Redcentric plc

Half year results for the six months ended 30 September 2023 (unaudited)

Contents **Page**

Redcentric plc

Responsibility statement

We confirm that to the best of our knowledge the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting'.

By order of the board of directors (the "Board") of Redcentric plc ("Redcentric" or "Company"),

Chief Executive Officer	Chief Financial Officer
Peter Brotherton	**David Senior**
21 November 2023	21 November 2023

Redcentric plc
Interim management report

To the members of the Redcentric plc group of companies (the "Group")

This interim management report ("IMR") has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

The IMR contains certain forward-looking statements. These statements are made by the directors of the Company in good faith based on the information available to them up to the time of their approval of this IMR, but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward-looking information.

This IMR has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant.

Chief Executive Officer's review

OPERATIONAL REVIEW
Since the last update given in August 2023 when the annual results were released, we have continued to focus on three operational themes: organic revenue growth, integration of the acquired businesses and electricity conservation measures.

Organic growth
The sales team continues to perform well and is successfully exploiting the opportunities resulting from the acquisitions made over the previous two financial years. The enlarged customer base brings with it enhanced cross sell opportunities and the wider product offerings present further opportunities to grow the revenue base.

In fifteen of the seventeen months to 31 October 2023, we have achieved positive net new business (defined as new order intake less cancellations received less renewal churn). For the purposes of this analysis, we exclude the losses from Sungard short term contracts and the losses from the closure of the Harrogate data centre, both of which are discussed later in this update.

Recurring revenues, excluding revenue from Sungard short term contract cancellations, grew by 8.3% over the prior six month period with net new business gains seen across all service towers. It is also pleasing to note that we are now attracting new logos on a monthly basis.

Revenues from cancelled Sungard short term contracts amounted to £1.0m in the 6 months ended 30 September 2023 (6 months to 31 March 2023: £3.9m). Whilst it is disappointing that we did not retain these customers following our acquisition, cancelled short term customer contracts were excluded from the calculation of the final consideration payable, and any remaining Sungard short term contracts have now been converted into longer term contracts.

Integration of the acquired businesses
The integration work undertaken in FY24 has concentrated on three main areas: closure of the Harrogate data centre, supplier rationalisation and consolidation of cloud platforms.

Closure of the Harrogate data centre
The closure of the Harrogate data centre is on course to be completed by the end of January 2024, with the fully decommissioned building on target to be handed back to the landlord on the lease end date of 24 March 2024.

At the time of this report, we are approximately halfway through the migration of customer and internal systems from the Harrogate data centre into our Elland data centre. All migrations to date have proceeded well and without any major customer incidents. The move, however, has resulted in some customers cancelling their contracts.

These contracts have combined annual revenues of c.£1.4m, and we expect to see revenues from these contracts dropping off during the second half of this financial year.

Final annual savings from the closure of Harrogate of £1.4m are anticipated, in line with previous expectations and comprise lease cost savings of £1.0m and operating costs savings of £0.4m, with these savings effective from the next financial year. These savings will be offset by a reduction in gross profit of circa £0.7m from the customer cancellations referred to above.

Supplier rationalisation

During the first six months of the financial year, we have continued to rationalise the supplier base and have insourced two large managed services contracts. This will result in net combined annual savings of £0.8m, being supplier savings of £1.4m offset by additional staff costs of £0.6m. These savings and their timing are in line with previous updates.

Consolidation of cloud platforms

As a result of the acquisitions, we have acquired numerous cloud and backup platforms which replicate existing Redcentric platforms. We currently have plans to merge two of these platforms by the end of this financial year and anticipate associated annualised savings of £0.5m in FY25. Once resource is freed up from the Harrogate relocation project, we expect to launch further and more extensive consolidation programmes which will result in further but as yet unquantified savings.

<u>Electricity conservation measures</u>

Having largely completed the basic and short-term electricity conservation measures, our recent attention has focused on delivering the more complex and longer-term measures.

