external auditors on the accounting treatments and judgements in the year's Financial Statements.

In preparing the year's Financial Statements the key judgements that could have a material effect on the amounts recognised in these Financial Statements relate to segmental reporting, the identification of cash generating units (CGUs) and subsequent split of goodwill, assets held for sale and discontinued operations and the presentation of exceptional items. Each judgement is addressed below.

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.

Governance

Audit Committee Report (continued)

Financial reporting (continued)

Identification of cash generating units (“CGUs”) and subsequent split of goodwill (continued)

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 test was conducted at 31 January 2025, prior to the carve out, on the original CGU composition. Significant headroom was identified therefore no impairment noted such that 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 15.

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 5), 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 15. 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 15 of this Report.

The Committee has reviewed the assumptions, judgements and estimates used in this area by management and, following appropriate challenge, we consider the accounting policy/judgement to be appropriate.

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.

Governance

Audit Committee Report (continued)

Financial reporting (continued)

Segmental reporting – prior period restatement (continued)

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 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 principles of IFRS 8 and IFRS 5. Additional information is included in note 4.

The Committee has reviewed the assumptions, judgements and estimates used in this area by management and, following appropriate challenge, we consider the accounting policy/judgement to be appropriate.

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 formally 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 were 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.

Governance

Audit Committee Report (continued)

Financial reporting (continued)

Assets held for sale and discontinued operations (continued)

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.

The Committee has reviewed the assumptions, judgements and estimates used in this area by management and, following appropriate challenge, we consider the accounting policy/judgement to be appropriate.

Exceptional items

The Committee has reviewed management's analysis of exceptional items and the presentation of those within these Financial Statements in the context of the Group's accounting policy, as well as in the context of the definition of exceptional items for the purposes of the banking facility agreement. The Committee is satisfied that the costs presented as exceptional items within these Financial Statements are appropriate under all definitions.


Investment impairment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its VIU. The VIU calculation for investment impairment uses the Equity Valuation method by taking the RSL Enterprise Value (being the VIU) plus fair value of surplus assets less fair value of debt. The cash flows to derive the VIU are derived from the financial projections for the next five years and do not include restructuring activities that are not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Following the carve out of the DC business to Redcentric Data Centres Limited there is no longer any headroom on the investment in Redcentric Solutions Limited. Impairment will therefore continue to be a key source of estimation uncertainty in future periods.

The Committee has reviewed the assumptions, judgements and estimates used in this area by management and, following appropriate challenge, we consider the accounting policy/judgement to be appropriate.

Going concern

Going concern is not considered a significant judgement for FY25 as the as the forecast liquidity position of the Group has improved following the integration of past acquisitions, good cost control and the continued extension of the RCF.



Alan Aubrey

Chair of the Audit Committee
23 September 2025

Governance

Directors' Remuneration Report

Annual Statement

Introduction

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2025, my first as Chair of the Remuneration Committee. As the Company is listed on the Alternative Investment Market ("AIM"), it is required to comply with AIM Rule 19 in respect of remuneration disclosures. However, the Board also provides additional voluntary disclosures in line with AIM best practice, to enable shareholders to better understand and consider the Group's remuneration arrangements. This report is divided into three sections being:

- This **Annual Statement**, which summarises the Committee and its work and how the Policy will be implemented in FY26;
- The **Directors' Remuneration Policy**, which summarises the Company's Remuneration Policy; and
- The **Annual Report on Remuneration**, which discloses how the Remuneration Policy was implemented in FY25.

As a Committee, we recognise the need to foster good relations with our shareholders and encourage open dialogue. As such, I am available for discussion with institutional investors concerning the Company's approach to remuneration at any time. We trust you will find this Report to be informative and look forward to receiving your support at our forthcoming AGM.

Committee members

Throughout the financial year the Remuneration Committee was chaired by Michelle Senecal de Fonseca. Following her appointment to Chief Executive Officer, Oliver Scott was appointed as Chair of the Remuneration Committee in July 2025. Committee Membership was as follows:

- Michelle Senecal de Fonseca (Chair to 8 July 2025)
- Oliver Scott (Chair from 8 July 2025)
- Richard McGuire
- Alan Aubrey
- John Radziwill

The Committee meets at least twice a year and at other times during the year as agreed between the members of the Committee. The attendance record for the meetings held in the year is included on page 54 of this Report.

Committee responsibilities

The Group is committed to maximising shareholder value over time. Each year the Remuneration Committee reviews the incentive and reward packages for the Chairman, Executive Directors and senior executives to ensure that they are aligned with the Group's strategic objectives and financial performance, and are appropriate to attract, retain and motivate management behaviour in support of the Group's culture and beliefs and support the creation of shareholder value. The Committee has formal terms of reference which can be found in the investor section of the Group's website. The Board (excluding the Non-Executive Directors) sets the annual base fees payable to the Non-Executive Directors, and they do not receive any additional benefits.

Advisors to the Committee

FIT Remuneration Consultants LLP ("FIT") continues to provide independent advice to the Remuneration Committee in respect of remuneration quantum and structure and developments in governance and best practice more generally. FIT is a member and signatory of the Remuneration Consultants Group and voluntarily operates under the Code of Conduct in relation to executive remuneration consulting in the UK, details of which can be found at www.remunerationconsultantsgroup.com.

Governance

Directors' Remuneration Report – Annual Statement (continued)

Annual Statement (continued)

Implementation of the Remuneration Policy for the year ending 31 March 2026

- Michelle Senecal de Fonseca was appointed as CEO on a salary of £400,000.
- Tony Ratcliffe, who was appointed as CFO on 25 June 2025 and was appointed to the Board on 18 August 2025 will receive a salary of £240,000.
- Executive Directors will continue to receive a workforce aligned pension at 5% of salary or where lifetime allowance or annual allowance restricts this a pension cash supplement.
- It is currently intended that annual bonus potential will be operated in line with the remuneration policy.
- The Committee will review cash bonuses and long-term incentive provision for Michelle Senecal de Fonseca and Tony Ratcliffe during 2025 to ensure they remain appropriately aligned to the Company's strategy and shareholders' interests.

The Remuneration Committee has agreed certain cash bonuses payable to certain senior management in the event of a successful disposal of the DC business unit. No current Executive Directors are included within this scheme. These bonuses will be accounted for only on a successful deal completion.



Oliver Scott

Chair of the Remuneration Committee
23 September 2025

Directors' Remuneration Policy

This section sets out the Directors' Remuneration Policy ("Policy"). In order to deliver the Group's strategy, the primary objectives of the Policy are:

- to operate a transparent, simple and effective remuneration structure which encourages the delivery of Group targets in accordance with its business plan and strategy;
- to attract, motivate and retain the best people of the highest calibre by providing competitive and appropriate short- and long-term variable pay which is dependent upon challenging performance conditions; and
- to promote the Group's culture and beliefs and promote the long-term success of the Group and ensure that its policy is aligned with the interests of, and feedback from, the Company's shareholders.

Governance

Directors' Remuneration Report – Annual Statement (continued)

Directors' Remuneration Policy (continued)

Summary of Directors' Remuneration Policy

Component	Purpose and link to strategy	Operation	Maximum	Performance
Base salary	To provide a competitive base salary to attract, motivate and retain Directors with the experience and capabilities to achieve the strategic aims.	Reviewed annually after considering pay levels at comparably sized listed companies and sector peers, the performance, role and responsibility of each Director, market conditions, the Group's performance and the level of pay across the Group as a whole.	n/a	n/a
Benefits	To provide market-competitive benefits package.	Life assurance cover of four times salary, private medical insurance for themselves, their spouse and their children, access to permanent health insurance if required.	n/a	n/a
Pension	To provide an appropriate level of retirement benefit.	Workforce aligned pension which may be paid as a pension and/or cash allowance if annual or lifetime limits are met.	Currently 5% of salary	n/a
Annual bonus	To reward performance against annual targets which support the strategic direction of Group.	Cash bonus of up to 100% based on financial and strategic targets and a share bonus of up to 50% also based on financial and strategic targets, paid in the event of exceptional performance against targets.	Up to 100% of salary or 150% inc. share bonus	Sliding scale financial and strategic targets
Performance-related bonus	To drive and reward the achievement of longer-term objectives and align management with shareholders.	Special bonus scheme which will pay out in the event of agreed business events subject to the discretion of the Remuneration Committee.	n/a	Metrics will be linked to financial and/or share price and/or strategic performance
LTIP	To drive and reward the achievement of longer-term objectives and align management with shareholders.	Conditional shares and/or nil cost or nominal cost share options. Vesting is normally subject to the achievement of challenging performance conditions, normally over a period of three years. Dividend equivalents may be awarded to the extent awards vest. Awards may be subject to malus/clawback provisions at the discretion of the Committee. Awards are split between base awards and booster awards based on stretch performance targets.	Up to 100% base award and up to 100% booster award	Metrics will be linked to financial, share price and/or strategic targets. Stretch targets apply to the booster award
All-employee share awards	To align management with employees and shareholders.	Awards will be consistent with prevailing HMRC tax favoured all-employee share plans.	Prevailing HMRC limits	n/a
Non-Executive Directors	The Committee determines the Chairman's fee. Fees for the Non-Executive Directors are agreed by the Chairman and Chief Executive.	Fees are reviewed annually taking into account the level of responsibility and relevant experience. Fees may include a basic fee and additional fees for further responsibilities. Fees are normally paid in cash. Travel and other reasonable expenses incurred in the course of performing their duties may be reimbursed.	n/a	n/a

Service contracts

The Executive Directors have service contracts that are subject to no more than six months' notice. The Chairman and Non-Executive Directors do not have contracts of service but are subject to three months' notice.

Governance

Directors' Remuneration Report – Annual Statement (continued)

Annual Report on Remuneration

Single total figure of remuneration for Directors (audited)

The remuneration of the Directors in respect of the year, with prior year FY24 comparatives, was as follows:

	Year	Base Salary / Fees	Annual Bonus ⁸	Pension ⁹	Share-based payments ¹⁰	Total
		£'000	£'000	£'000	£'000	£'000
Executive						
Peter Brotherton ¹	FY25	384	86	44	92	606
	FY24	382	114	43	-	539
David Senior ²	FY25	231	-	12	52	295
	FY24	215	74	11	-	300
Brian Woodford ³	FY25	240	-	-	-	240
	FY24	-	-	-	-	-
Non-Executive Directors						
Richard McGuire ⁴	FY25	43	-	-	-	43
	FY24	-	-	-	-	-
Alan Aubrey	FY25	50	-	-	-	50
	FY24	50	-	-	-	50
Oliver Scott	FY25	42	-	-	-	42
	FY24	8	-	-	-	8
Michelle Senecal de Fonseca	FY25	50	-	-	-	50
	FY24	7	-	-	-	7
John Radziwill ⁵	FY25	19	-	-	-	19
	FY24	-	-	-	-	-
Former Directors						
Nick Bate ⁶	FY25	42	-	-	-	42
	FY24	85	-	-	-	85
Helen Feltham ⁷	FY25	-	-	-	-	-
	FY24	16	-	-	-	16
Total	FY25	1,101	86	56	144	1,386
	FY24	763	188	54	-	1,005

1. Announced decision to retire as CEO on 15 August 2024 and stood down as CEO and Executive Director on 31 May 2025.
2. Announced decision to retire as CFO on 27 January 2025 and left the business on 30 April 2025.
3. Appointed as CEO designate on 2 February 2025 and resigned and left the business on 2 April 2025.
4. Appointed as Chairman and Non-Executive Director on 27 September 2024.
5. Appointed as Non-Executive Director on 31 October 2024.
6. Resigned as Chairman on 27 September 2024.
7. Resigned 24 July 2023.
8. The annual bonus plan for FY25 was based on the year-on-year increase in revenue growth (20%), the year-on-year increase in profitability (20%) operating cash flows less maintenance capex (20%) and strategic targets (40%). Following an assessment of personal performance against strategic targets and also performance against the Group's overall strategic and integration objectives, the CEO received a cash annual bonus award of £86,000.
9. A pension cash supplement/pension payment of £25,357 was made to the CEO to reflect back payment of unpaid pension for 2023/2024.
10. No share awards vested or will vest in respect of the three-year performance period ended 31 March 2025.
11. On 23 August 2024 Peter Brotherton exercised options over 70,234 ordinary shares of 0.1p each at a price of 1.31p per ordinary share resulting in a pre-tax gain of £91,825.
12. On 23 August 2024 David Senior exercised options over 39,568 ordinary shares of 0.1p each at a price of 1.31p per ordinary share resulting in a pre-tax gain of £51,732.

Governance

Directors' Remuneration Report – Annual Statement (continued)

Annual Report on Remuneration (continued)

Payments for loss of office (audited)

A payment of £191,145 was made to the CEO designate representing payment in lieu of notice, benefits and loss of office.

Peter Brotherton stepped down as CEO on 31 May 2025. He continues to receive his salary and benefits (reduced from August 2025) and was eligible for a bonus for the year ending 31 March 2025 with no bonus for the subsequent year. He retained a pro-rata entitlement to existing LTIPs based on time worked, subject to the agreed vesting and performance criteria.

David Senior's resignation as CFO was announced on 27 January 2025 and he left the Company on 30 April 2025. He continued to receive his salary and benefits until his leaving date. He was not eligible for a bonus for the year ending 31 March 2025. The Remuneration Committee agreed to lapse his outstanding LTIPs.

The former Chairman was paid in lieu of 3 months contractual notice following his resignation.

Executive Director's share awards in the Company (audited)

Details of share options in the Company held by the Directors during the year are as follows:

	Exercise price (p)	Balance, 31 March 2024 (number)	Granted (number)	Exercised (number)	Cancelled / lapsed (number)	Balance, 31 March 2025 (number)
Peter Brotherton						
(a)	0.1	554,326	-	(70,234)	(484,092)	-
(b)	99.9	18,023	-	-	-	18,023
(c)	0.1	621,250	-	-	-	621,250
(e)	0.1	605,620	-	-	-	605,620
(f)	0.1	-	612,418	-	-	612,418
		1,799,219	612,418	(70,234)	(484,092)	1,857,311
David Senior						
(a)	0.1	312,296	-	(39,568)	(272,728)	-
(b)	99.9	18,736	-	-	-	18,736
(d)	0.1	333,334	-	-	-	333,334
(e)	0.1	347,030	-	-	-	347,030
(f)	0.1	-	350,926	-	-	350,926
		1,011,396	350,926	(39,568)	(272,728)	1,050,026

(a) Granted on 18 November 2021 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a. These options failed to vest following the publication of the Company's results for the year ended 31 March 2023 due to the vesting condition over Company share price growth not being met.

(b) Granted on 23 December 2021 under the HMRC-approved Save-As-You-Earn ("SAYE") option plan under which employees contribute a monthly amount which is saved over three years to buy shares. The options are exercisable from 1 February 2025. There are no performance conditions.

(c) Granted on 26 August 2022 under the HMRC-approved Save-As-You-Earn ("SAYE") option plan under which employees contribute a monthly amount which is saved over three years to buy shares. The options are exercisable from 1 October 2025. There are no performance conditions.

