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23 October 2025

Redcentric plc

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

Disposal of Redcentric Data Centres Limited

Pivotal transaction enables return of capital to investors, debt reduction and provision of capital to support MSP growth strategy

Redcentric plc (AIM:RCN), a leading UK IT managed services provider, is pleased to announce that it has conditionally agreed the sale of its Data Centre business, Redcentric Data Centres Limited, ('RDC' or 'DC') to Stellaror Datacenters Group Limited ('Stellaror'), UK data centre operator backed by a fund managed by DWS Group (the 'Disposal'), for a cash consideration based on an enterprise valuation of up to £127 million. This consideration is subject to adjustment on completion to ensure the DC business is sold on a cash free debt free basis and is also subject to a target level of working capital and a number of adjustments relating to commercial and property contract matters.

Transaction Highlights

The Disposal is comprised of the Group's entire data centre operations, and the consideration will be paid entirely in cash. The maximum potential consideration payable for the Disposal is an enterprise value of £127 million, which represents a FY25 EV/Adjusted EBITDA¹ (amended to include property lease payments)¹ of c.15.1x. The maximum consideration payable is subject to adjustments to exclude cash and debt within the DC business and further adjustments to reflect certain pre-existing commercial and property related matters. To the extent that these matters are estimated prior to completion, the amount paid on completion will be subject to a usual completion accounts true-up mechanism.

Completion of the Disposal is dependent on several agreed conditions precedent being satisfied, which comprise regulatory requirements, as well as certain conditions relating to outstanding matters from the separation of the business into two segments, which commenced earlier in the year, and are typical in a disposal of a carved-out business. These conditions comprise certification confirmations, commercial contract items including lender consent and the conclusion of certain outstanding property related matters. The long stop date for completion is 31 May 2026.

In the event that any property or commercial matters remain outstanding at completion, part of the enterprise value would be retained by Stellaror, subject to a subsequent true-up and adjustment to be undertaken on the conclusion of such outstanding matters. The long stop date for any outstanding property or commercial matters to be concluded is no later than twelve months after the date of completion.

In addition, Stellaror will also retain £5 million from the initial consideration payable at completion, with the portion of this £5 million ultimately paid by Stellaror dependent on any further adjustments from the final true-up process.

Based on ongoing discussions regarding outstanding property and commercial matters, the Board estimates the consideration payable will be derived from an adjusted enterprise value ranging from £115 million to £127 million. This value will be further adjusted to account for deviations from the agreed target working capital, adding cash and deducting debt

The transaction is expected to legally complete by the end of May 2026 and the Board believes that any outstanding property and commercial negotiations are expected to conclude by the end of June 2026, at which point the final adjustment amount will be known². As noted above, the long stop date for the conclusion of any outstanding matters in relation to the Disposal is the date that falls 12 months after the date of completion.

Further market updates with regards the timings and the potential consideration payable will be provided in due course, when available.

Proceeds from the Disposal will be strategically allocated to deliver substantial benefits to shareholders and strengthen the Group's future. Considerations for the Board include but are not limited to:

- **Reducing Group debt to enhance financial stability.** Included with its borrowings, the Group currently has an available Revolving Credit Facility of up to £60 million of which £41 million has been drawn. The Board expects to materially reduce both the ceiling of this credit facility and the amount drawn following receipt of the sale proceeds;
- **Returning capital to shareholders**, most likely by way of a Tender Offer, which would be subject to shareholder approval; and
- **Retaining sufficient capital to evaluate growth opportunities** within the continuing successful Managed Services Provider ('MSP') operations.

In deciding its capital allocation strategy, the Board will take into account the Group's overall capital requirements and its ability to leverage its market-leading position to drive sustained growth and long-term shareholder value.