London Technology Centre ("LTC") (previously referred to as the Heathrow data centre)

An investment of £2.2m has been made for new cooling infrastructure, significantly upgrading the plant at the recently acquired LTC. Commissioning of the new system commenced on 10 November 2023 and is expected to be fully operational by the end of November. We are currently achieving volume savings on non-productive power of approximately 30%, which is ahead of our expectations. Based on the current volume savings and the forward electricity prices secured, we expect to achieve annualised savings of c.£1.4m, resulting in an impressive payback of nineteen months and very significant savings over the course of its expected fifteen-year life.

The installation was not without complications, however, as we encountered significant issues with highly contaminated water in the existing cooling systems. As a result of this, we had to deploy new filtration plant which will remain in place to ensure that the issue does not recur. The cleansing of the water caused a four-and-a-half-month delay to the installation.

The combined net effect of the installation delay and the impact of the higher volume savings will be to increase electricity costs by £0.4m in this financial year. The higher than anticipated volume savings will reduce electricity costs by approximately £0.6m in FY25.

Woking data centre

This is a third-party data centre where we rent a large hall rather than actively managing the site ourselves. Our partners at this site have also recently completed a major chiller replacement programme with their new plant being live from 1 September 2023. This is currently yielding non-productive power savings of 22.5%, in line with our expectations.

Based on the current savings being realised and the anticipated electricity prices, we expect to achieve annualised savings of c.£0.7m from this site. As with LTC, this installation was completed later than planned and will result in higher than anticipated energy costs of circa £0.3m in the current financial year. In addition, electricity costs are expected to be £0.7m higher in FY24 and £0.5m higher in FY25 due to worse than anticipated procurement by the third-party.

With the new cooling infrastructure now in place, a major amount of uncertainty has been removed from the financial forecasts. Whilst the implementation delays were disappointing, this is purely a timing difference, and the long-term profitability has been improved with an anticipated realisation of savings of an impressive circa £2.1m per annum.

FINANCIAL REVIEW

	Six months to 30 Sept 2023 (H1-24)	Six months to 31 March 2023 (H2-23)	Change
Total revenue	**£82.0m**	**£80.2m**	2.2%
Recurring revenue[1]	**£74.8m**	**£72.0m**	3.9%
Recurring revenue percentage	**91.2%**	**89.8%**	1.4%
Gross profit	**£59.3m**	**£57.5m**	3.3%
- *Staff costs*	*£19.6m*	*£18.6m*	*5.3%*
- *Electricity costs*	*£13.3m*	*£14.8m*	*(10.6%)*
- *Other costs*	*£11.9m*	*£11.3m*	*5.3%*
Operating costs	**£44.8m**	**£44.7m**	0.2%
Adjusted EBITDA[1]	**£14.5m**	**£12.8m**	13.3%
Reported operating profit/(loss)	**£2.0m**	**(£3.4m)**	164.7%
Adjusted cash generated from operations[1]	**£10.4m**	**£20.9m**	(50.2%)
Reported cash generated from operations	**£8.4m**	**£17.5m**	(52.0%)
Adjusted net debt[1]	**(£41.6m)**	**(£35.6m)**	(16.9%)

[1] For an explanation of the APMs used in this report, please refer to page 7.

On a statutory reporting basis (H1 FY24 versus H1 FY23), revenues grew from £61.5m to £82.0m and adjusted EBITDA grew from £11.7m to £14.5m. Reported operating profit increased from a loss in H1 FY23 of £5.5m to a profit in H1 FY24 of £2.0m.

Comparison of the numbers is very difficult given that the H1 FY23 numbers only include part period contributions from the Sungard and 4D Data Centre acquisitions. Therefore, for the purpose of this review we have compared H1 FY24 against H2 FY23 as we feel this is a more meaningful comparison.

Revenue

Overall, recurring revenue increased by 3.9% from £72.0m for the six months ended 31 March 2023 to £74.8m. Excluding the revenue from cancelled Sungard short term contracts, recurring revenue growth was an impressive 8.3%.