(d) Granted on 12 October 2022 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a.

(e) Granted on 19 September 2023 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a.

(f) Granted to the CEO and CFO in October 2024 of shares with a value equal to 200% of salary with the first 100% of the award based 50% on absolute Total Shareholder Return ("TSR") between 5% and 10% p.a. and 50% based on an adjusted EPS achieved within range of between 5.0p and 7.0. The second 100% of salary based 50% on stretch absolute TSR targets of 10% to 15% p.a. and 50% on an adjusted EPS of between 7p and 9p.

Governance

Directors' Remuneration Report – Annual Statement (continued)

Annual Report on Remuneration (continued)

Directors' interests in shares (audited)

The interests (both beneficial and family interests) of the Directors in office at the year-end date in the share capital of the Company were as follows:

	Interests in ordinary shares at 31 March 2025 (number)	Interests in ordinary shares at 31 March 2024 (number)	Interests in share- based incentive options at 31 March 2025 (number)	Interests in share- based incentive options at 31 March 2024 (number)
Executive				
Peter Brotherton (resigned 31 May 2025)	452,479	452,479	1,857,311	1,799,219
David Senior (resigned 30 April 2025)	113,090	113,090	1,050,026	1,011,396
Non-Executive				
Alan Aubrey	76,407	76,407	-	-
Oliver Scott ¹	-	-	-	-
Richard McGuire	-	-	-	-
John Radziwill ²	-	-	-	-

1. Oliver Scott is a beneficial owner of Kestrel Opportunities, who held 16,715,306 ordinary shares in the Company as at 31 March 2025.
2. John Radziwill is a representative of ND Capital Investments Limited, who held 25,531,554 ordinary shares in the Company as at 31 March 2025

Share price

The market price of the Company's shares on 31 March 2025 was 124.00p per share. The highest and lowest market prices during the year were 152.00p and 110.00p respectively.



Oliver Scott

Chair of the Remuneration Committee

23 September 2025

Financial Statements

Directors' Report

The Directors presents their annual report together with the audited Financial Statements for the year ended 31 March 2025.

Principal activity

The principal activity of the Group during the year was the supply of IT Managed Services, with the provision of DC services considered a discontinued operation. The Company is a holding company for two principal trading companies.

The Strategic Report on pages 1-45 of this Report contains a review of the business, future developments and the principal risks and uncertainties.

Dividends

In the light of the likelihood of a material return of capital to shareholders following the disposal of the DC business, the Board does not expect to recommend the payment of a final dividend nor to continue the annual total dividend payments amounting to 3.6 pence per share.

During the period, the Board has become aware that the Company's final dividend for FY23 and the interim dividend for FY24 did not meet the technical requirements of the Companies Act 2006 ("CA 2006"). Whilst there were sufficient distributable reserves in subsidiary companies, the level of distributable reserves in the Company has since been determined to be insufficient at the time of the payment of the FY23 final dividend and the FY24 interim dividend, as the calculation of the requisite distributable reserves had not reflected the consideration paid for shares held in treasury by the Company. This was therefore the result of a genuine error, rather than being caused by aggressive dividend policy. This also resulted in a consequential breach of the net assets restriction in the CA 2006. In order to rectify the situation, the Company intends to propose resolutions at the forthcoming AGM to approve: (i) deeds of release between the Company and each of its shareholders and Directors, and (ii) the appropriation of the shortfall in distributable reserves. The Company has taken steps to ensure that this issue does not arise again in the future and dividends have been transferred to the Company to ensure that it has sufficient distributable reserves going forwards.

Substantial shareholders

As at 31 March 2025 and 29 August 2025 (being the latest practicable date before the publication of this report) the Company had been notified of the following significant interests in 3% or more in its ordinary shares:

	31 March 2025 Number	31 March 2025 % of total	29 August 2025 Number	29 August 2025 %
Kestrel Investment Partners	32,770,922	20.62%	32,770,923	20.61%
Lombard Odier Asset management	26,503,551	16.68%	31,203,937	19.62%
ND Capital Investments Ltd	25,531,554	16.07%	25,531,554	16.05%
Slater Investments	18,280,768	11.50%	18,280,768	11.49%
Harwood Capital	17,490,000	11.01%	17,490,000	11.00%
Chelverton Asset management	5,434,760	3.42%	5,434,760	3.40%

As of 29 August 2025, the Company's issued share capital comprised 159,043,622 ordinary shares.

Governance

Directors' Report (continued)

Directors and their interests

The following were Directors of Redcentric plc during the year or at the date of approval of these Financial Statements:

- Nick Bate (resigned 27 September 2024)
- Alan Aubrey
- Oliver Scott
- Michelle Senecal de Fonseca
- Peter Brotherton (resigned 31 May 2025)
- David Senior (resigned 30 April 2025)
- Richard McGuire (appointed 27 September 2024)
- John Radziwill (appointed 31 October 2024)
- Tony Ratcliffe (appointed 18 August 2025)
- Brian Woodford (appointed 3 February 2025, resigned 2 April 2025)

Details of Directors' remuneration, service agreements and interests in the share capital of the Company are provided in the Directors' Remuneration Report on pages 61-66 of this Report. Details of the Directors' contracts, remuneration and share options granted are also set out in the Annual report on remuneration, on pages 64-66 of this Report.

All Directors will retire in accordance with the terms of the Articles of Association of the Company and, being eligible, will offer themselves for re-election at the forthcoming AGM.

Directors' indemnities and liability insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the CA 2006. The indemnity was in force throughout the year and remains in force. The Company also purchased and maintained Directors' and Officers' liability insurance throughout the year in respect of itself and its Directors and Officers.

Employees

The Group's employment policies are designed to ensure that they meet the statutory, social and market practices where the Group operates. The Group systematically provides colleagues with information on matters of concern to them (including through Group-wide announcements and all employee calls), consulting them or their representatives regularly (including through colleague forums, roadshows, the Company's newsletter and the colleague survey), so that their views can be considered when making decisions that are likely to affect their interests. Colleague involvement in the Group's performance is encouraged (including through employee share schemes such as the SAYE Scheme), as achieving a common awareness on the part of all colleagues of the financial and economic factors affecting the Group plays a major role in maintaining its relationship with its employees.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all colleagues, irrespective of sex, race, colour, disability or marital status. The Group gives full and fair consideration to applications for employment for disabled persons, having regard to their aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group.

For further information on our colleagues see the Corporate Responsibility Statement on pages 24-28 of this Report.

Governance

Directors' Report (continued)

Going concern

The Group's activities and an outline of the developments taking place in relation to its services and marketplace are considered in the Strategic Report on pages 1-45 of this Report. A commentary on the revenue, trading results and cash flows is provided in the Chief Financial Officer's Report on pages 9-14 of this Report.

Note 23.8 to the Financial Statements sets out the Group's financial risks. The Group is forecast to be profitable and is cash generative with high and continuing levels of recurring revenue and high levels of cash conversion expected for the foreseeable future.

The Consolidated Financial Statements have been prepared and approved by the Directors in accordance with applicable law and UK-adopted international accounting standards.

The Financial Statements are prepared on a going concern basis which the Directors believe to be appropriate for the reasons outlined in note 2.1.

Purchase of own shares

The authority to make purchases of the Company's shares on its behalf was given by resolution of the shareholders at the Company's 2019 and 2020 AGM, and in September 2019 the Company announced that it had approved a share buyback programme of the Company's ordinary shares for an aggregate purchase price of up to £2m (the "Programme"). The Company announced shortly after the end of FY20 that the Programme would be temporarily halted until such time as the outlook around COVID-19 became more certain and in November 2020, in the announcement of its results for the six months to 30 September 2020, the Company announced that it would reinstate the Programme. During FY22 the Company recommenced the Programme and obtained approval from the Board to increase the aggregate consideration payable under the Programme to £5m in total, resulting in 2,160,500 shares repurchased and a closing balance of 2,170,203 shares at the end of FY22. This scheme has now been closed and no further purchases were made in FY23, FY24 or FY25, though several share options exercised during the year were settled using treasury shares meaning the number of shares held in treasury at 31 March 2025 was 242,175 (31 March 2024: 632,703).

Annual General Meeting

The 2025 AGM will be held at the offices of Cavendish Capital Markets Limited at 1 Bartholomew Close, London EC1A 7BL at 11:00 on 20 October 2025. The notice convening the AGM and what shareholders should do to register their intention to attend and/or vote by proxy are contained in a separate circular to shareholders and on the Group's website at <https://www.redcentricplc.com/investors/shareholder-documents/>.

Corporate governance

The Group's statement on corporate governance can be found in the Corporate Governance section of this Report and forms part of this Directors' Report and is incorporated by reference.

The Group's financial risk management objectives and policies are described in note 23.8 of the Financial Statements.

Disclosure of information to the auditor

The Directors of the Company at the date of approval of these Financial Statements confirm, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. The Directors have individually confirmed that they have taken all reasonable steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

Governance

Directors' Report (continued)

Subsequent events

Subsequent to the reporting date of 31 March 2025, the Group has continued advanced 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 has 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 (see note 23.2 for further details).

There have been no other significant events between the balance sheet date and the date of approval of these accounts.

By order of the Board



Liz Wild

Company Secretary
23 September 2025

Governance

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare Group and parent company Financial Statements for each financial year. Under the AIM Rules of the London Stock Exchange they are required to prepare the Group Financial Statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company Financial Statements in accordance with UK accounting standards and applicable law, including FRS 101 Reduced Disclosure Framework.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company Financial Statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its Financial Statements comply with the CA 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

By order of the Board



Liz Wild

Company Secretary

23 September 2025



Independent auditor's report

to the members of Redcentric plc

1. Our opinion is unmodified

We have audited the financial statements of Redcentric plc ("the Company") for the year ended 31 March 2025 which comprise the Consolidated Statement of Comprehensive Income, Consolidated statement of Financial Position, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, Company Balance Sheet, Company Statement of Changes in Equity, and the related notes, including the accounting policies in note 2 for the consolidated financial statements and note 1 for the company financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: £1.2m (2024:£1.4m)
Group financial statements as a whole 0.90% (2024: 0.86%*) of revenue from continuing operations

Key audit matters vs 2024

Event driven	New: Reallocation of Goodwill on a relative value basis to identified CGUs following carve out of the Data Centre operations	▲
Event driven	New: Significant judgements – Segmental reporting (IFRS 8) and discontinued operations (IFRS 5) disclosures	▲
Recurring risks	New: Recoverability of parent Company's investment in subsidiaries	▲

*The benchmark for the previous period was revenue from continuing operations of £163.1m. Due to the recognition of discontinued operations in the current period, revenue for the year ended 31 March 2024 has been restated in the Consolidated Statement of Comprehensive Income.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

	The risk	Our response
<p>Reallocation of Goodwill on a relative value basis to identified CGUs following carve out of the Data Centre operations</p> <p>MSP: £27.2 million, DC: £33.4 million; 2024: £60.6 million</p> <p><i>Refer to page 57 – 58 (Audit Committee Report), page 93 (accounting policy) and note 15 (financial disclosures)</i></p>	<p>Subjective estimate:</p> <p>During the year, the Group completed a carve out of its Data Centre (“DC”) assets and trading business into a Newco called Redcentric Data Centres Limited (“RDC”).</p> <p>This led to a change in the composition of the cash generating units (“CGU”) for the Group and a requirement to allocate the Goodwill of £60.6m that had previously been allocated to a single CGU between the two new CGUs.</p> <p>In accordance with the requirements of IAS 36 the allocation is performed on a relative value basis, which involves estimation. The Directors have prepared value in use (“VIU”) models for the MSP and DC CGUs to determine the relative value of each, with the outcome being that £27.2m of Goodwill is allocated to the MSP CGU and £33.4m to the DC CGU.</p> <p>The allocation of Goodwill is subject to estimation due to the inherent uncertainty involved in forecasting the future EBITDA growth and the discount rate applied to the VIU models. The effect of these matters is that, as part of our risk assessment we determined that the allocation of Goodwill has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 15) disclose the sensitivities performed by the Group.</p> <p>Since the Goodwill being allocated to the DC CGU will affect the value of any future profit on disposal of this segment, we also recognised a fraud risk related to the understatement of Goodwill allocated to the DC CGU.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group’s controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> — Assessing methodology: We obtained the discounted value in use cash flow models and assessed the methodology of the relative value approach used, principles and integrity of the models. — Historical comparisons: We considered historical forecasting accuracy by comparing forecasts from prior years with actual results in those years. — Sensitivity analysis: We reperformed managements sensitivity analysis as disclosed in note 15. — Comparing valuations: With the assistance of our valuation specialists, we assessed whether the implied multiple from the valuation of each CGU per the VIU models sat within a reasonable range when compared to market multiples from comparable companies and comparable transactions. — Benchmarking assumptions: We compared the Group’s forecast assumptions for revenue growth in the short to medium term in MSP CGU, to externally derived sources. For the DC CGU we compared the expected net proceeds of any sale to recent non-binding offers. — Assessing transparency: We considered the adequacy of the Group’s disclosures about the sensitivity of the allocation of goodwill to changes in key assumptions in the estimate model.

	The risk	Our response
<p>Significant judgements – Segmental reporting (IFRS 8) and discontinued operations (IFRS 5) disclosures</p> <p><i>Refer to page 58-59 (Audit Committee Report), page 88 and 97 (accounting policy) and note 4 and 5 (financial disclosures)</i></p>	<p>Significant judgement:</p> <p>Following the carve-out of the DC business in the current year, the Group have reassessed their operating segments in line with the requirements of IFRS 8 and determined that there are two operating segments: MSP and DC. This change took effect from 1 February 2025.</p> <p>The Directors have performed an exercise to split the Group's results for the last two years into the MSP and DC component parts in order to report results in line with the requirements of IFRS 8.</p> <p>This involved judgement in determining the allocation of revenues and certain costs between the MSP and DC segments, including the terms of a trading agreement between the two segments.</p> <p>The Directors have also determined that the planned disposal of the DC segment met the criteria under IFRS 5 to be presented as a discontinued operation in the financial statements, with associated assets and liabilities being presented as held for sale.</p> <p>These matters have a significant impact on the financial statements including a restatement of the figures presented for the prior year, as disclosed in Note 4.</p>	<p>We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> — Assessing methodology: We evaluated the Directors' judgements in line with the requirements of IFRS 5 and IFRS 8. — Reperformance: We independently reformed management's calculations for the segmentation of revenues and costs for both FY24 and FY25 and compared to managements' results. We also assessed the judgemental allocation of finance costs and central overheads to each segment. — Tests of detail: For a sample of 30 items for both FY25 and FY24 revenue and costs, we agreed information back to supporting evidence such as contracts and invoices and assessed whether the segmentation was appropriate. — Benchmarking assumptions: We considered the terms of the trading agreement between the two segments and benchmarked pricing compared to external customers of the Group. — Assessing transparency: We considered the adequacy of the Group's disclosures in respect of the critical accounting policies, note 4 and note 5, and whether the disclosures adequately inform the users of the financial statements of the judgements made.