Michelle Senecal De Fonseca, Chief Executive Officer of Redcentric plc, said: "We are pleased to announce today the disposal of RDC to Stellaror which is a positive outcome for Redcentric and our shareholders. The completion of the DC sale will allow management to focus squarely on the MSP business which has a very strong brand and market position in both the public and private sectors. I am excited at the prospect of driving revenue and margin expansion in the years ahead, which I am confident we will deliver strong returns and shareholder value."

Aparna Narain, Partner at DWS Group - Infrastructure Investments, said: "The acquisition of RDC by Stellaror represents a transformative step in expanding our UK footprint with high-quality, strategically located assets with 23MW of secured grid capacity and a blue-chip customer base. RDC's well-invested facilities and proven operational excellence align seamlessly with our vision to deliver scalable, secure data centre solutions amid rising demand for edge computing in the UK. We look forward to integrating these operations into Stellaror to drive innovation and superior service for our combined clients."

¹ *Adjusted EBITDA less property lease payments that, under IFRS16, are shown below EBITDA.*

Adjusted EBITDA defined as earnings before interest, taxes depreciation and amortisation excluding exceptional items and share based payments (including any associated NI).

For the financial year ended 31 March 2025, the adjusted EBITDA of the data centre business was £16.6 million. In addition, the data centre business's annual property lease costs for FY25 were £8.2 million and therefore the EBITDA (amended to include property lease payments) equalled £8.4 million. With a maximum consideration of £127 million this equates to a 15.1x multiple.

² *The backstop date for the final adjustment, per agreed Sale and Purchase Agreement is 12 months post Completion.*

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Notes to Editors:

Redcentric has a strong track record in delivering IT managed services provision that empowers businesses to scale, innovate and grow in a rapidly evolving digital landscape. As technology continues to advance the Company's goal is to be the go-to-all-in-one infrastructure and managed IT service provider for customers of all sizes offering an unmatched range of products and solutions.

The Company's MSP division serves the private and public sectors with all their IT requirements. The MSP division acts as an outsourced IT department, handling day to day maintenance and security of customers' IT infrastructures. This allows customers to improve security and efficiency and focus on growing their core businesses.

From infrastructure management and cloud services to cybersecurity and data analytics, Redcentric has a comprehensive suite of solutions designed to meet the diverse needs of modern businesses.

For additional information please visit www.redcentricplc.com

Introduction

Redcentric has agreed to the sale of Redcentric Data Centres Limited ('RDC' or 'DC'), the Company's wholly owned subsidiary which holds the trade and assets of the Group's data centre business, to Stellaror Datacenters Group Limited ('Stellaror'), a UK data centre operator backed by a fund managed by DWS Group, for a total potential enterprise consideration of up to £127 million, subject to various adjustments and scheduling as summarised above.

Stellaror currently operates two data centres in London that deliver state-of-the-art colocation and connectivity services to c. 120 businesses across sectors such as IT and managed cloud service providers, public institutions, and government organisations in the UK. Stellaror's strategy is to become the leading national enterprise, wholesale and AI colocation platform in the UK and Nordics and plans to achieve this ambition through a combination of M&A and greenfield projects. The company's mission is to deliver high-quality, reliable and sustainable colocation services through well invested and secure digital infrastructure, to enterprise and wholesale customers, supporting digital outsourcing and the growth of AI.

Following completion, Redcentric's business will consist entirely of its MSP division, a highly trusted provider of IT Managed Services to public and private sector clients throughout the UK. The Board believes that the Group's market position as a mid-tier provider sitting between a small number of very large providers and a significant number of quite small providers is highly attractive. The Group has the required scale to deliver 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 often struggle to provide.

Background to and reasons for the Disposal

Redcentric historically operated as a 'pure play' provider of managed IT services, assisting clients with all their IT requirements including outsourced services, day to day maintenance and security.