Non-recurring revenues are seasonal in nature due to higher public sector spending in the second half of the financial year. Non-recurring revenues of £7.2m compare favourably to the H1 FY23 revenues of £5.1m, with the six months ended 31 March 2023 being £8.2m.

Gross profit

Gross profit increased by £1.8m from £57.5m for the six months ended 31 March 2023 to £59.3m reflecting the net impact of consumer price inflation-related price increases and savings resulting from the Group’s integration initiatives.

Operating costs

Electricity costs

Electricity costs have reduced by £1.5m from H2 FY23 to H1 FY24 reflecting the seasonally lower electricity prices, volume reductions in relation to energy efficiency measures and short term Sungard customer exits.

Staff costs

Staff costs from H2 FY23 to H1 FY24 increased by £1.0m reflecting the annual pay award, costs of restructuring the sales team and an increase in the UK employee headcount from 540 to 561. The increase in headcount reflects a strengthening of the sales (7 additional heads) and delivery (7 additional heads) teams as well as an additional headcount of 7 in respect of third-party managed service contracts insourced.

Other costs
Other costs have increased by £0.6m, primarily as a result of significantly increased business rates (£0.4m) and ERP development costs of £0.2m (ERP development costs were previously either capitalised or treated as exceptional items).

Capital expenditure
Gross capital expenditure in the six months to 30 September 2023 was £6.6m, comprising:

- Customer capex of £2.1m
- Maintenance capex of £1.2m
- Acquisition-related capex
    - LTC cooling infrastructure of £2.2m
    - Elland data centre of £1.1m

With the integration work nearing completion, we expect capital expenditure to return to more normalised levels of circa £6.5m per annum with effect from 1 April 2024.

Of the £6.6m gross capex, £4.2m was paid in cash and £2.4m was covered by lease arrangements.

Adjusted net debt
Adjusted net debt has increased by £6.0m primarily reflecting:

- Adjusted EBITDA of £14.5m, less
- Lease repayments of £5.3m (including a one off payment of £0.2m)
- Negative working capital movements of £4.2m
- Exceptional costs of £2.0m
- Capital expenditure of £6.6m
- Bank interest costs of £1.7m
- Contingent consideration of £0.9m

DIVIDEND
The Board has reviewed the financial performance of the business and has decided to maintain an interim dividend payment of 1.2p per share, which will be paid on 18 April 2024 to shareholders on the register at the close of business on 8 March 2024, with the shares going ex-dividend on 7 March 2024. The last date for dividend reinvestment plan (DRIP) elections is 25 March 2024.

BOARD CHANGES
On 24 July 2023, Helena Feltham stood down from the Board as Chair of the Remuneration Committee and Non-Executive Director. A search for Helena's replacement is currently underway.

With these results we are announcing the appointment of Oliver Scott as a non-executive director, with effect from 1 December 2023. Oliver joins the Board as a shareholder representative with full details given in a separate RNS also issued today.

SUMMARY AND OUTLOOK
We are very close to completing the integration of the recent acquisitions and returning the business to a more normalised footing. By the end of this financial year, all the major integration work streams will be complete, exceptional costs will cease, and capital expenditure will return to more normalised levels.

Electricity has moved from being a relatively insignificant cost in the business to being one of the biggest cost items. We have expended significant effort and cost on successfully reducing electricity volumes and we have secured future electricity commodity prices at competitive rates for FY24 and FY25. Given the existing fixed price customer contracts, current electricity volumes and the forward pricing contracts in place, we expect electricity costs to reduce by circa £8.4m in the next financial year, with further significant savings anticipated for future financial years if prices return to historical levels.

We look forward to the next financial year and beyond with confidence that we can continue to build on the impressive platform we have built. This confidence is well placed given the impressive customer base we now have and our broadened product and solutions offerings.

The Board expects to commence FY25 at least in line with its prior expectations. With the integration of the recent acquisitions complete, FY25 will see the return of healthy EBITDA margins approaching 25% and excellent cash generation, both of which are driven by high levels of recurring revenues underpinned by long term customer contracts.