	The risk	Our response
<p>Parent company: Recoverability of parent company's investments in Redcentric Solutions Limited</p> <p>(£105.9 million; 2024: £106.1 million)</p> <p><i>Refer to page 60 (Audit Committee Report), page 138 (accounting policy) and pages 141-142 (financial disclosures).</i></p>	<p>Subjective estimate:</p> <p>The carrying amount of the parent Company's investments in subsidiaries represents 100% (2024: 99.5%) of the Company's total assets. The investment in Redcentric Solutions Limited (RSL) is £105.9m.</p> <p>The recoverability of the investment in RSL is assessed by calculating the Equity Value of the subsidiary. This is subject to estimation due to the inherent uncertainty involved in calculating the enterprise value, which includes key assumptions such as forecast EBITDA and the discount rate applied to the VIU models.</p> <p>The effect of these matters is that, as part of our risk assessment we determined that the recoverability of the Investment in RSL has a high degree of estimation uncertainty with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The Company financial statements (note 2) disclose the sensitivities performed by the Company.</p>	<p>We performed the tests below rather than seeking to rely on any of the parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> — Tests of detail: We compared the carrying amount of 100% of investments to the net assets of the relevant subsidiary included within the group consolidation to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of the carrying amount. — Test of detail: For Redcentric Solutions Limited, where the carrying amount exceed the net asset value, we compared the carrying amount of the investment with the equity value of the subsidiary based on a value in use model. The model assessed was consistent with that used to determine the allocation of goodwill to the MSP CGU. — Test of detail: We assessed the fair value of debt and surplus asset adjustments in the model used to derive the equity value, verifying these back to supporting evidence. — Sensitivity analysis: We reperformed managements sensitivity analysis as disclosed in note 2 of the Company financial statements; — Assessing transparency: We assessed the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the recoverable amount, as well as the sensitivity disclosures on the key assumptions.

Going Concern (Group and parent Company) was a key audit matter in the prior year. However, following the refinancing of the borrowing facilities subsequent to the current year-end date and the increased covenant headroom through the forecast period, the risk has reduced and therefore we have not assessed this as one of our most significant risks in the current year audit. We continue to perform audit procedures over going concern for the Group and parent Company.

We continue to perform audit procedures over recurring revenue recognition. However, we have rebutted the presumed fraud risk over revenue due to there being limited subjectivity, judgement and complexity in relation to revenue recognition and there has been no change in our assessment following the carve out of the DC and MSP business in the period. Consequently, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £1.2m (2024: £1.4m), determined with reference to a benchmark of revenue from continuing operations of £135.0m (2024: £163.1m*), of which it represents 0.89% (2024: 0.86%). We consider revenue from continuing operations to be the most appropriate benchmark as it provides a more stable measure year on year than Group profit and is reflective of the size and complexity of the Group.

Materiality for the parent Company financial statements as a whole was set at £1.0m (2024: £0.8m), determined with reference to a benchmark of parent Company total assets, of which it represents 0.94% (2024: 0.75%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2024: 75%) of materiality for the Consolidated financial statements. We applied this percentage in our determination of performance materiality based on the level of identified control deficiencies and audit misstatements during the prior period. Performance materiality for the parent Company financial statements was set at 75% (2024: 75%). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk. Performance materiality equates to £0.78m (2024: £1.05m) for the Group and £0.75m (2024: £0.6m) for the parent Company. We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £60,000 (2024: £70,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

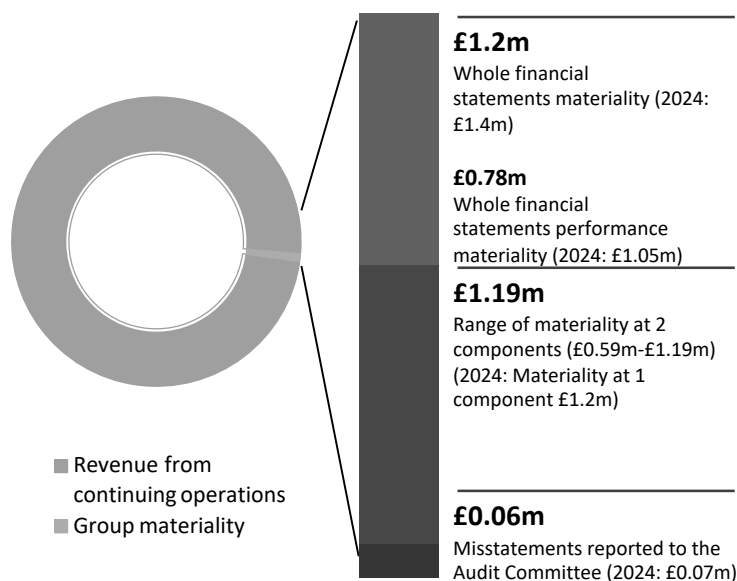
In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement ("RMMs"). Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 4 components, having considered our evaluation of the Group's operational and legal structure and our ability to perform audit procedures centrally.

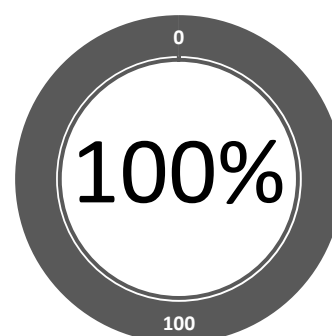
Revenue from continuing operations
£135.0m (2024: £163.1m*)

Group materiality
£1.2m (2024: £1.4m)



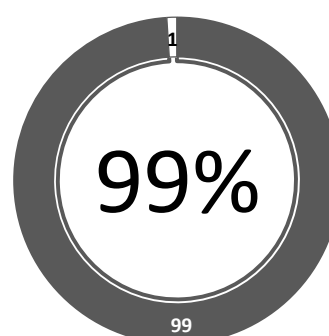
Our audit procedures covered the following percentage of revenue from continuing operations:

Group revenue from continuing operations

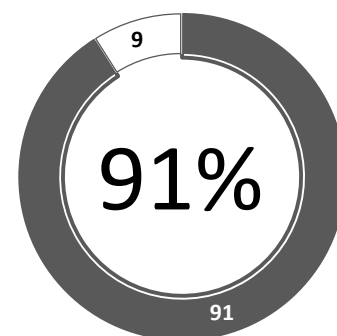


We performed audit procedures in relation to components that accounted for the following percentages:

Group total assets



Group profit before tax



* The benchmark for the previous period was total revenues from continuing operations of £163.1m. Due to the recognition of discontinued operations in the current period, total revenues has been restated in the consolidated statement of comprehensive income.

3. Our application of materiality and an overview of the scope of our audit (continued)

Of those, we identified 2 quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Accordingly, we performed audit procedures on 2 components. We also performed the audit of the parent Company.

We set the component materialities, ranging from £0.59m to £1.19m, having regard to the mix of size and risk profile of the Group across the components.

Our audit procedures covered 100% of Group revenue from continuing operations. We performed audit procedures in relation to components that accounted for 91% of Group profit before tax and 99% of Group total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 5% of Group total revenue from continuing operations, Group profit before tax or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- The revenue growth forecasts from new business and cancellations of existing contracts by customers;
- The price and usage of electricity used by the group in operations;

We considered whether these risks could plausibly affect the covenant compliance in the going concern period by assessing the directors' sensitivities over the level of available financial resources and covenant thresholds indicated by the Group's financial forecasts taking account of severe, but plausible adverse effects that could arise from these risks individually and collectively.

Our procedures also included:

- comparing past forecasts to actual results to assess the ability of the Group to forecast accurately;
- inspecting the confirmation from the lender of the level of committed financing including re-financing of existing facilities, and the associated covenant requirements; and
- assessing the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 2.1 to be acceptable

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

5. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and the Audit Committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Reading Board, Audit Committee, and Remuneration Committee minutes;
- Considering remuneration incentive schemes, performance targets and strategic business objectives for the directors;
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Our forensic professionals assisted us in identifying key fraud risks. This included attending the Risk Assessment and Planning Discussion, holding a discussion with the engagement partner, engagement manager and engagement quality control reviewer, and assisting with designing relevant audit procedures to respond to the identified fraud risks.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets in a given year, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we no longer believe there is a fraud risk related to revenue recognition because there is limited subjectivity, judgement and complexity in relation to revenue recognition thus significantly reducing the opportunity to manipulate revenue. As described in section 2 of this report, we have not assessed this as one of the most significant risks in our current year audit.

We identified a fraud risk related to the reallocation of Goodwill on a relative value basis to identified CGUs in response to a possible incentive to allocate less goodwill to the Data Centre operations being sold, increasing the future profit on disposal.

5. Fraud and breaches of laws and regulations – ability to detect (continued)

Further detail in respect of the reallocation of goodwill is set out in the key audit matter disclosures in section 2 of this report.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on certain risk criteria, and comparing the identified entries to supporting documentation. This included those journals with unexpected account pairings or posted by unexpected users;
- Assessing if any bias is present in the judgement in relation to the classification of exceptional items, which are excluded from adjusted EBITDA, or in the judgements made in respect of IFRS 5 and IFRS 8, as disclosed in section 2 of this report; and
- Performing procedures over the reallocation of goodwill, as disclosed in section 2 of this report.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's legal and regulatory correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and corruption, employment law, data protection regulations, environmental protection legislation and contract legislation. Auditing standards limit the required audit procedures to enquiry of the directors and other management and inspection of legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

For the breach of the requirement of Companies act 2006 matter discussed on page 57 of the annual report where the Company has made an illegal distribution, we assessed disclosures against our understanding from legal correspondence and inspection of relevant records.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 71, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

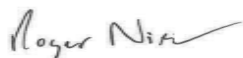
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9. The purpose of our audit work and to whom we owe our responsibilities

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



Roger Nixon

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One St Peter's Square

Manchester

M2 3AE

23 September 2025

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

		Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000
	Note		
Continuing operations			
Revenue	6	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	9	-	1,008
Adjusted EBITDA¹		18,758	17,360
Depreciation of property, plant and equipment	16	(4,001)	(2,649)
Amortisation of intangibles	15	(2,593)	(5,178)
Depreciation of right-of-use assets	17	(1,610)	(2,265)
Exceptional costs	9	(924)	(1,466)
Exceptional income	9	-	1,008
Share-based payments and associated National Insurance	28	(1,235)	(1,118)
Operating profit		8,395	5,692
Finance costs	10	(4,011)	(3,860)
Profit before taxation on continuing operations		4,384	1,832
Income tax expense	12	(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	5	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	13	2.20p	(2.20p)
Diluted earnings/(loss) per share	13	2.13p	(2.20p)
Earnings per share from continuing operations			
Basic earnings per share	13	1.70p	1.10p
Diluted earnings per share	13	1.64p	1.06p

¹ For an explanation and reconciliation of the alternative performance measures used in this report, please refer to pages 15-17 of this Report.

* For detail on the prior year restatements, please see note 2.2.

The notes on pages 84 to 135 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Non-Current Assets			
Intangible assets	15	36,428	78,883
Property, plant and equipment	16	10,208	21,422
Right-of-use assets	17	4,689	37,478
Trade and other receivables	20	3,508	3,307
Deferred tax asset	18	2,109	2,503
		56,942	143,593
Current Assets			
Inventories	19	2,509	4,187
Trade and other receivables	20	28,809	33,543
Corporation tax receivable		-	53
Cash and cash equivalents	21	3,018	3,130
Assets held for sale	26	82,169	-
		116,505	40,913
Total Assets		173,447	184,506
Current Liabilities			
Trade and other payables	22	30,436	42,154
Bank loans and asset financing	23.1	822	1,149
Lease liabilities	24	1,526	8,903
Financial liabilities	23.5	153	-
Provisions	25	507	892
Corporation tax payable		329	-
Liabilities directly associated with the assets held for sale	26	40,320	-
		74,093	53,098
Non-Current Liabilities			
Trade and other payables	22	2,461	-
Bank loans and asset financing	23.2	39,933	42,366
Lease liabilities	24	3,181	23,077
Financial liabilities	23.5	92	-
Provisions	25	233	11,482
		45,900	76,925
Total Liabilities		119,993	130,023
Net Assets		53,454	54,483
Equity			
Called up share capital	27	159	159
Share premium account	27	75,649	75,649
Common control reserve		(9,454)	(9,454)
Own shares held in treasury	27	(298)	(779)
Cash flow hedge reserve		(245)	-
Retained earnings		(12,357)	(11,092)
Total Equity		53,454	54,483

The notes on pages 84 to 135 are an integral part of these Consolidated Financial Statements.

The Financial Statements of Redcentric Plc (Registration Number 08397584) on pages 80 to 83, and the notes to these Financial Statements on pages 84 to 135 were approved by the Board on 23 September 2025 and are signed on its behalf by:



Tony Ratcliffe
Chief Financial Officer

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	10	5,472	5,502
Operating profit		11,460	852
Adjustment for non-cash items			
Depreciation and amortisation	15,16,17	20,961	23,876
Profit on disposal of property, plant and equipment		-	(53)
Exceptional income	9	-	(2,100)
Exceptional costs	9	1,703	4,550
Share-based payments	28	1,267	1,138
Operating cash flow before exceptional items and movements in working capital		35,391	28,263
Cash costs of exceptional items	9	(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	14	(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	23.3	(8,762)	(10,638)
Repayment of asset financing liabilities	23.3	(1,031)	(635)
Repayment of term loans	23.3	(18)	(474)
Drawdown of bank loans	23.3	8,500	16,500
Repayment of bank loans	23.3	(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

The notes on pages 84 to 135 are an integral part of these Consolidated Financial Statements.

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

	Share capital £'000	Share premium £'000	Common control reserve £'000	Own shares held in treasury £'000	Cash flow hedge reserve £'000	Retained earnings £'000	Total equity £'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 (note 27)	-	-	-	-	-	1,053	1,053
Issue of new shares (note 26)	2	2,382	-	-	-	-	2,384
Dividends paid (note 14)	-	-	-	-	-	(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 (note 27)	-	-	-	-	-	1,137	1,137
Dividends paid (note 14)	-	-	-	-	-	(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

The notes on pages 84 to 135 are an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements 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 division 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 principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been applied consistently in the current and prior period.

These Financial Statements are 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 Statements are prepared on the historical cost basis except that derivative financial instruments are measured at fair value.

2 Accounting policies

2.1 Basis of preparation

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

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 (see note 23.2). 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 (see note 34 for further details).

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, IFRS16 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 Centres 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.1 Basis of preparation (continued)

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 returned 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 the date of this Report.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.2 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.2 Prior year restatement (continued)

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

	Year ended 31 March 2024 (previously reported) £'000	Cost reclassification £'000	Year ended 31 March 2024 (restated) £'000	IFRS 5 presentational adjustment £'000	Year ended 31 March 2024 *Restated £'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 within this Annual Report and Accounts.

	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

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.3 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)
- Disclosures: supplier finance arrangements (amendments to IAS 7 and IFRS 7).

