RCN AIMX Redcentric PLC

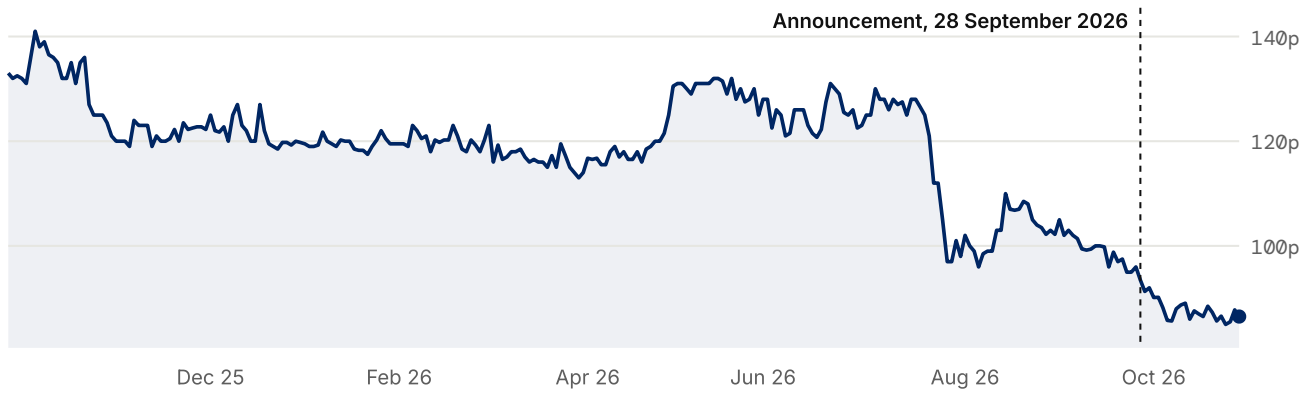
Final Results · RNS 4513W · 28 September 2026

Redcentric's final results: balance sheet reset after data-centre sale, but core business still shrinking

Share price	86.26p
Market cap	£87.6m
52-week range	83.51p - 160p
Shares in issue	101.6m
12-month change	-35.0%

Ticker Data API, as at 29 Oct 2026, 14:01

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SUMMARY

Redcentric's final results today showed the continuing managed services business going backwards in the year to 31 March 2026. Revenue fell 2.3% to £132.0m, adjusted EBITDA fell 7.4% to £17.4m and adjusted earnings per share fell 13.7% to 3.30p. After the year end, the £124.9m sale of the data-centre business completed, £90m went back to shareholders through a tender offer at 160 pence, and adjusted net debt fell to £2.8m by 25 September. Management expects stable revenue and adjusted EBITDA in line with market expectations for FY27, and intends to reinstate a progressive dividend with the interim results. The balance sheet has been transformed. The operating recovery has yet to be shown.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Continuing revenue	£132.0m	FY26 (year to 31 March 2026)	-2.3% (FY25: £135.1m)
Adjusted EBITDA (continuing)	£17.4m	FY26	-7.4% (FY25: £18.8m)
Adjusted EBITDA margin	13.2%	FY26	-0.7ppts (FY25: 13.9%)
Underlying ARR	£113.2m	31 March 2026	+0.6% (FY25: £112.5m)
Adjusted basic EPS (continuing)	3.30p	FY26	-13.7% (FY25: 3.82p)
Adjusted cash conversion (continuing)	88.6%	FY26	FY25: 79.2%
Data-centre sale consideration	£124.9m	Completed 30 April 2026	
Adjusted net debt	£2.8m	25 September 2026	31 March 2026: £36.8m
Market capitalisation	£100m		

Sources: Final Results RNS, 28 Sep 2026; Ticker company data (price 97.99p)

THE ANNOUNCEMENT

- Continuing revenue fell to £132.0m (FY25: £135.1m) and adjusted EBITDA fell to £17.4m (FY25: £18.8m), at a margin of 13.2% (FY25: 13.9%). The company described this as in line with market expectations.
- Reported annual recurring revenue (ARR, the yearly value of contracted repeat revenue at the year end) fell to £116.2m. Underlying ARR, which strips out legacy acquisition churn, exited low-margin work and one-off VMware licences, rose 0.6% to £113.2m.
- The sale of Redcentric Data Centres completed on 30 April 2026 for total consideration of £124.9m. A tender offer then returned £90m to shareholders, buying back 56.25m shares, or 35.3% of the share capital, at 160 pence.
- Adjusted net debt was £2.8m at 25 September 2026 (31 March 2026: £36.8m). New £30m revolving credit facilities, plus a £10m accordion (an optional extension the lenders must approve), were agreed with NatWest and Barclays on an initial three-year term.
- The Board intends to reinstate a progressive dividend, with the first interim dividend expected alongside results for the six months to 30 September 2026. A share buy-back of up to £1.5m is running; 1,140,937 shares had been bought by 25 September.
- For FY27, reported revenue is expected to be stable against FY26 and adjusted EBITDA in line with current market expectations. Trading since the year end is said to be in line with internal plans.

AGAINST GUIDANCE

Profit came in close to earlier indications. The 1 June trading update flagged FY26 MSP adjusted EBITDA of c.£17.5m against market expectations of £17.2m; the audited figure is £17.4m. Adjusted net debt of £36.8m matched the June indication. Revenue guidance was not met: in December 2025 the Board anticipated broadly flat MSP revenue, but it fell 2.3%. The disposal had been targeted for the end of March 2026 and completed on 30 April. The FY27 outlook of stable revenue and EBITDA in line with market expectations is more restrained than December's language of attractive revenue and earnings growth in FY27 and beyond.

BULL CASE

- The balance sheet has been repaired. Adjusted net debt is £2.8m, new facilities run for an initial three years, and most of the £35.4m year-end lease liabilities went with the data-centre business, leaving £1.7m in leases.
- Underlying ARR returned to modest growth, and management says the legacy drags from acquisition churn and VMware licences are fading and should not continue beyond FY27.
- As one of seven UK Pinnacle Partners in Broadcom's VCSP programme, the partner scheme for providers reselling and managing VMware services, the company is positioned for the VMware licensing shake-up. The Syntura deal runs to 31 March 2033.
- A cost base described as right-sized, the full-year effect of in-year savings and a reinstated progressive dividend give shareholders tangible signs to test in FY27.

BEAR CASE

- Every operating line in the continuing business fell in FY26: revenue, gross margin (61.0% from 61.6%), adjusted EBITDA and adjusted EPS. The rise in statutory continuing EPS partly reflects £0.8m lower finance costs.
- Margins fell rather than rose despite the exit from low-margin work, so the claim that the business now carries higher-quality revenue is unproven. Reported ARR still fell by £2.5m.
- The track record on revenue guidance and timetables is weaker than on EBITDA. Banking covenants were relaxed in 2024, and FY27 growth language has been toned down since December.
- The 88.6% cash conversion figure comes before capital spending, interest and tax, and no standalone free cash flow figure for the managed services business is given to show that a dividend would be covered.

WHAT TO WATCH

- Interim results for the six months to 30 September 2026: whether revenue is stable year on year, reported ARR stops falling and first-half adjusted EBITDA holds against the prior-year £9.1m.
- The size of the first interim dividend, and whether it is visibly covered by cash from the managed services business.
- Share-price behaviour after the buy-back programme ends on 30 September, given the company has been a steady buyer in a thinly traded stock.
- Any move towards debt-funded acquisitions, given the history of churn among customers acquired through past deals.

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