Chief Financial Officer's Review

	Six months to 30 Sept 2023 (H1-24) Unaudited	**Six months to 30 Sept 2022 (H1-23) Unaudited (Restated[2])**	Change
Total revenue	**£82.0m**	**£61.5m**	33.3%
Recurring revenue [1]	**£74.8m**	**£56.4m**	32.6%
Recurring revenue percentage	**91.2%**	**91.7%**	(0.5%)
Adjusted EBITDA[1]	**£14.5m**	**£11.7m**	24.3%
Adjusted operating profit[1]	**£5.6m**	**£3.9m**	43.4%
Reported operating profit/(loss)	**£2.0m**	**(£5.5m)**	135.9%
Adjusted cash generated from operations[1]	**£10.4m**	**£2.2m**	379.9%
Reported cash generated from operations	**£8.4m**	**(£2.6m)**	421.4%
Adjusted net debt[1]	**(£41.6m)**	**(£39.3m)**	(5.8%)
Reported net debt	**(£74.7m)**	**(£63.2m)**	(18.3%)
Adjusted basic earnings per share[1]	**1.51p**	**1.44p**	27.2%
Reported basic earnings per share	**(0.14p)**	**(3.86p)**	158.8%

[1] This report contains certain financial alternative performance measures ("APMs") that are not defined or recognised under International Financial Reporting Standards ("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 APMs used in these results and reconciliations to their most directly related Generally Accepted Accounting Principles ("GAAP") measure, please refer to page 7.

[2] See note 16 for an explanation and reconciliation in relation to the prior year restatement to present the impact of the revised Purchase Price Allocation of the Sungard and 4D acquisitions.

Financial highlights

- Total revenue grew by 33.3% to £82.0m (H1-23: £61.5m) with recurring revenue of £74.8m (H1-23: £56.4m), reflecting the full period impact of the three acquisitions made during H1-23.
- The proportion of recurring revenue decreased by 0.5% to 91.2% (H1-23: 91.7%) reflecting good growth in one-off sales in H1-24.
- Adjusted operating expenditure increased by £13.0m (40.9%) to £44.7m (H1-23: £31.8m) reflecting the full period impact of the three acquisitions made in H1-23.
- Adjusted EBITDA was £14.5m (H1-23: £11.7m) and adjusted EBITDA margins decreased by 1.3% to 17.7% (H1-23: 19.0%) which reflects the full period impact of acquisitions prior to the full efficiency programmes and synergies following significant integration activity in the past 12 months.
- Reported operating profit increased to £2.0m (H1-23: loss of £5.5m) as a result of the above impacts coupled with significant exceptional costs in H1-23 from the acquisitions.
- Net debt has increased by £1.7m since 31 March 2023 to £74.7m (31 March 2023: £73.0m), reflecting:
    - o The payments of the final consideration for the Sungard and 7 Elements acquisitions (£0.9m).
    - o New sale and leaseback arrangements of £2.4m for new equipment used in the data centres acquired in 4D and Sungard.

    - The cash cost of exceptional items of £2.0m, relating to integration and restructuring costs on the 4D and Sungard acquisitions.
- Excluding leases previously classified as operating leases under IAS17, net debt was £41.6m (31 March 2023: £35.6m).
- The interim dividend will be maintained at 1.2p per share.

Operational highlights

- The enlarged customer base and broader product portfolio resulting from the acquisitions, along with an increased investment in sales resource has resulted in a very strong underlying organic growth rate of 8.3%.
- Electricity conservation programmes completed post the period end with annualised savings of £2.8m realised, £0.8m ahead of expectations.
- Further own-use electricity commodity contracts taken out with 100% of FY24 and 70% of FY25 anticipated volumes secured at fixed prices.
- Closure of Harrogate data centre progressing well with annualised cash savings of £1.4m offset by gross profit impact of customer losses of c.£0.7m.
- Insourcing of several managed services contracts completed with net annualised savings of £0.8m, in line with expectations.
- Further annualised operational savings of, at least, £0.5m to come as a result of the consolidation of cloud and data back-up platforms.
- The Group expects to see the full benefits of reduced electricity commodity prices and the implementation of the energy conservation programmes being realised from 1 April 2024.