The amendments have however 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.

2.4 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.

2.5 Segmental reporting

IFRS 8 requires operating segments to be identified based on internal financial information reported to the chief operating decision-maker for decision-making purposes. The Group considers that this role is performed by the main Board. The Board believes that for the current year the Group comprises two reporting segments being the provision of IT Managed Services and the provision of Data Centre Services. Previously, the Group comprised a single reporting segment, being the provision of IT Managed Services to customers. See note 5 for further details of this change.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.6 Revenue recognition

IFRS 15 'Revenue from contracts with customers' requires "performance obligations" to be identified at the inception of the contract for each of the distinct goods or services that have been promised to the customer. The following table summarises the performance obligations that the Group has identified for its major revenue lines and provides information on the time of when they are satisfied and the related revenue recognition policy. The Group does not consider that there are any significant judgements made in concluding when a customer obtains control of a promised good or service.

Revenue line	Performance obligation	Revenue recognition policy
Recurring Revenue	<p>Provision of IT Managed Services to the customer. All of the revenue in this category is contracted and includes a full range of managed support, maintenance, license subscription, and service agreements.</p> <p>Performance obligations are identified for each distinct service for which the customer has contracted and are considered to be satisfied over the time period that these services are delivered.</p>	Revenue for these types of services is recognised evenly over the period of the agreement as the services are provided.
Product Revenue	<p>Provision of third-party hardware (e.g., phone handsets, routers) to the customer as a one-off, distinct sale.</p> <p>Performance obligations are satisfied at the point in time that control passes to the customer.</p>	<p>Revenues for product sales are recognised in full in the Statement of Comprehensive Income upon delivery to the customer.</p> <p>Amongst other factors the Group has pricing, credit and fulfilment risk and as such is considered to be principal in these transactions.</p>
Services Revenue	<p>Provision of professional services including consultancy services, and engineering services in respect of setups and installation of a customer managed service.</p> <p>Installation is typically intrinsically linked to the provision of the IT Managed Services (in recurring revenue above), so these services do not represent separate performance obligations and are therefore, combined with the associated service performance obligation.</p> <p>The Group also provides certain services that are non-complex and distinct from the provision of the underlying managed service contract. The completion of these services is a separate performance obligation.</p>	<p>Services revenue is recognised from the date of installation of a managed service and recognised evenly over the period of the agreement.</p> <p>For distinct separable services revenue is recognised at the point of completion of the performance obligation (e.g. upon delivery to the customer).</p>

There are no material obligations in respect of returns, refunds or warranties.

The Group recognises revenue based on the stand-alone selling price of each performance obligation. Determining the selling price is typically driven by list prices.

Payments received in advance of the revenue recognition point are recognised as deferred income (contract liabilities) within trade and other payables. Deferred income expected to be settled within 12 months are presented as current liabilities while those expected to be settled outside of the normal operating cycle i.e. after more than 12 months, are classified as non-current liabilities. Revenue expected to be recognised in future periods for performance obligations that are not complete (or partially complete) as at 31 March 2025 is £291m (both continuing and discontinued operations). This expectation is informed by existing customer contracts, and the expected term of services based on management's expectation of anticipated renewal dates. Of this, £284m relates to recurring revenue. In comparison, revenue expected to be recognised in future periods for performance obligations that were not complete (or partially complete) as at 31 March 2024 was £306m. Of this, £299m related to recurring revenue. 30 days standard payment terms are offered to customers.

Amounts billed in arrears are recognised as accrued income (contract assets) within trade and other receivables.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.6 Revenue Recognition (continued)

Capitalisation of costs to obtain a contract

The Group pays commission to its sales teams for new contracts and renewals with the associated cost recognised over the life of the contract in accordance with IFRS15. Commission payments paid in advance are recognised as contract acquisition assets within trade and other receivables. Amortisation of the associated contract acquisition asset is recognised within cost of sales within the Statement of Comprehensive Income.

Incremental revenues

Incremental revenues are generated based on usage for calls and data. Some managed service contracts contain an element of usage-based charges, and customers may request additional services or changes in scope, both resulting in additional charges. Usage-based charges are typically billed in arrears, in the period subsequent to which the usage takes place, and revenue is therefore accrued in the month which usage takes place. For changes in scope or additional services, a new distinct contract is entered into, with revenue recognised as above.

Bill and hold arrangements

Also recognised in product revenue are a small number of sales recognised under bill and hold arrangements. The Group have applied the criteria defined in IFRS 15, in particular: the reason for the bill-and-hold arrangement is substantive, the product can be identified separately as belonging to the customer; the product is ready for physical transfer to the customer; and the Group cannot use the product or direct it to another customer.

Principal versus agent considerations

The Group has arrangements with some of its customers whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the goods/services to the customer. In making this assessment the Group considers the overall performance obligation in the contract and whether the individual services provided in satisfying the performance obligation are distinct.

The Group acts as a principal in a transaction if it controls a promised good or service before transferring that good or service to the customer. The Group is an agent in a transaction if its role is to arrange for another entity to provide the good or service.

Where the Group has determined that it is acting as a principal in a transaction with a customer, revenue is recorded on a gross basis. Where the Group is acting as an agent, revenue is recorded at a net amount reflecting the margin earned.

Colocation revenue

Colocation revenue involves the delivery of data centres services. Specifically, the Group provides physical space, power, cooling, security and related services to customers who install and, in some cases, operate their own IT or network equipment from the designated space. Management have determined that colocation revenue does not contain a lease component. Whilst there is a degree of judgement involved in determining this management do not believe this to be a significant judgement for the following reasons:

- The individual customer contracts all state that the colocation service do not constitute a leasing arrangement;
- The Group has substantive substitution rights and can demonstrate how this has been used; and
- The customer does not gain substantially all of the economic benefits of the asset as the customer is only using a small percentage of the capacity of the asset.

The colocation services are considered a single performance obligation satisfied over time. Fixed monthly fees are recognised on a straight-line basis over the contract term, while variable charges, such as power usage, are recognised as incurred.

2.7 Exceptional items

Exceptional items are items of income and expense which are material and, due to their nature or expected infrequency of the events giving rise to them, are presented separately on the face of the Statement of Comprehensive Income in order to provide a further understanding of the Group's financial performance. Exceptional items are excluded from the Group's alternative performance measures (APMs), as defined on pages 15-17 of this Report, and are disclosed in detail in note 9. Amounts included in exceptional items may also represent true ups of items presented as exceptional in prior periods.

2.8 Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions are approved by the Directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.8 Share-based payments (continued)

Equity-settled transactions (continued)

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the existing charge is recognised immediately. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

In respect of equity-settled transactions with employees, Redcentric plc grants rights to its equity instruments to employees of the Group. The Group's subsidiaries are the receiving entities for such arrangements as they receive the related services from employees, however such awards are ultimately settled by Redcentric plc as the parent Company.

2.9 Taxation

The taxation expense charged in the Consolidated Statement of Comprehensive Income represents the sum of the current tax expense and the deferred tax expense.

The current tax payable is based on the taxable profit for the year. Taxable profit differs from accounting profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences carried forward tax credits or tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the Financial Statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except where the underlying transaction relates directly to equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.10 Foreign currencies

The functional and presentation currency of Redcentric plc is Pound Sterling (£) and the Group conducts the majority of its business in Sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income, except for differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

2.11 Pensions

The Group operates a defined contribution scheme. Pension costs are charged directly to the Statement of Comprehensive Income in the period to which they relate on an accrual's basis. The Group has no further payment obligations once contributions have been paid.

2.12 Business combinations

Business combinations are accounted for by applying the acquisition method at the accounting date, which is the date on which control is transferred to the Group. 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.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the separable identifiable net assets acquired and liabilities incurred or assumed at the acquisition date is recorded as purchased goodwill. Provision is made for any impairment. Accounting policies previously applied by acquired subsidiaries are changed as necessary to comply with accounting policies adopted by the Group.

Where an acquisition involves a potential payment of contingent consideration the cost is estimated based on its acquisition date fair value and is included as part of the consideration transferred in a business combination. To estimate the fair value an assessment is made as to the amount of additional consideration that is likely to be paid with reference to the associated criteria. Where a change is made to the fair value of contingent consideration within the initial measurement period as a result of new or additional information that existed at the acquisition date the change is accounted for as a retrospective adjustment to goodwill. Any change as a result of events that occurred after the acquisition date then the adjustment is accounted for as a charge or credit to profit or loss. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Costs related to acquisitions, other than those associated with the issue of debt or equity securities, are expensed as incurred.

On 1 February 2025 the Group transferred trade and assets relating to the Data Centre business between subsidiaries under common control. As these transactions do not constitute a business combination under IFRS 3, they have been accounted for using the book value method, with no gains or losses in the Consolidated Financial Statements.

2.13 Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control is established to the date control ceases.

Control is achieved where the acquiring Company has the power to govern the financial and operating policies of an investee entity therefore obtaining benefits from its activities. Intercompany transactions and outstanding balances are eliminated on consolidation.

On 1 February 2025 the trade, assets and liabilities of the DC business was transferred from Redcentric Solutions Limited to Redcentric Data Centres Limited at book value amounting to £33.9m. As at 31 March 2025, an amount of £34.3m remains outstanding on intercompany account between the two subsidiaries. This transfer had no effect on the Group consolidated Financial Statements as both entities remain within the Group.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.13 Subsidiaries (continued)

For the year ended 31 March 2025 the following companies are exempt from audit under s479A of the Companies Act 2006 (the Act) as Redcentric plc will provide a guarantee under s479C of the Act and their results are included in its Consolidated Financial Statements.

- Piksel Industry Solutions Limited (number 03048367)
- 7 Elements Limited (number SC382475)
- 4D Data Centres Limited (number 04592242)

2.14 Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net asset of the subsidiary, in the case of a bargain purchase, the difference is recognised directly to the Statement of Comprehensive Income.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at the acquisition date any goodwill acquired is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use ("VIU"). The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a discounted cash flow model ("DCF"). The cash flows are derived from the financial projections for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 15 of this Report.

b) Other intangible assets

Other intangible assets are carried at cost less accumulated amortisation and impairment losses.

An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Customer relationships acquired as part of a business combination are capitalised at fair value at the date of acquisition and amortised on a straight-line basis over the estimated useful life of the customer relationship. An annual impairment review is undertaken in line with that of goodwill noted above.

Intangible assets with a finite life are amortised on a straight-line basis over their expected useful lives, as follows:

Customer contracts and related relationships	5 – 15 years
Trademarks and brands	5 years
Software and licences	5 years (or over the contract term if shorter)

Impairment and amortisation charges are included within operating expenditure in the Statement of Comprehensive Income.

c) Internally generated intangibles

Expenditure on software development is capitalised as an intangible asset only if it meets the recognition criteria set out in IAS 38 Intangible Assets, requiring it to be probable that the expenditure will generate future economic benefits and can be measured reliably. To meet these criteria, it is necessary to be able to demonstrate, among other things, the technical feasibility of completing the intangible asset so that it will be available for use or sale.

Development expenditure directed towards incremental improvements in existing products, remedial work and other maintenance activity does not qualify for recognition as an intangible asset.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.15 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost includes the original price of the asset and the cost attributable to bringing the asset to its current working condition for its intended use.

Depreciation, down to residual value, is calculated on a straight-line basis over the estimated useful life of the asset which is reviewed on an annual basis.

Office fixtures and fittings	5 years
Leasehold improvements	5 – 15 years (or over the lease term if shorter)
Vehicles and computer equipment	3 – 5 years (or over the contract term if shorter)

For property, plant and equipment funded through leases, where there is reasonable certainty that the Group obtains ownership by the end of the lease term, depreciation is provided on a straight-line basis over the useful life, otherwise it's provided over the shorter of the useful life and the lease term.

Assets under construction are recognised at cost. Depreciation commences when the asset is ready for intended use.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Statement of Comprehensive Income in the period the item is de-recognised.

In reviewing the value of property, plant and equipment, consideration for any impacts of climate-related risks to fair values or the useful economic lives of assets is deemed not material.

2.16 Impairment of property, plant and equipment, right-of-use assets and intangible assets excluding goodwill

Other intangible assets, property, plant and equipment and right-of-use assets are reviewed for impairment whenever events arise or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of intangible assets, property, plant and equipment and right-of-use assets is the greater of fair value less costs to sell and VIU. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined by the cash generating unit to which the asset belongs. Fair value less costs to sell is, where known, based on actual sales price net of costs incurred in completing the disposal.

Non-financial assets that were impaired in the previous periods are annually reviewed to assess whether the impairment is still relevant.

Whilst the Group is committed to net zero and acknowledges there will be future cash outflows associated with achieving this, there is no expectation that it will materially impact the carrying value of its asset base, particularly given the relative short-term useful economic lives.

2.17 Inventories and cost of sales

Inventories are stated at the lower of cost and net realisable value. Cost corresponds to purchase cost determined by the first in first out (FIFO) method. Provision is made, where necessary, for slow-moving, obsolete and defective inventories.

2.18 Leases

IFRS 16 has introduced a single on-balance sheet accounting model for lessees. When entering into a new contract, the Group assesses whether it is, or contains, a lease. A lease conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for certain remeasurements of the lease liability. Depreciation is provided on a straight-line basis over the life of the lease, or the useful economic life if that is shorter.

Cost of the right-of-use asset consists of the initial lease liability plus any lease payments made to the lessor before the commencement date (less any lease incentives received), plus the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.18 Leases (continued)

Obligations to restore the underlying asset to the condition required by the terms and conditions of the lease are recognised and measured under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and a corresponding asset included in the related right-of-use asset. Dilapidation provisions are discounted to present value at the year-end and subsequent unwinding of the discounting is recorded in the Statement of Comprehensive Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease or, more typically, the Group's incremental borrowing rate (when the implicit rate cannot be readily determined).

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or changes in the Group's assessment of whether a purchase, extension or termination option is reasonably certain to be exercised.

The Group adopts recognition exemptions for short-term (less than 12 months) and low value on a lease-by-lease basis. The Group classifies payments of lease liabilities (principal and interest portions) as part of financing activities. Payments of short-term, low value and variable lease components are classified within operating activities.

Asset financing

Where the Group finances assets using the Asset Financing Facility, the Group gives consideration as to whether a sale of the asset has taken place under IFRS 15, and therefore whether a sale and leaseback transaction exists. Where a sale of the underlying asset is not deemed to have taken place, then the related asset is included within property, plant and equipment, with the corresponding liability reflected as a financial liability within borrowings, measured in accordance with IFRS 9.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

The Group classifies its financial assets as loans and receivables measured at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'cash and cash equivalents', and 'other receivables' which are expected to be settled in cash.

Trade receivables

Trade receivables are amounts due from customers for goods sold and services provided in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

In recognising any provision for impairment, the Group applies the IFRS 9 approach to measuring expected credit losses which uses a lifetime expected loss allowance for all assets held at amortised cost. The Group recognises a loss allowance for all expected credit losses on initial recognition using an allowance matrix to measure the expected credit losses of trade receivables from individual and corporate customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Given the similar characteristics of the product and service types, geographic region and type of customer relationship, all customers in each ageing bracket have had the same rate applied.