In 2021, Redcentric commenced a strategy of adding capability and scale through acquisition and the Group completed five acquisitions culminating in the purchase of Sungard's data centre assets in July 2022. These acquisitions enabled the Group to build, *inter alia*, a portfolio of eight well-invested data centres to complement the existing MSP offering, with 23MW of secured grid capacity strategically located across the UK, serving a diverse blue chip customer base. These acquisitions significantly increased the proportion of Group revenue derived from data centre services, shifting the Company's focus from being a pure play MSP business to one that combined MSP with data centre capabilities.

Recognising the different business models, markets, financial characteristics, capital requirements and valuation metrics between the DC and MSP businesses, the Board concluded that splitting the Group into two distinct

business segments would provide greater transparency on the performance and profile of each core operating business, with a view to being able to unlock higher value from each business. Accordingly, the Board decided in late 2024 to create two autonomous business units: the DC business and the MSP business each with its own dedicated and focused management team and resources. The Company established RDC as a new trading subsidiary to hold the trade and assets of the Group's DC business, which were agreed to be transferred on 31 January 2025.

The Final Results for the year ended 31 March 2025 highlighted the benefits of the Company's historic acquisition strategy and the positive impact of the work taken by the Board to enhance operational efficiencies across the Group. While the divisional restructuring was complex and required considerable management focus, it was essential for the Group to establish two distinct and well-structured business units for the future.

With the restructuring having been undertaken primarily to unlock greater value from the Group's operations, the Board is pleased to announce the Disposal. This transaction is a pivotal moment in the Group's history and demonstrates a successfully executed acquisition strategy.

For the financial year ended 31 March 2025, the DC business generated revenues of £44.6 million, and adjusted EBITDA of £16.6 million. As at 31 March 2025, the net value of the RDC assets less liabilities included in the Group's consolidated balance sheet amounted to £41.8 million.

Potential Return of Capital *(subject to Disposal completion)*

Any return of the proceeds received from the Disposal to shareholders following completion is most likely to be by way of a Tender Offer. The precise timing and quantum of any return of capital is expected to be confirmed following completion and a detailed capital allocation review by the Board. Further details will be provided at the appropriate time.

Any potential Tender Offer would require shareholder approval at a General Meeting, which would contain key details of the proposed return of capital and how shareholders may participate.

Conditions and Timeline

As noted above, completion of the proposed Disposal is subject to various conditions being satisfied. Whilst legal completion is expected in calendar Q1 2026, there can be no guarantee that these conditions get completed and that the proposed Disposal will complete as announced. The Company shall provide appropriate updates to the market.

The MSP Business

The Disposal represents a logical next step for Redcentric following the separation of the two divisions that was commenced earlier this year. Under the leadership of Michelle Senecal De Fonseca as Chief Executive Officer, the Group now begins its focus on the MSP division with a fresh perspective. The Board has been working on its focussed MSP strategy, which will be announced with the Group's interim results. There will be a transitional services agreement in place for approximately twelve months from completion, to support the carved-out DC business.

Building upon improved operational efficiency, the Board believes that the introduction of a clearly defined and focused MSP strategy and customer proposition combined with judicious investment should yield enhanced organic growth opportunities as well as efficiencies that will drive increase revenues and margin improvement in the medium to long term.

The MSP business has a market-leading position, built on recurring revenues and a well-regarded brand as a trusted partner in the provision of cloud, communication and network capability with approximately 1,500 customers across both the public and private sectors. The recurring revenue model, a key strength of the MSP business, accounted for close to 90% of total MSP revenues in FY25, a notable result. The Board is committed to drive MSP's revenue whilst prudently managing the cost base to maximise stakeholder value and continues to believe that the MSP business provides attractive growth opportunities for the Group.

As previously highlighted in the Group's recent FY25 annual results, a detailed strategic update for Redcentric and its ambitions for its MSP business will be provided at the time of the interim results for the period ended 30 September

2025, that are now anticipated to be announced in December 2025.

As previously reported, the MSP division delivered revenues of £135.1 million for the financial year ended 31 March 2025 with an adjusted EBITDA of £18.8 million.

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