Alternative performance measures

This interim report contains certain alternative performance 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 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.

As outlined in note 16, the six month period to 30 September 2022 has been restated from the previously published interim results to present the impact of the final Purchase Price Allocations ("PPAs") of the Sungard and 4D acquisitions. Where applicable, the restated numbers have been highlighted.

Recurring monthly revenue
Recurring revenue is the revenue that annually repeats either under contractual arrangement or by predictable customer habit. 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 of the business. It is a measure that is well understood by the Group's investor and analyst community and is used for internal performance reporting.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 £'000**	Year ended 31 March 2023 £'000
Reported revenue	**81,998**	**61,531**	141,674
Non-recurring revenue	**(7,188)**	**(5,095)**	(13,213)
Recurring revenue	**74,810**	**56,436**	128,461

Adjusted EBITDA

Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation and excluding exceptional items (as set out in note 5), share-based payments and associated national insurance. Items are only classified as exceptional due to their nature or size, and the Board considers that this metric provides the best measure of assessing trading performance as it excludes items that impact financial performance such as amortisation of acquired intangibles arising from business combinations which vary year on year depending on the timing and size of any acquisitions.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 (Restated) £'000**	Year ended 31 March 2023 £'000
Reported operating profit/(loss)	**1,966**	**(5,470)**	(8,939)
Amortisation of intangible assets arising on business combinations	**3,225**	**4,178**	8,183
Amortisation of other intangible assets	**317**	**262**	590
Depreciation of tangible assets	**2,776**	**2,194**	4,636
Depreciation of ROU assets	**5,854**	**5,346**	10,617
EBITDA	**14,138**	**6,510**	15,087
Exceptional items	**(100)**	**4,655**	8,149
Share-based payments	**503**	**536**	1,256
Adjusted EBITDA	**14,541**	**11,701**	24,492

Adjusted cash from operations

Adjusted cash from operations is cash from operations excluding the cash cost of exceptional items

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 £'000**	Year ended 31 March 2023 £'000
Reported cash from operations	**8,357**	**(2,632)**	14,824
Cash costs of exceptional items	**2,000**	**4,790**	8,258
Adjusted cash from operations	**10,357**	**2,158**	**23,082**

Cash from operations has increased by £8.2m, with the 6 months to 30 September 2022 including the acquisition of working capital balances.

Maintenance capital expenditure

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.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 £'000**	Year ended 31 March 2023 £'000
Reported capital expenditure	**6,565**	**1,542**	6,765
Customer capital expenditure	**(2,105)**	**(595)**	(3,234)
Maintenance capital expenditure	**4,460**	**947**	3,531

The increase in customer capex reflects the broader customer base following the acquisitions in FY23.

Adjusted operating profit and adjusted earnings per share

Adjusted operating profit is operating profit excluding amortisation on acquired intangibles, exceptional items, and share-based payment charges. The same adjustments are also made in determining the adjusted operating profit margin and in determining adjusted earnings per share ("EPS"). The Board considers this adjusted measure of operating profit to provide the best metric of assessing underlying performance as it excludes exceptional items and the amortisation of acquired intangibles arising from business combinations which varies year on year dependent on the timing and size of any acquisitions.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 (Restated) £'000**	Year ended 31 March 2023 £'000
Reported operating profit/(loss)	**1,966**	**(5,470)**	(8,939)
Amortisation of intangible assets arising on business combinations	**3,225**	**4,178**	8,183
Exceptional items	**(100)**	**4,655**	8,149
Share-based payments	**503**	**536**	1,256
Adjusted operating profit	**5,594**	**3,899**	8,649

The EPS calculation further adjusts for the tax impact of the operating profit adjustments, as presented in note 8.