The Group's trade and other receivables are non-interest bearing.

Cash and cash equivalents

Cash and cash equivalents on the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

b) Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, provisions and derivative financial instruments.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.19 Financial instruments (continued)

b) *Financial liabilities*

Trade payables

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised in the finance cost line in the Statement of Comprehensive Income.

Loans are carried at fair value of initial recognition, net of unamortised issue costs of debt. These costs are amortised over the loan term.

c) *Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on inception and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

At inception, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirement.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- the hedge ratio is defined and appropriate.

The Group currently holds two cash flow hedges. For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Comprehensive Income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amount accumulated in OCI is reclassified to the Statement of Comprehensive Income as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss. If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the Statement of Comprehensive Income as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be reclassified to the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

2.20 Dividends

Dividends payable to equity shareholders are included in the Financial Statements within 'other creditors' when a final dividend is approved by shareholders in a general meeting. Interim dividends to equity shareholders approved by the Board during the financial year are not included in the Financial Statements until paid.

2.21 Allocation of costs

Cost of sales are those costs which are directly attributable to the relevant business unit in order to generate revenue, which includes costs of hardware and software sold to customers, freight and delivery, data centre related electricity costs, contract acquisition asset amortisation, reseller commissions and set-up costs.

Operating costs are all other expenses relating to the underlying business unit, which includes the costs incurred in operating the platforms onto which the Group's services are delivered, such as the connectivity network and the hosting environment, coupled with staff costs, legal and professional fees, office costs, amortisation of contract acquisition assets, marketing and advertising.

During the year both data centre related electricity costs and contract acquisition asset amortisation were reported within cost of sales and the prior year comparatives restated accordingly. Previously they had been reported within operating costs. See note for additional information.

2.22 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Statement of Comprehensive Income. During the year management determined that the operations of the DC business unit met the criteria of IFRS 5 *Non-current assets held for sale and Discontinued Operations* (see note 5 and note 26 for further details). Management 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. These judgements related to identifying the distinct cashflows and operations of the DC business unit to enable managements best estimate of the financial impact of discontinuing trade, ensuring both relevance and faithful presentation in these Financial Statements.

The method and cash flows attributable to the discontinued operation are presented separately in note 5. Cash flows from discontinued operations are classified into operating, investing and financing activities consistent with the classification used in the Consolidated Statement of Cash Flows.

Additional disclosures are provided in note 5 and note 26. All other notes to the Financial Statements include amounts for continuing operations, unless indicated otherwise.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

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

In the application of the Group's accounting policies, which are described in note 2, 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 15.

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 5), 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 15. 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 15 of this Report.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

3 Critical accounting judgements, key sources of estimation uncertainty and other areas of estimation (continued)

Judgements (continued)

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 an accurate 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 principles of IFRS 8 and IFRS 5.

Additional information is included in note 4 of this Report.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

3 Critical accounting judgements, key sources of estimation uncertainty and other areas of estimation (continued)

Judgements (continued)

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 in 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. Additional information is included in note 5 and note 26 of this Report.

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 9.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

3 Critical accounting judgements, key sources of estimation uncertainty and other areas of estimation (continued)

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 address 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. Additional information can be seen in note 24 of this Report.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

4 Segment 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 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 principles of IFRS 8 and IFRS 5.

The CODM assesses profit performance principally through an adjusted EBITDA measure, as defined on page 16 of this Report.

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.

As summarised further in note 5, the Group has presented the DC segment as a discontinued operation and restated the comparatives for FY24 for consistency.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

4 Segment reporting (continued)

4.1 Segmental results

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

	MSP business unit continuing operations £'000	DC business unit discontinued operations £'000	Total segments £'000	Adjustments 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
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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

4 Segment reporting (continued)

4.1 Segmental results (continued)

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

	MSP – continuing operations £'000	DC – discontinued operations £'000	Total segments £'000	Adjustments 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
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.

4.2 Major customer

There are no customers which represent more than 10% of the Group revenue (FY24: none).

Redcentric Solutions Limited is Redcentric Data Centres Limited's largest customer with more than 10% of the segment revenue for both the current and prior year. This intersegment relationship is conducted on an arm's length basis.

There is a 5% agency fee between the two entities which has been calculated on an arm's length basis and is expected to continue should the DC business leave the Group.

4.3 Geographical information

All revenue was generated wholly from the UK.

Non-current assets held outside the UK are immaterial (FY24: immaterial).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

5 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)	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	795	(5,164)
Earnings per share from discontinued operations		
Basic earnings/(loss) per share	0.50p	(3.30p)
Diluted earnings/(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 4.

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)

Refer to note 26 for detail on the assets and liabilities held for sale at 31 March 2025.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

6 Revenue

Revenue for the year ended 31 March 2025 was generated wholly from the UK and is analysed as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000
Recurring revenue	120,657	110,715
Product revenue	4,888	5,507
Services revenue	9,593	8,552
Total revenue from continuing operations	135,138	124,774

**Restated to reflect continuing operations (see note 5 and note 2.2 for further details).*

The year-on-year increase noted in recurring revenue and non-recurring service revenue are in part attributable to the increased VMware licence sales. The reduction in non-recurring product revenue is attributable to reduced projects in the year with the focus being on higher margin services revenues.

6.1 Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers from continuing operations:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Receivables, included in trade and other receivables, net of provisions (note 21)	16,529	18,190
Accrued income, included in trade and other receivables (note 21)	4,510	5,194
Deferred income, included in trade and other payables (note 22)	(9,499)	(9,983)

There were no material impairment losses recorded during the year or the prior year.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

7 Operating profit

The following costs/(income) are considered to be significant items within operating profit:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000
Amortisation of acquired intangible assets	1,535	4,397
Amortisation of intangible assets: owned	921	736
Amortisation of intangible assets: financed	137	45
Depreciation: owned assets	3,622	2,560
Depreciation: financed	379	89
Depreciation of right-of-use assets: leased	1,610	2,265
Share-based payments and associated National Insurance (note 28)	1,235	1,118
Net foreign exchange losses	53	86
Employee benefits expense, excluding share-based compensation**	37,251	34,316
Gain on settlement of contingent consideration (note 9)	-	(1,008)
Exceptional costs (note 9)	924	1,466

*Restated to reflect continuing operations (see note 5 and note 2.2 for further details).

** This includes commission contract asset amortisation which is shown within cost of sales.

8 Auditor's remuneration

Total fees payable by the Group during the year to KPMG LLP in respect of the audit and other services provided were as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Audit of these Financial Statements	50	50
Audit of subsidiaries (including overseas subsidiaries)	509	421
Additional audit fees in relation to carve out	165	-
Total audit	724	471
Other non-audit services not covered above	14	14
Total non-audit services	14	14
Total fees	738	485

9 Exceptional items

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'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 (see note 5 and note 2.2 for further details).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

9 Exceptional items (continued)

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 the 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 (note 25).

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

10 Finance costs

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000
Interest payable on bank loans and term loans	3,277	3,337
Interest payable on asset financing liabilities	146	218
Interest payable on leases	287	83
Amortisation of loan arrangement fees	300	209
Other interest payable	1	13
Total finance costs from continuing operations	4,011	3,860

*Restated to reflect continuing operations (see note 5 and note 2.2 for further details).

Interest payable on leases includes £0.3m (FY24: £0.1m) of interest on leases previously classified as operating leases under IAS 17.

Other interest payable predominantly relates to interest on dilapidation provisions.

11 Employees

The average monthly number of people (including Executive Directors) employed by the Group from both continuing and discontinued operations during the year were as follows:

	Year ended 31 March 2025 Number	Year ended 31 March 2024 Number
Operations	483	483
Selling and distribution	88	91
Administration	83	85
	654	659

Employee costs of continuing and discontinued operations were:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Wages and salaries	34,351	31,901
Social security costs	3,904	3,497
Share-based payments	1,267	1,138
Pension costs	1,490	1,387
Payments in lieu of notice and redundancy not included within exceptional items	262	54
Payments in lieu of notice and redundancy included within exceptional items	440	422
	41,714	38,399

The payments in lieu of notice and redundancy are included within exceptional items (note 9) within the restructuring costs line.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

11 Employees (continued)

11.1 Key management compensation

Key management personnel are those persons having authority and responsibility for planning, controlling and directing the activities of the entity either directly, or indirectly. The following table details the compensation of key management personnel, being senior management that sit on the Operating Board of the Group along with Executive and Non-Executive Directors.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Basic salary, allowances, fees and other employment expenses	1,967	1,717
Bonus and other benefits	153	271
Share-based payments charge	188	678
Pension costs	101	104
	2,409	2,770

11.2 Directors' remuneration

The remuneration of the Directors in respect of the year was as follows:

	Basic salary, allowances, and fees £'000	Bonus £'000	Pension £'000	Share-based payments £'000	FY25 Total £'000	FY24 Total £'000
Executive						
Peter Brotherton (resigned 31 May 2025)	384	86	44	92	606	539
David Senior (resigned 30 April 2025)	231	-	12	52	295	300
Brian Woodford (appointed 3 February 2025, resigned 2 April 2025)	240	-	-	-	240	-
Executive total	855	86	56	144	1,141	839
Non-Executive						
Alan Aubrey	50	-	-	-	50	50
Nick Bate (resigned 27 September 2024)	42	-	-	-	42	85
Helena Feltham (resigned 24 July 2023)	-	-	-	-	-	16
Oliver Scott	42	-	-	-	42	8
Michelle Senecal de Fonseca	50	-	-	-	50	7
Richard McGuire (appointed 27 September 2024)	43	-	-	-	43	-
John Radziwill (appointed 31 October 2024)	19	-	-	-	19	-
Non-Executive total	246	-	-	-	246	166
Total	1,101	86	56	144	1,387	1,005

After the year-end reporting date, in May 2025, Michelle Senecal de Fonseca was appointed Chief Executive Officer of the Group. Tony Ratcliffe was then appointed as Chief Financial Officer in June 2025.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

11 Employees (continued)

11.2 Directors' remuneration (continued)

Details of share options in the Company held by the Directors during the year, both of whom resigned after the year-end date, are as follows:

		Exercise price (p)	Balance, 31 March 2024 (number)	Granted (number)	Exercised (number)	Cancelled / lapsed (number)	Balance, 31 March 2025 (number)
Peter Brotherton							
(resigned 31 May 2025)	(a)	0.1	554,326	-	(70,234)	(484,092)	-
	(b)	99.9	18,023	-	-	-	18,023
	(c)	0.1	621,250	-	-	-	621,250
	(e)	0.1	605,620	-	-	-	605,620
	(f)	0.1	-	612,418	-	-	612,418
			1,799,219	612,418	(70,234)	(484,092)	1,857,311
David Senior							
(resigned 30 April 2025)	(a)	0.1	312,296	-	(39,568)	(272,728)	-
	(b)	99.9	18,736	-	-	-	18,736
	(d)	0.1	333,334	-	-	-	333,334
	(e)	0.1	347,030	-	-	-	347,030
	(f)	0.1	-	350,926	-	-	350,926
			1,011,396	350,926	(39,568)	(272,728)	1,050,026

(a) These options were granted on 18 November 2021 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a.

(b) These options were granted on 23 December 2021 under the HMRC-approved Save-As-You-Earn ("SAYE") option plan under which employees contribute a monthly amount which is saved over three years to buy shares. The options are exercisable from 1 February 2025. There are no performance conditions.

(c) These options were granted on 26 August 2022 under the HMRC-approved Save-As-You-Earn ("SAYE") option plan under which employees contribute a monthly amount which is saved over three years to buy shares. The options are exercisable from 1 October 2025. There are no performance conditions.

(d) These options were granted on 12 October 2022 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a.

(e) These options were granted on 19 September 2023 under the Company's LTIP. The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets. For awards up to 100% of salary, 25% will vest for TSR of 5% p.a. increasing pro-rata to 100% vesting for TSR of 10% p.a. For awards between 100% and 200% of salary, 0% will vest for TSR of 10% p.a. increasing pro-rata to 100% vesting for TSR of 15% p.a.

(f) The options were granted on 3 October 2024 under the Company's Long Term Incentive Plan ("LTIP"). The options will vest three years from grant subject to absolute Total Shareholder Return (TSR) Targets.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

12 Income tax

The following disclosures are based on the continuing operations of the Group.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Income tax		
UK current year tax charge	376	86
Overseas current year tax charge	67	81
Adjustment in respect of prior years	-	2
Total income tax	442	169
Deferred tax		
Current year	1,159	358
Adjustment in respect of prior years	90	(418)
Total deferred tax	1,249	(60)
Total tax charge in Consolidated Statement of Comprehensive Income	1,691	109
Other comprehensive income items		
Deferred tax	(14)	-
Factors affecting the tax charge for the year		
Profit before taxation	4,384	1,832
Taxation at the average UK corporation tax rate of 25.0% (FY24: 25.0%)	1,096	458
Tax effects of:		
-Expenses/(income) not allowable in determining taxable profit	309	(74)
-Adjustment in respect of prior years	90	(417)
-Share options	185	129
-Effect of overseas tax rates	11	13
Tax charge for the year	1,691	109

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. The deferred tax asset at 31 March 2025 has been calculated using the corporation tax rate of 25% (FY24: 25%).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

13 Earnings per share ("EPS")

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

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 *Restated £'000
Earnings		
Statutory profit/(loss)	2,693	1,723
Tax charge	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 (see note 5 and note 2.2 for further details).

	Number '000	Number '000
Weighted average number of ordinary shares		
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

	Pence	Pence
EPS for continuing operations		
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).

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Earnings		
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		
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%).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

14 Dividends

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Final dividend for the year ended 31 March 2023 (paid 19 January 2024)	-	3,752
Interim dividend for the year ended 31 March 2024 (paid 18 April 2024)	1,899	-
Final dividend for the year ended 31 March 2024 (paid 24 January 2025)	3,806	-
	5,705	3,752

The Group paid an interim dividend for the year ended 31 March 2024 of 1.2p per ordinary share, with a total payment value of £1.9m.

The Group paid a final dividend in respect of the year to 31 March 2024 of 2.4p per ordinary share, with a total payment value of £3.8m.

The Group paid an interim dividend for the year ended 31 March 2025 of 1.2p per ordinary share, with a total payment value of £1.9m. This was paid on 22 April 2025.

15 Intangible assets

	Goodwill £'000	Customer contracts and related relationships £'000	Trademarks and brands £'000	Software and licences £'000	Total £'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 (see note 26 for further details).

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

15 Intangible assets (continued)

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 IFRS15 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 the 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 (see note 4 for further details).

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 single CGU structure (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 5), 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%).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

15 Intangible assets (continued)

Goodwill impairment testing (continued)

The carrying amount of goodwill allocated to the two CGUs following this relative value 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 (see note 26). 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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

15 Intangible assets (continued)

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

16 Property, plant and equipment

	Leasehold improvements £'000	Office fixtures and fittings £'000	Vehicles and computer equipment £'000	Assets under construction £'000	Total £'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	296	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 (see note 26 for further details).