Adjusted operating costs

Adjusted operating costs are operating costs less depreciation, amortisation, exceptional items, and share-based payments. This metric shows the trading operating expenditure of the Group, excluding any non-trading and non-recurring items which impact financial performance. These are controllable operating costs which provide investors with useful information about how the Group is managing its expenditure.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 (Restated) £'000**	Year ended 31 March 2023 £'000
Reported operating expenditure	**57,324**	**49,010**	109,938
Depreciation of ROU assets	**(5,854)**	**(5,346)**	(10,617)
Depreciation of tangible assets	**(2,776)**	**(2,194)**	(4,636)
Amortisation of intangibles arising on business combinations	**(3,225)**	**(4,178)**	(8,183)
Amortisation of other intangible assets	**(317)**	**(262)**	(590)
Exceptional items	**100**	**(4,655)**	(8,149)
Other operating income	**-**	**(70)**	(88)
Share-based payments	**(503)**	**(536)**	(1,256)
Adjusted operating expenditure	**44,749**	**31,769**	76,419

Adjusted operating expenditure has increased by 40.9% (H1-23: £31.8m) reflecting the full period impact of the three acquisitions made during H1-23.

Adjusted net debt

Adjusted net debt is net debt excluding leases that would have been classified as operating leases under IAS 17 and supplier loans.

	Six months to 30 Sept 2023 £'000	**Six months to 30 Sept 2022 (Restated) £'000**	Year ended 31 March 2023 £'000
Reported net debt	**(74,679)**	**(63,151)**	(72,965)
Term loans	**34**	**540**	495
Lease liabilities that would have been classified as operating leases under IAS 17	**33,056**	**23,285**	36,891
Adjusted net debt	**(41,589)**	**(39,326)**	(35,579)

The £2.3m increase in adjusted net debt reflects the increased asset financing required to deliver the data centre efficiency and consolidation, driving future profitability.

Profitability and dividend policy

Adjusted EBITDA (£14.5m) and adjusted operating profit (£5.6m) were up 24.3% and 43.4% respectively, with an adjusted EBITDA margin of 17.7% (H1-23: 19.0%) and adjusted operating margin of 6.8% (H1-23: 6.3%).

After accounting for exceptional items of £0.1m (gain) (H1-23: £4.7m expense) and share-based payment costs of £0.5m (H1-23: £0.5m), the reported operating profit was £2.0m (H1-23: loss of £5.5m).

Net finance costs for the period were £2.7m (H1-23: £1.1m) including £0.9m (H1-23: £0.4m) of IFRS 16 finance charges.

The reported basic and diluted EPS both increased to (0.14)p and (0.14)p respectively (H1-23: (3.86)p and (3.86)p respectively). Adjusted basic and diluted EPS both increased to 1.51p and 1.47p respectively (H1-23: 1.44p and 1.42p respectively).

The Board has reviewed the financial performance of the business and has decided to maintain an interim dividend payment of 1.2p per share.

Cash flow and net debt

The principal movements in net debt are set out in the table below.

	Six months to 30 Sept 2023 £'000	Six months to 30 Sept 2022 (Restated) £'000	Year ended 31 March 2023 £'000
Operating profit/(loss)	**1,966**	**(5,470)**	(8,939)
Depreciation and amortisation	**12,172**	**11,980**	24,026
Exceptional items	**(100)**	**4,655**	8,149
Share based payments	**503**	**536**	1,256
Adjusted EBITDA	**14,541**	**11,701**	24,492
Working capital movements	**(4,184)**	**(9,543)**	(1,410)
Adjusted cash generated from operations	**10,357**	**2,158**	23,082
Cash conversion	*71%*	*18%*	*94%*
Capital expenditure – cash purchases	**(6,565)**	**(1,542)**	(6,374)
Proceeds from sale of fixed asset – sale and leaseback	**2,419**	-	966
Net capital expenditure	**(4,146)**	**(1,542)**	(5,408)
Corporation tax paid	**(142)**	**(176)**	(670)
Interest paid	**(1,613)**	**(513)**	(1,795)
Loan arrangement fee amortisation	**(109)**	**(133)**	(291)
Finance lease / term loan interest	**(789)**	**(424)**	(1,248)
Effect of exchange rates	**(35)**	**38**	(101)
Other movements in net debt	**(2,688)**	**(1,208)**	(4,105)
Normalised net debt movement	**3,523**	**(592)**	13,569
Acquisition of subsidiaries (net of cash acquired)	-	**(23,229)**	(26,606)
Cash costs of exceptional items	**(2,000)**	**(4,790)**	(8,258)
Contingent consideration paid	**(890)**	-	-
IFRS16 lease additions	**(2,419)**	**(14,188)**	(28,314)
IFRS16 lease additions on acquisitions	-	-	(1,976)
Remeasurement relating to lease modification	-	-	629
Disposal of treasury shares on exercise of share options	-	-	229
Cash received on exercise of share options	**72**	**12**	-
Dividends	-	**(3,719)**	(5,593)
	(5,237)	**(45,914)**	(69,889)
Increase in net debt	**(1,714)**	**(46,506)**	(56,320)
Net debt at the beginning of the period	**(72,965)**	**(16,645)**	(16,645)
Net debt at the end of the period	**(74,679)**	**(63,151)**	(72,965)

Net debt increased by £1.7m from 31 March 2023 (2.3%) to £74.7m and consists of total borrowings of £38.7m (FY23: £34.1m) and leases previously classified as operating leases under IAS17 of £38.1m (FY23: £40.2m), less cash balances of £2.1m (FY23: £1.4m).

At 30 September 2023, the Group had a committed revolving credit facility ("RCF") of £80.0m (£39.0m utilised at 30 September 2023) and a £7.0m asset financing facility (£4.2m utilised at 30 September 2023). In addition, the Group has access to an uncommitted £20.0m accordion facility which remains undrawn. These facilities are due to expire on 25 April 2025 with options to extend by a further one or two years.

Related party transactions

There have been no material changes in the related party transactions described in the last annual report and accounts of the Company.

Principal risks and uncertainties

The principal risks and uncertainties, which could have a material impact upon the Group's performance over the remaining six months of the financial year ending 31 March 2024, have not changed from those set out on pages 30 and 31 of the Group's 2023 annual report and accounts, which are available at www.redcentricplc.com. These risks and uncertainties include, but are not limited to, the following:

Environmental impact
Technology an cyber-security
Business continuity
Business growth
Workforce
Market and economic conditions
Loss of major contract
Competition and market pressures

Following the completion of our recent acquisitions and the increased scale of the business, the Group has increased its exposure to any increase in price and volatility of electricity. As noted in the statements above, to mitigate this, we are implementing a series of energy conservation measures which will help to reduce consumption across the Group's data centre estate. In addition to this the Group intends to replicate its electricity hedging policy across the recently acquired businesses once electricity prices have stabilised.

Going concern

As stated in note 2 to the financial statements, the Board is satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

By order of the Board,

Chief Executive Officer	Chief Financial Officer
Peter Brotherton	**David Senior**
21 November 2023	21 November 2023

Redcentric plc

Condensed consolidated statement of comprehensive income for the six months ended 30 September 2023