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 includes 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 IFRS15 and therefore the assets are financed rather than representing a sale and leaseback arrangement.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

17 Right-of-use assets

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

	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 (see note 26 for further details).

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.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

18 Deferred tax

Certain deferred tax assets and liabilities have been offset on the face of the Consolidated Statement of Financial Position. The following is the analysis of the deferred tax balances (before offset) for financial reporting purposes on both the continuing and discontinued operations of the Group:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Deferred tax liabilities	(6,074)	(6,083)
Deferred tax assets	6,533	8,586
	459	2,503
Deferred tax relating to continuing operations	2,109	
Deferred tax relating to asset held for sale (note 26)	(1,650)	
	459	

Following the carve out of the DC business unit on 1 February 2025, the Redcentric business still operated as one legal group, and hence the above total deferred tax asset has been computed at a consolidated level. In calculating the deferred tax asset for the discontinued DC business unit management have taken the amount as determined by the underlying statutory tax computation. This means that the continuing MSP business unit carries the residual difference between the consolidated deferred tax asset and derived deferred tax liability for the DC business unit. This allocation is applied solely for the purpose of disclosure in accordance with IFRS 5 and IFRS 8 and does not affect the measurement of deferred tax at the consolidated Group level. Management considers this approach to provide the most meaningful presentation of continuing and discontinued operations results, while ensuring consistency with the Group's overall tax position.

18.1 Deferred tax liabilities

	Acquisitions £'000	Property, plant and equipment £'000	Total £'000
Cost			
At 1 April 2023	3,330	4,318	7,648
Recognised in Statement of Comprehensive Income	(1,107)	469	(638)
Adjustments in relation to prior year recognised in Statement of Comprehensive Income	(83)	(844)	(927)
At 31 March 2024	2,140	3,943	6,083
Recognised in Statement of Comprehensive Income	(392)	152	(240)
Adjustments in relation to prior year recognised in Statement of Comprehensive Income	-	231	231
At 31 March 2025	1,748	4,326	6,074
Continuing operations	709	1,432	2,141
Discontinued operations	1,039	2,894	3,933
At 31 March 2025	1,748	4,326	6,074

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

18 Deferred tax (continued)

Deferred tax liabilities include intangible assets from business acquisitions.

18.2 Deferred tax assets

	India £'000	Share-based payments £'000	Tax losses £'000	Other timing differences £'000	Total £'000
Cost					
At 1 April 2023	47	688	4,170	3,819	8,724
Recognised in Statement of Comprehensive Income	3	134	544	(467)	214
Recognised in equity	-	78	-	-	78
Adjustments in relation to prior year recognised in Statement of Comprehensive Income		(15)	156	(542)	(401)
Adjustment in relation to prior year recognised in equity	-	(29)	-	-	(29)
At 31 March 2024	50	856	4,870	2,810	8,586
Recognised in Statement of Comprehensive Income	1	(18)	(1,548)	(643)	(2,208)
Recognised in equity	-	14	-	-	14
Adjustments in relation to prior year recognised in Statement of Comprehensive Income	-	-	184	(43)	141
At 31 March 2025	51	852	3,506	2,124	6,533
Continuing operations	51	841	2,134	1,224	4,250
Discontinued operations	-	11	1,372	900	2,283
At 31 March 2025	51	852	3,506	2,124	6,533

Deferred tax assets have been recognised based on the ability of future offset against deferred tax liabilities or against future taxable profits. The assessment of future taxable profits is based on forecasts and assumptions consistent with those used for the Group's going concern basis of preparation, as set out in note 2.1.

19 Inventories

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Goods for resale	2,509	4,187

Goods for resale includes components required to deliver IT Managed Services to customers. The cost of inventories charged to cost of sales in the year totalled £4.0m (FY24: £4.7m).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

20 Trade and other receivables

	Year ended 31 March 2025* £'000	Year ended 31 March 2024 £'000
Trade receivables	16,651	19,390
Less: provision for impairment**	(122)	(1,200)
Trade receivables – net	16,529	18,190
Other receivables	246	1,084
Total trade and other receivables at amortised costs (note 23.1)	16,775	19,274
Prepayments	7,822	8,245
Contract acquisition asset	3,210	4,137
Accrued income	4,510	5,194
Total trade and other receivables	32,317	36,850
Current	28,809	33,543
Non-current	3,508	3,307
	32,317	36,850

* FY25 figures are for continuing operations only. See note 26 for further details.

** In FY25 management reviewed the methodology for calculating the ECL provision and presentation in the Financial Statements. Historically, an amount for inaccurate billing and credit notes had been included in the ECL provision disclosures. On reflection, this was distorting the ECL provision disclosures in the Financial Statements as these balances are not in relation to bad debts but instead largely attributable to processing errors. Consequently, management have amended the above disclosures to include only the ECL provision in FY25. The credit note provision and inaccurate billing provisions have been netted off trade debtors before calculation of the ECL provision as their nature better sits here. See note 23.8 for further details and reconciliations.

During the year, the contract acquisition asset (commission payments paid in advance) was amortised by £2.1m (FY24: £1.7m).

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.

Non-current assets of £3.5m are comprised of a prepayment balance totalling £2.0m and a contract acquisition asset balance totalling £1.5m. Both are expected to be recovered over a period of greater than one year from the balance sheet date.

21 Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Cash - restricted	508	419
Cash - unrestricted	2,510	2,711
	3,018	3,130

As at 31 March 2025, the Group held £0.5m (FY24: £0.4m) in cash balances that are classified as restricted and are not readily available for repatriation from India due to RBI regulations. These balances relate to the Group's wholly owned subsidiary Redcentric Support Services Private Limited. Whilst management anticipates eventual repatriation, the timing remains uncertain and hence the balances have been classified as restricted for financial reporting purposes. Although included in cash and cash equivalents on the face of the Consolidated Statement of Financial Position, these funds are excluded from internally defined liquidity for treasury and financial reporting purposes.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

22 Trade and other payables

	Year ended 31 March 2025* £'000	Year ended 31 March 2024 £'000
Trade payables	12,229	16,287
Other payables	546	612
Accruals	7,542	12,187
Deferred income	9,499	9,983
Total trade and other payables measured at amortised cost (note 23.2)	29,816	39,069
Taxation and social security	3,081	3,085
Total trade and other payables	32,897	42,154
Current	30,436	42,154
Non-current	2,461	-
	32,897	42,154

* FY25 figures are for continuing operations only. See note 26 for further details.

Trade payable days were 28 at 31 March 2025 compared to 36 as 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.

Of the total deferred income balance of £10.0m at 31 March 2024, £8.3m has been recognised as revenue in the year ended 31 March 2025

23 Financial assets and liabilities

The Group holds the following financial instruments:

23.1 Financial assets

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Debt instruments at amortised cost		
Net trade receivables (note 20)	16,529	18,190
Other receivables	246	1,084
Cash and cash equivalents	3,018	3,130
Total financial assets	19,793	22,404

23.2 Financial liabilities at amortised cost: interest bearing loans and borrowings

	Nominal interest rate %	Year of maturity	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current				
Lease liabilities	4.0 - 7.2%	2026	1,526	8,903
Term loans	3.46%	2026	3	21
Asset financing liabilities	1.76%	2026	819	1,128
Total current financial liabilities held at amortised cost			2,348	10,052
Non-current				
Lease liabilities	4.0 - 9.25%	2027 - 2040	3,181	23,077
Bank loans	SONIA + 2.05%	2027	38,947	39,885
Asset financing liabilities	3.48% - 6.72%	2027 - 2030	986	2,481
Total non-current financial liabilities held at amortised			43,114	65,433

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities

23.2 Financial liabilities at amortised cost: interest bearing loans and borrowings (continued)

At 31 March 2025, the Group was party to £90.0m of bank facilities with an original maturity date of 25 April 2026. The facilities comprise 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 July 2025 these facilities were extended at the Group's request, with a new maturity date of 26 April 2027. As part of this extension, the RCF was reduced from £80.0m to £60.0m. There were no other changes to the financial debt covenants or to other terms and conditions of the agreements.

The AFF is provided by Lombard North Central plc who are party to the overall banking facilities. Certain intangible assets (see note 15) and property plant and equipment (note 16) are financed under this arrangement. Term loans constitute financing arrangements for services and include a supplier loan of £3k for an unsecured three-year maintenance contract. Whilst not linked to the bank facilities, it contributes toward permitted indebtedness within this agreement, which cannot exceed £2.5m at any given time.

The RCF is provided by a four-bank group of NatWest, Barclays, Bank of Ireland and Silicon Valley Bank (now part of HSBC UK Group), with Lombard Technology Services Ltd providing the Asset Financing Facility. As part of the agreed extension in July 2025 and £20.0m reduction of the RCF, the Bank of Ireland withdrew from the facility. The borrowing cost of the facility is determined by the level of the Group's leverage and has a borrowing cost of 235 basis points over SONIA at the Group's current leverage levels. The Group is required to comply with financial 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, IFRS16 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 (on both a continuing and discontinued basis). Covenants are tested quarterly each year. No security has been provided.

The RCF is drawn in short to medium-term tranches of debt that are repayable within 12 months of draw-down. These tranches of debt can be rolled over provided certain conditions are met, including compliance with all loan terms. The Group considers that it is unlikely it would not be in compliance and therefore, be unable to exercise its right to roll over the debt. The Board therefore believe the Group has the ability and the intent to roll over the drawn RCF amounts when due and consequently has presented the RCF as a non-current liability. In addition to the financial covenants, the facility requires the Group to file audited financial accounts within 120 days of the year-end date alongside an audited compliance certificate, although this condition was extended to 30 September 2025 for the year FY25.

On 14 August 2024 a modification to the bank facilities was agreed to increase the Asset Financing Facility to £10.0m to ensure adequate credit availability for future investment relating to new customer contracts. All other elements of the facility remained the same other than the grant of a waiver to file the accounts within 120 days.

The Group's cash is held at accounts with Barclays Bank PLC which have a Standard and Poor's rating of A.

AFF liabilities are comprised of secured and unsecured agreements. Secured AFF liabilities of £4.0m (FY24: £3.6m) and secured term loans are secured against assets included within property, plant and equipment with a carrying value of £4.2m (FY24: £5.2m).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.3 Net debt

During the year, the Group net debt (combined continuing and discontinued) decreased from £72.4m to £65.5m as at 31 March 2025, with the movements shown in the table below:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Operating profit	11,460	852
Depreciation and amortisation	20,961	23,876
Exceptional costs	1,703	4,550
Exceptional income	-	(2,100)
Share-based payments	1,267	1,138
Adjusted EBITDA ¹	35,391	28,316
Profit on disposal of fixed assets	-	(53)
Working capital movements	(4,127)	114
Movement on provisions	(33)	(978)
Adjusted cash generated from operations	31,231	27,399
<i>Cash conversion</i>	88.2%	96.8%
Capital expenditure – cash purchases	(11,362)	(9,259)
Capital expenditure – finance lease purchases	(276)	(1,485)
Asset financing proceeds	2,680	2,419
Net capital expenditure	(8,958)	(8,325)
Corporation tax paid	(145)	(174)
Interest paid	(3,560)	(3,615)
Loan arrangement fees/fee amortisation	(300)	(209)
Finance lease interest	(1,251)	(1,328)
Effect of exchange rates	(18)	(109)
Other movements in net debt	(5,274)	(5,435)
Normalised net debt movement¹	16,999	13,639
Cash cost of exceptional items	(1,320)	(4,240)
Acquisition of subsidiaries (net of cash acquired)	-	(890)
Remeasurements relating to lease liabilities	(611)	-
Remeasurements relating to Asset Financing Facility liabilities	334	-
IFRS 16 lease additions	(494)	(4,237)
Drawdown on Asset Financing Facility	(2,680)	(2,419)
Dividends paid in cash	(5,705)	(1,369)
Disposal of treasury shares on exercise of share options	387	116
	(10,089)	(13,039)
Decrease in net debt	6,910	600
Net debt at the beginning of the period	(72,365)	(72,965)
Net debt at the end of the period	(65,455)	(72,365)

¹For an explanation of the alternative performance measures used in this report, please refer to pages 15-17 of this Report. Exceptional items are outlined in note 9.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.4 Reconciliation of net debt

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Revolving Credit Facility		
Drawdown on facility	8,500	16,500
Repayment of facility	(9,500)	(10,500)
Finance costs in relation to RCF (non-cash)	3,277	3,333
Interest paid	(3,315)	(3,288)
Loan arrangement fees paid	(200)	-
Release of deferred arrangement fees (non-cash)	300	209
Movement in Revolving Credit Facility	(938)	6,254
Opening balance	39,885	33,631
Closing balance	38,947	39,885
Lease liabilities		
New leases entered into (non-cash)	770	4,238
Transferred to asset financing liabilities (non-cash)	-	(1,825)
Leases reassessments (non-cash)	611	-
Principal element of lease payments	(8,762)	(10,638)
Interest element of lease payments (non-cash)	1,251	1,328
Interest paid	(1,251)	(1,328)
Movement in lease liabilities	(7,381)	(8,225)
Opening balance	31,980	40,205
Transferred to liabilities held for sale	(19,892)	-
Closing balance	4,707	31,980
Term loans		
Repayment of loans	(18)	(474)
Finance costs in relation to term loans (non-cash)	-	4
Interest paid	-	(4)
Movement in term loans	(18)	(474)
Opening balance	21	495
Closing balance	3	21
Asset financing liabilities		
Transferred from lease liabilities (non-cash)	-	1,825
Drawdown on facility	2,680	2,419
Repayment of loans	(1,031)	(635)
Finance costs (non-cash)	282	267
Interest paid	(282)	(267)
Other movements (non-cash)	(334)	-
Movement in asset financing liabilities	1,315	3,609
Opening balance	3,609	-
Transferred to liabilities held for sale	(3,119)	-
Closing balance	1,805	3,609
Cash	3,018	3,130
Net debt from continuing operations	42,444	72,365
Net debt transferred to liabilities held for sale		
Asset financing liabilities	3,119	
Lease liabilities	19,892	
Total Group net debt	65,455	

All lines included above are cash unless otherwise stated.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.5 Other financial liabilities

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Derivatives designated as hedging instruments		
Current financial liabilities	153	-
Non-current financial liabilities	92	-
Total financial liabilities carried at fair value	245	-

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US dollars (USD).

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Other financial liabilities at amortised cost, other than interest bearing loans and borrowings		
Trade and other payables (note 22)	29,816	39,069
Total other financial liabilities	29,816	39,069

23.6 Hedging activities and derivatives

The Group is exposed to certain risks relating to its ongoing business operations. The sole risk managed using derivative instruments is foreign currency risk.

The Group's risk management strategy and how it is applied to manage risk are explained in note 23.8.

The Group is holding the following foreign exchange forward contracts:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Current foreign exchange forward contract	153	-
Non-current foreign exchange forward contract	92	-
	245	-

23.7 Fair values

Management assessed that fair values of cash and cash equivalents, trade receivables, accrued income, trade payables and other current liabilities approximate their carrying values largely due to the short-term nature of these instruments. Carrying value is considered to approximate fair value for all of the Group's financial instruments carried at amortised cost other than bank loans which had a carrying value of £39.0m and a fair value of £42.4m at 31 March 2025.

The fair value of loans was calculated using Level 2 valuation techniques reflecting the borrowing rate at the end of the reporting period and any unamortised arrangement fees relating to those borrowings.

At 31 March 2025 the Group held the following financial instruments measured at fair value through other comprehensive income (FY24: none).

	Level 1 £'000	Level 2 £'000	Level 3 £'000
Foreign exchange forward contract	-	245	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.7 Fair values (continued)

The Group used the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers in or out of Level 3 fair value measurements in FY25 or FY24.

23.8 Financial risk management

The objectives of the Group's treasury activities are to manage financial risk, secure cost-effective funding where necessary and minimise adverse effects of fluctuations in the financial markets on the value of the Group's financial assets and liabilities, on reported profitability and on cash flows of the Group.

The Group's principal financial instruments for fundraising are bank borrowings, overdraft facilities and loans. The Group has various other financial instruments such as cash, trade receivables and trade payables that arise directly from its operations.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange, cash flow interest rate risk, and price risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out centrally under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering each specific risk area.

a) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group mainly operates within the UK with foreign exchange risk arising from certain transactions with counterparties denominated in foreign currencies within operating activities. In December 2024 the Group entered into two material USD denominated contracts. Prior to this, foreign exchange risk was considered low.

The Group manages its foreign currency risk arising from large contracts denominated in foreign currency by hedging forecasted purchases using foreign currency forward contracts. When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure.

b) Cash flow interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group receives interest on cash and cash equivalents and pays interest on its borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. During the year the Group's borrowings at variable rate were denominated in Pounds Sterling with interest linked to Sterling interest rates.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift and manages its cash flow interest rate risk accordingly.

Based on the simulations performed, the impact on post-tax profit and equity of a +/- 1% shift in the interest rate would not be material. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by management.

c) Price risk

The Group is not exposed to significant commodity or security price risk. The Group has entered into contracts with energy brokers and has agreed own-use commodity prices for a significant proportion of its expected electricity volumes, which significantly reduces its exposure to price volatility.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.8 Financial risk management (continued)

d) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents, as well as credit exposures to customers. Individual risk limits are set based on internal and external ratings and reviewed by the Board where appropriate. The utilisation of credit limits is regularly monitored with appropriate action taken by management in the event of a breach of credit limit.

The credit quality of trade receivables is reviewed at each reporting date using a provision matrix to measure expected credit loss (ECL). The provision is calculated by management on a specific basis based on their best estimate of recoverability considering the age and specific circumstances relating to the debtor. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable noted below. The Group does not hold any collateral as security.

The following table provides information about the exposure to credit risk and ECL's for trade receivables from individual customers as at 31 March 2025 for the Group. For the purpose of calculating the provision, any credit balances within the aging categories have been excluded when applying the loss rate.

31 March 2025	Current	1 to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	> 180 days overdue	Total
Expected credit loss rate (%)	0.15	0.17	0.23	0.52	3.45	21.13	
Trade receivables and accrued income	19,751	2,356	1,292	383	579	582	24,943
Expected credit loss (£'000)	30	4	3	2	20	123	182
Net carrying amount at default rate (£'000)	19,721	2,352	1,289	381	559	459	24,761

31 March 2024	Current	1 to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	91 to 180 days overdue	> 180 days overdue	Total
Expected credit loss rate (%)	0.50	1.00	2.00	5.00	18.00	25.00	
Trade receivables and accrued income	14,008	2,928	1,794	383	320	(43)	19,390
Expected credit loss (£'000)	72	25	30	24	79	78	308
Credit note provision*	645	-	-	-	-	-	645
Inaccurate billing provision*	247	-	-	-	-	-	247
Net carrying amount at default rate (£'000)	13,044	2,903	1,764	359	241	(121)	18,190

Set out below is the movement in the allowance for expected credit losses of trade receivables and accrued income:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
As at 1 April	1,200	1,251
Transfer to trade debtors*	(892)	-
	308	1,251
Creation of provision	187	2,237
Utilisation of provision	(313)	(2,288)
	182	1,200
Provision for continuing operations	122	
Provision for discontinued operations	60	
	182	

* In FY25 management reviewed the methodology for calculating the ECL provision and presentation in the Financial Statements. Historically, an amount for inaccurate billing and credit notes had been included in the ECL provision disclosures. On reflection, this was distorting the ECL provision disclosures in the Financial Statements as these balances are not in relation to bad debts but instead largely attributable to processing errors. Consequently, management have amended the above disclosures to include only the ECL provision in FY25. The credit note provision and inaccurate billing provisions have been netted off trade debtors before calculation of the ECL provision as their nature better sits here.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

23 Financial assets and liabilities (continued)

23.9 Capital risk

The Group's objectives when managing capital are to safeguard the Group's future growth and its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure the Group has previously both issued new shares and borrowed using bank facilities. The Group monitors capital on the basis of the ratio of net bank debt to adjusted EBITDA. Net debt is calculated as total bank borrowings (including 'current and non-current borrowings' as shown in the Consolidated Statement of Financial Position) less cash and cash equivalents, and adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, exceptional costs and share-based payments and associated National Insurance. The Group's strategy is to maintain the ongoing ratio at below 2.5x. The ratio was below this level throughout the year, and at 31 March 2025 was 1.1x (31 March 2024: 2.3x).

The bank facilities referred to in note 23.2 contain various covenants relating to EBITDA, interest cover, net debt and cash flow, which the Group monitors on a monthly basis. The Group adopts a risk-averse position with respect to borrowings and maintains headroom in its bank facilities to ensure that any unexpected situations do not create financial stress. Refer to note 2.1.

23.10 Liquidity risk

Management monitors rolling forecasts of the Group's undrawn borrowing facility and cash and cash equivalents based on expected cash flow. The Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Group's financial liabilities for continuing operations, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. These amounts disclosed in the table are the contracted undiscounted cash flows. Balances within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year £'000	Due 1 – 2 years £'000	Due 2 – 3 years £'000	Due 3 – 4 years £'000	Due 4 – 5 years £'000	After more than 5 years £'000	Total £'000
At 31 March 2025							
Bank loans	3,167	39,207	-	-	-	-	42,374
Leases	1,779	1,340	1,050	601	196	310	5,276
Asset financing liabilities	913	662	373	-	-	-	1,948
Term loans	3	-	-	-	-	-	3
Trade payables	9,768	2,390	38	33	-	-	12,229
Other payables	553	-	-	-	-	-	553
	16,183	43,599	1,461	634	196	310	62,383
At 31 March 2024							
Bank loans	3,392	3,321	40,304	-	-	-	47,017
Leases	10,036	6,992	4,840	4,177	3,843	5,757	35,645
Asset financing liabilities	1,199	1,086	805	584	106	-	3,780
Term loans	21	-	-	-	-	-	21
Trade payables	16,287	-	-	-	-	-	16,287
Other payables	612	-	-	-	-	-	612
	31,547	11,399	45,959	4,761	3,949	5,757	103,362

The interest accrual for the future forecasted borrowings in each category is dependent on the expected level of funding required each month, with an applied interest rate of SONIA (5.2%) above the margin, forecast to be 2.05% (which is a fixed percentage depending on the Group's adjusted leverage in line with the facility agreement).

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

24 Lease liabilities

The following disclosures for FY25 relate to continuing operations only. Future minimum lease payments under leases together with the present value of net minimum lease payments are as follows:

	Present value as at 31 March 2025 £'000	Finance charges £'000	Future lease payments as at 31 March 2025 £'000	Present value as at 31 March 2024 £'000	Finance charges £'000	Future lease payments as at 31 March 2024 £'000
Less than 1 year	1,526	253	1,779	8,903	1,133	10,036
Due 1 – 2 years	1,177	163	1,340	6,167	825	6,992
Due 2 – 3 years	961	89	1,050	4,192	648	4,840
Due 3 – 4 years	566	35	601	3,687	490	4,177
Due 4 – 5 years	179	17	196	3,514	329	3,843
After more than 5 years	298	12	310	5,517	240	5,757
	4,707	569	5,276	31,980	3,665	35,645

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Short-term lease payments	9	-
Low value lease payments	19	15

25 Provisions

	Dilapidation provision £'000
At 1 April 2023	13,001
Additional provisions created during the period	351
Utilised during the period	(978)
At 31 March 2024	12,374
Additional provisions created during the period	525
Reassessment of provisions during the period	(1,222)
Utilised during the period	(33)
Transferred to assets held for sale	(10,904)
At 31 March 2025	740
FY25 Analysed as:	
Current	507
Non-current	233
	740
FY24 Analysed as:	
Current	892
Non-current	11,482
	12,374

The dilapidations provision represents the estimated costs associated with returning certain leasehold properties to the original condition upon exiting the lease. Due to the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. As a result of the trade and asset transfer of the DC business from Redcentric Solutions Limited to Redcentric Data Centres Limited on 1 February 2025 management engaged a third party expert to revalue the dilapidation provision as at 31 January 2025. As a result, a reduction in the provision of £1.2m was seen.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

25 Provisions (continued)

Dilapidation provisions have maturity dates from 2024 to 2040 and are therefore discounted to present value using a risk-free interest rate (UK Government Bond rates) at the year-end, depending on the length of the related lease. The discount rates used to calculate the initial provision ranges from 4.05% to 5.00% (FY24: 1.85% to 2.63%) and is based on the UK Bond rate at the date of the valuation. Subsequent adjustments to the dilapidations provision will be recorded against the original amount included in right-of-use assets with a corresponding adjustment to future depreciation charges. The utilisation of the dilapidations provision will be in line with the end of the leasehold properties lease terms to which the provisions relate. The increase of £0.5m through additional provisions created has resulted from the net financing movement in the year of £0.3m plus recognition of a new provision of £0.2m in relation to a new leasehold property which commenced in March 2024.

26 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 (see note 5 and note 2.2 for further details), 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.

27 Share capital

	Ordinary shares of 0.1p each		Share premium £'000
	Number	£'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

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

27 Share capital (continued)

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.

The common control reserve represents the difference between the net assets acquired and the fair value of consideration transferred on the acquisition of Redcentric Holdings Limited via demerger from Redstone plc in 2013.

28 Share-based payments

At 31 March 2025, the Group had the following share-based payment arrangements in place:

Long Term Incentive Plan (LTIP)

The Group operates a Long-Term Incentive Plan (LTIP) under which the Executive Directors and key management personnel are awarded nil cost options that will vest subject to the achievement of performance conditions relating to the growth in earnings per share.

Save-As-You-Earn (SAYE)

The Group operates a HMRC approved SAYE option plan under which it offers its UK based colleagues the opportunity to participate in a share purchase plan. To participate in the plan, the colleagues are required to save an amount of their gross monthly salary, up to a maximum of £500 per month, for a period of 36 months. Under the terms of the plan, at the end of the three-year period the colleagues are entitled to purchase shares using funds saved at a price 20% below the market price at grant date. Only colleagues who remain in service and save the required amount of their gross monthly salary for 36 consecutive months will become entitled to purchase the shares. Colleagues who cease their employment, do not save the required amount of their gross monthly salary in any month before the 36-month period expires, or elect not to exercise their options to purchase shares will be refunded their saved amounts.

The Group recognised the following expense for its share-based payments:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Equity-settled share-based charge on LTIP scheme	1,009	935
Equity-settled share-based charge on SAYE plan	126	118
	1,137	1,053
National Insurance arising on share options	130	85
	1,267	1,138

The fair value of the equity-settled share options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	LTIP (number)	SAYE (number)	Total (number)	WAEP (pence)
Balance at 1 April 2023	4,293,410	1,208,210	5,501,620	22.3p
Issued in the period	2,040,861	352,068	2,392,929	15.0p
Forfeited in the period	(459,384)	-	(459,384)	0.1p
Cancelled in the period	(737,708)	(189,084)	(926,792)	20.4p
Exercised in the year	-	(96,019)	(96,019)	119.6p
Balance at 31 March 2024	5,137,179	1,275,175	6,412,354	19.9p
Issued in the period	1,924,181	413,062	2,337,243	18.3p
Forfeited in the period	(52,000)	(22,139)	(74,139)	29.4p
Cancelled in the period	(25,000)	(155,225)	(180,225)	86.0p
Exercised in the year	(266,052)	(398,186)	(664,238)	61.0p
Lapsed in the year	(1,279,759)	(36,064)	(1,315,823)	3.3p
Balance at 31 March 2025	5,438,549	1,076,623	6,515,172	16.7p

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

28 Share-based payments (continued)

The weighted average remaining contractual life for the share options outstanding at 31 March 2025 is 7 years and 11 months (31 March 2024: 7 years and 5 months). The range of exercise prices for options outstanding at the end of the year was 0.1p to 119.6p. Share options outstanding at the end of the year with approximate remaining average life are as follows:

Exercise price (pence)	Number, year ended 31 March 2025	Life at 31 March 2025	Number, year ended 31 March 2024	Life at 31 March 2024
0.1p	5,438,549	9 years 1 month	5,137,179	8 years 10 months
119.6p	-	-	34,013	-
108.3p	6,646	-	91,412	-
99.9p	115,083	0 years 4 months	434,155	1 year 4 months
96.1p	292,226	0 years 11 months	375,973	1 year 11 months
101.3p	293,129	2 years 0 months	339,622	3 years 0 months
103.1p	369,539	3 years 0 months		
	6,515,172	7 years 11 months	6,412,354	7 years 5 months

The following table illustrates the status of the options outstanding at the end of the year:

	31 March 2025 Number of options	31 March 2025 WAEP	31 March 2024 Number of options	31 March 2024 WAEP
Performance conditions satisfied	15,000	0.1p	25,000	0.1p
Subject to performance conditions	5,423,549	0.1p	5,112,179	0.1p
Save-As-You-Earn	1,076,623	1.0p	1,275,175	1.0p
Outstanding at the end of the year	6,515,172	16.7p	6,412,354	19.9p

29 Capital commitments

At 31 March 2025, the Group entered into contracts to purchase property plant and equipment totalling £1.0m (FY24: £0.2m) and contracts totalling £17.1m (FY24: £nil) to purchase goods and services for future customer contracts.

30 Pensions

The Group operates a defined contribution pension scheme for eligible employees. The charge for the year ended 31 March 2025 was £1.5m (FY24: £1.4m). At the year-end, there was a pension creditor of £0.3m (FY24: £0.3m).

31 Subsidiaries

The undertakings whose results and financial position are consolidated within the Group Financial Statements at 31 March 2025 are as follows:

	Principal activity	Country of incorporation	% of ordinary share capital owned
Held directly by Redcentric plc			
Redcentric Solutions Limited	IT Managed Services	England and Wales	100%
Redcentric Data Centres Limited (incorporated 28 August 2024)	Colocation services	England and Wales	100%
Held indirectly by Redcentric plc			
Redcentric Support Services Private Limited	Support Services	India	100%
Piksel Industry Solutions Limited	Dormant	England and Wales	100%
7 Elements Limited	Dormant	Scotland	100%
Hotchilli Internet Limited	Dormant	England and Wales	100%
4D Data Centres Limited	Dormant	England and Wales	100%

All companies have a registered office of Central House, Beckwith Knowle, Harrogate HG3 1UG, except Redcentric Solutions Private Limited and Redcentric Support Services Private Limited which have a registered office of 8th Floor, My Home Twitza, Plot No. 30/A Sy No. 83/1, TSII Knowledge City, Raidurg, Hyderabad Rangareddy Telangana 500081 INDIA, and 7 Elements Limited which has a registered office of 4-5 Lochside Way, Edinburgh Park, Edinburgh, Scotland, EH12 9DT.

Notes to the Consolidated Financial Statements for the year ended 31 March 2025 (continued)

31 Subsidiaries (continued)

On 1 February 2025 the trade, assets and liabilities of the DC business was transferred from Redcentric Solutions Limited to Redcentric Data Centres Limited at book value amounting to £27.6m. The consideration was in the form on a loan note with interest accruing at the rate of 2% above SONIA. Interest is not rolled up or compounded. As at 31 March 2025, an amount of £27.9m remains outstanding on intercompany account between the two subsidiaries. This transfer had no effect on the Group consolidated Financial Statements as both entities remain within the Group.

32 Related parties

Directors' emoluments are disclosed in the Annual Report on Remuneration page 64 and compensation of key management personnel is disclosed in note 11.

Oliver Scott (non-independent Non-Executive Director) is a beneficial owner of Kestrel Opportunities, who held 16,715,306 ordinary shares in the Company as at 31 March 2025.

John Radziwill (non-independent Non-Executive Director) is a representative of ND Capital Investments Limited, who held 25,531,554 ordinary shares in the Company as at 31 March 2025.

Nick Bate, (former independent Non-Executive Chairman) is a Director of and investor in Europa Communications Limited. During FY25 Redcentric Solutions Limited incurred costs of £10,290 (FY24: £21,360) in respect of trading with Europa Communications Limited, and at the year-end there was £nil outstanding due to this supplier (FY24: an outstanding balance of £5,385).

There were no other transactions with related parties in the year to 31 March 2025.

33 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 (see note 23.2 for further details).

Redcentric plc

Company Balance Sheet as at 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Fixed assets			
Investments	2	107,286	106,149
Debtors	3	-	562
Total assets		107,286	106,711
Current liabilities			
Creditors	4	14,592	19,359
Financial liabilities	4	153	-
		14,745	19,359
Non-current liabilities			
Financial liabilities	5	92	-
		92	-
Total liabilities		14,837	19,359
Net Assets		92,449	87,352
Capital and reserves			
Called up share capital	6	159	159
Share premium account	6	75,649	75,649
Share option reserve		11,077	9,940
Own shares held in treasury		(298)	(779)
Retained earnings:			
At the beginning of the year		2,383	2,482
Profit for the year		9,278	3,656
Other changes in retained earnings		(5,799)	(3,755)
		5,862	2,383
Total shareholders' funds		92,449	87,352

The notes on pages 138 to 143 are an integral part of these Financial Statements.

The Financial Statements of Redcentric Plc (Registration Number 08397584) on pages 136 to 137, and the notes to these Financial Statements on pages 138 to 143 were approved by the Board on 23 September 2025 and are signed on its behalf by:



Tony Ratcliffe
Chief Financial Officer

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

	Called up Share Capital £'000	Share Premium £'000	Share option reserve £'000	Own shares held in treasury £'000	Retained earnings £'000	Total shareholders' funds £'000
Balance at 1 April 2023	157	73,267	8,887	(898)	2,482	83,895
Profit for the year	-	-	-	-	3,656	3,656
Transactions with owners						
Dividend paid to shareholders	-	-	-	-	(3,752)	(3,752)
Issue of new shares	2	2,382	-	-	-	2,384
Share option exercises	-	-	-	119	(3)	116
Share-based payments	-	-	1,053	-	-	1,053
At 31 March 2024	159	75,649	9,940	(779)	2,383	87,352
Profit for the year	-	-	-	-	9,278	9,278
Transactions with owners						
Dividend paid to shareholders	-	-	-	-	(5,705)	(5,705)
Share option exercises	-	-	-	481	(94)	387
Share-based payments	-	-	1,137	-	-	1,137
At 31 March 2025	159	75,649	11,077	(298)	5,862	92,449

The notes on pages 138 to 143 are an integral part of these Financial Statements.

Notes to the Company Financial Statements for the year ended 31 March 2025

1 Accounting policies

These separate Financial Statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken. These policies have all been applied consistently throughout the year unless otherwise stated.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investments;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRS;
- disclosures in respect of the compensation of key management personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the Consolidated Financial Statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 'Share-based Payments' in respect of group settled share-based payments
- Certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instrument Disclosures'.

The accounting policies set, unless otherwise stated, have been applied consistently to all periods presented in these Financial Statements.

1.1 Investments

Investments in subsidiaries are carried at cost less impairment which is based on the fair value at acquisition. Investments are reviewed for impairment whenever events or changes in circumstances indicate the carrying values may not be recoverable. If any such indication exists and where the carrying amounts exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

1.2 Taxation

The taxation expense charged in the Statement of Comprehensive Income represents the sum of the current tax expense and the deferred tax expense.

The current tax payable is based on the taxable profit for the year. Taxable profit differs from accounting profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax is provided for on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which deductible temporary differences carried forward tax credits or tax losses can be utilised.

Notes to the Company Financial Statements for the year ended 31 March 2025 (continued)

1.2 Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the Financial Statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the related asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the Consolidated Statement of Comprehensive Income, except where the underlying transaction relates directly to equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and the Company intends to settle current tax liabilities and assets on a net basis.

1.3 Dividends

Dividends payable to equity shareholders are included in the Financial Statements within 'other creditors' when a final dividend is approved by shareholders in a general meeting. Interim dividends to equity shareholders approved by the Board during the financial year are not included in the Financial Statements until paid.

Dividends receivable from the Company's investments are recorded in the Company Income Statement once the dividend has been declared and approved by the Board.

1.4 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Creditors

Creditors, which relate to amounts owed to subsidiary companies, are held at amortised cost.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

The Company enters into derivative financial instruments to manage its exposure to foreign currency risk. These instruments are designated as hedges at the Group level but are not accounted for as hedges in the Company only Financial Statements. The reason for this is that the hedging instrument and the underlying hedged item reside in different legal entities within the Group. Under IFRS 9 *Financial Instruments*, hedge accounting requires that both the hedged item and hedging instrument affect the same entity's Financial Statements in order for the relationship to qualify for hedge accounting in that entity's books. As the Company does not hold both elements of the hedge relationship, the criteria for hedging is not met on a standalone basis. As a result, change in the fair value of the derivative instrument are recognised in the Statement of Comprehensive Income.

1.6 Treasury shares

Redcentric Plc shares held by the Company are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to share premium. No gain or loss is recognised in the Company Income Statement on the purchase, sale, issue or cancellation of equity shares.

Notes to the Company Financial Statements for the year ended 31 March 2025 (continued)

1.7 Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees of the Group is measured by reference to the fair value of the award at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model for which the assumptions are approved by the Directors. In valuing equity-settled transactions, only vesting conditions linked to the market price of the shares of the Company are considered.

No expense is recognised in the subsidiary company for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the Company Income Statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the existing charge is recognised immediately. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Company Income Statement.

In respect of equity-settled transactions with employees, the Company grants rights to its equity instruments to employees of the wider Group. The Group's subsidiaries are the receiving entities for such arrangements as they receive the related services from employees, however such awards are ultimately settled by the parent Company. As the Company receives services indirectly through its subsidiaries (with such services increasing the value of the subsidiary and hence the Company's investment in the subsidiary), the Company recognises in equity the equity-settled shared-based payment amount, with a corresponding increase in the cost of the Company's investment in the subsidiary.

1.8 Subsidiaries

For the year ended 31 March 2025 the following companies are exempt from audit under s479A of the Companies Act 2006 (the Act) as Redcentric plc will provide a guarantee under s479C of the Act and their results are included in its Consolidated Financial Statements.

- Píksel Industry Solutions Limited (number 03048367)
- 7 Elements Limited (number SC382475)
- 4D Data Centres Limited (number 04592242)

1.9 Intra-group financial guarantee contracts

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be in the scope of IFRS 9 and accounts for them as such. Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

1.10 Key judgements and sources of estimation uncertainty

There were no critical accounting judgements that would have a material effect on the amounts recognised in the Company's Financial Statements at the balance sheet date that would have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

There is however estimation uncertainty when assessing investment recoverability of the investment in Redcentric Solutions Limited. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its VIU. The VIU calculation for investment impairment uses the Equity Valuation method by taking the RSL Enterprise Value (being the VIU) plus fair value of surplus assets less fair value of debt. The cash flows to derive the VIU are derived from the financial projections for the next five years and do not include restructuring activities that are not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Following the carve out of the DC business to Redcentric Data Centres Limited there is no longer any headroom on the investment in Redcentric Solutions Limited. Impairment will therefore continue to be a key source of estimation uncertainty in future periods.

Notes to the Company Financial Statements for the year ended 31 March 2025 (continued)

1.11 Parent company profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Parent Company has not presented its own profit and loss account.

2 Investments held as fixed assets

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Investments in subsidiaries	96,062	96,062
Capital contribution related to share-based payments for subsidiaries	11,224	10,087
Impairment in Redcentric Solutions Limited	(1,346)	-
Capitalisation of impairment in Redcentric Data Centres Limited	1,346	-
	107,286	106,149

At the year-end date the Company holds investments in both Redcentric Solutions Limited and Redcentric Data Centres Limited. All of the Company's investments are unlisted. Details of subsidiary undertakings are included in note 31 of the Group Financial Statements.

The Company holds an investment in Redcentric Solutions Limited recorded at a brought forward cost of £107.3m. The cost of the investment represented the fair value of the investment at the date of acquisition. During the year an impairment of £1.3m was recognised against this investment. On 28 August 2024 the Company set up a new subsidiary, Redcentric Data Centres Limited at a cost of £1. The impairment of £1.3m noted above was then recognised as part of the cost of investment in this subsidiary on the transfer of trade and assets from RSL, as the Company had not suffered a loss as a result of this transfer.

During the year investments increased by £1,137k in respect of the capital contribution to Redcentric Solutions Limited and Redcentric Data centres (£1,130k and £7k respectively) relating to the share-based payment transaction. The Company settled the share-based payment transaction on behalf of Redcentric Solutions Limited. There is no recharge arrangement in place for share-based payments settled by the Company on half of Redcentric Solutions Limited. For further details see note 28 to the Group accounts.

Impairment

The Company's investments have been assessed for potential indicators of impairment at 31 March 2025. The investment is considered a non-financial asset, and its recoverable amount has been estimated using the Equity Valuation method by taking the RSL Enterprise Value (being the VIU) plus fair value of surplus assets less fair value of debt. This was performed using a Board approved five-year forecast cash flow projection to the period of 31 March 2030. This comprised the detailed MSP 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 at 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;
- 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.

Following this impairment review, it was determined that the carrying amount of the Redcentric Solutions Limited investment exceeded its recoverable amount and an impairment of £1.3m was identified. Management will continue to monitor this investment for any future indications of impairment.

There are no indications of impairment in the Redcentric Data Centres Limited investment and reasonable movements in the sensitivities would not result in impairment and have therefore not been disclosed.

Notes to the Company Financial Statements for the year ended 31 March 2025 (continued)

2 Investments held as fixed assets (continued)

Sensitivity analysis – investment in Redcentric Solutions Limited

There are reasonable possible changes in key assumptions within the Equity Valuation Method which would erode the headroom further and cause material impairment. In each sensitivity assessment, all other item assumptions, other than the assumption being sensitised, remained equal:

- A reduction in the EBITDA growth rate from a compound annual growth rate (CAGR) of 5.12% to 0% over the forecast period would cause a material impairment.
- An increase in the WACC by 1% would cause a material impairment.

3 Debtors

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Deferred tax asset on tax losses	-	562

Unrecognised deferred tax at the year-end was as follows:

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Deferred tax losses	562	-

4 Creditors – amounts falling due within one year

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Amounts owed to subsidiaries	14,592	19,359
Financial liabilities	153	-
	14,475	19,359

Amounts due to Group undertakings are unsecured, interest-free and have no fixed payment terms.

5 Creditors – amounts falling due after one year

	Year ended 31 March 2025 £'000	Year ended 31 March 2024 £'000
Financial liabilities	92	-

6 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

During FY25, 390,528 treasury shares have been utilised for various share option exercises, leaving 242,175 shares held in treasury at 31 March 2025 (31 March 2024: 632,703).

Notes to the Company Financial Statements for the year ended 31 March 2025 (continued)

7 Related parties

The Company has taken exemption not to disclose transactions with entities wholly owned by the Group.

Directors' emoluments are disclosed in the Annual Report on Remuneration of the Consolidated Financial Statements on page 64.

Oliver Scott (non-independent Non-Executive Director) is a beneficial owner of Kestrel Opportunities, who held 16,715,306 ordinary shares in the Company as at 31 March 2025.

John Radziwill (non-independent Non-Executive Director) is a representative of ND Capital Investments Limited, who held 25,531,554 ordinary shares in the Company as at 31 March 2025.

Nick Bate, (former independent Non-Executive Chairman) is a Director of and investor in Europa Communications Limited. During FY25 Redcentric Solutions Limited incurred costs of £10,290 (FY24: £21,360) in respect of trading with Europa Communications Limited, and at the year-end there was £nil outstanding due to this supplier (FY24: an outstanding balance of £5,385).

There were no other transactions with related parties or related part year-end balances to disclosure other than intercompany balances as disclosed in note 4 in the year to 31 March 2025.

8 Guarantees

The Company has committed to be a financial guarantor under the Group's banking facilities and is also party to the Group's cross banking guarantees. These arrangements represent financial guarantee contracts which have been accounted for in line with IFRS 9, as explained in the Company's accounting policies. The fair value of these financial guarantee contracts has been assessed to be immaterial.

9 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.

Directors and Advisers

Directors

Executive

Michelle Senecal de Fonseca – Chief Executive Officer

Tony Ratcliffe – Chief Financial Officer

Non-Executive

Richard McGuire - Chairman

Alan Aubrey

Oliver Scott

John Radziwill

Company Secretary

Liz Wild

Company number

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Registered Office

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Auditor

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Nominated adviser and broker

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EC1A 7BL

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Management
ITMS 668453

ISO 22301
Business Continuity
Management
BCMS 603194

ISO/IEC
27001
Information Security
Management
IS 603187