	Note	Six months to 30 September 2023 Unaudited £'000	Six months to 30 September 2022 Unaudited (Restated[2]) £'000	Year ended 31 March 2023 Audited £'000
Revenue	4	**81,998**	**61,531**	141,674
Cost of sales		**(22,708)**	**(18,061)**	(40,763)
Gross Profit		**59,290**	**43,470**	100,911
Operating expenditure		**(57,324)**	**(49,010)**	(109,938)
Other operating income		**-**	**70**	88
Adjusted EBITDA[1]		**14,541**	**11,701**	24,492
Depreciation of property, plant, and equipment		**(2,776)**	**(2,194)**	(4,636)
Amortisation of intangibles		**(3,542)**	**(4,440)**	(8,773)
Depreciation and Amortisation of ROU assets		**(5,854)**	**(5,346)**	(10,617)
Other exceptional items	5	**100**	**(4,655)**	(8,149)
Share-based payments		**(503)**	**(536)**	(1,256)
Operating profit/(loss)		**1,966**	**(5,470)**	(8,939)
Finance costs	6	**(2,687)**	**(1,129)**	(3,530)
Loss before taxation		**(721)**	**(6,599)**	(12,469)
Income tax credit	7	**507**	**575**	3,219
Loss for the period attributable to owners of the parent		**(214)**	**(6,024)**	(9,250)
Other comprehensive income				
Items that may be classified to profit or loss:				
Currency translation differences		**(40)**	**(64)**	(97)
Deferred tax movement on share options		**-**	**-**	47
Total comprehensive loss for the period		**(254)**	**(6,088)**	(9,300)
Loss per share				
Basic loss per share	8	**(0.14)p**	**(3.86)p**	(5.94)p
Diluted loss per share	8	**(0.14)p**	**(3.86)p**	(5.94)p

[1] For an explanation of the APMs used in this report, please refer to page 7.

[2] For detail on the prior period restatement, please see note 16.

Redcentric plc

Condensed consolidated statement of financial position as at 30 September 2023

	Note	**30 Sept 2023 Unaudited £'000**	**30 Sept 2022 Unaudited (Restated[1]) £'000**	31 March 2023 Audited £'000
Non-Current Assets				
Intangible assets		**80,621**	**84,521**	83,217
Property, plant, and equipment		**19,971**	**16,237**	17,131
Right-of-use assets		**40,428**	**27,982**	46,282
Deferred tax asset		**1,607**	**69**	1,076
		142,627	**128,809**	**147,706**
Current Assets				
Inventories	9	**4,173**	**4,634**	3,716
Trade and other receivables	10	**38,572**	**33,441**	39,254
Corporation tax receivable		**165**	**-**	48
Cash and cash equivalents		**2,099**	**2,606**	1,366
		45,009	**40,681**	44,384
Total Assets		**187,636**	**169,490**	192,090
Current Liabilities				
Trade and other payables	11	**(39,250)**	**(30,355)**	(43,578)
Corporation tax payable		**-**	**(471)**	-
Loans and borrowings	12	**(22)**	**(240)**	(475)
Leases	12	**(10,887)**	**(5,422)**	(10,804)
Provisions	13	**(1,857)**	**(341)**	(1,841)
Contingent consideration	14	**-**	**(5,496)**	(2,990)
		(52,016)	**(42,345)**	(59,688)
Non-Current Liabilities				
Loans and borrowings	12	**(38,696)**	**(39,720)**	(33,651)
Leases	12	**(27,173)**	**(20,355)**	(29,400)
Provisions	13	**(11,322)**	**(4,440)**	(11,160)
		(77,191)	**(64,515)**	(74,211)
Total Liabilities		**(129,207)**	**(106,860)**	(133,899)
Net Assets		**58,429**	**62,630**	58,191
Equity				
Called up share capital	15	**157**	**157**	157
Share premium account	15	**73,267**	**73,267**	73,267
Capital redemption reserve		**(9,454)**	**(9,454)**	(9,454)
Own shares held in treasury		**(898)**	**(1,336)**	(898)
Retained earnings		**(4,643)**	**(4)**	(4,881)
Total Equity		**58,429**	**62,630**	58,191

[1] For detail on the prior period restatement, please see note 16.

Redcentric plc

Condensed consolidated statement of changes in equity as at 30 September 2023

	Share Capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Own Shares Held in Treasury £'000	Retained Earnings £'000	Total Equity £'000
At 31 March 2022	157	73,267	(9,454)	(2,673)	10,551	**71,848**
Loss for the period	-	-	-	-	(6,024)	**(6,024)**
Transactions with owners						
Share-based payments	-	-	-	-	449	**449**
Dividends paid	-	-	-	-	(3,719)	**(3,719)**
Share options exercised	-	-	-	1,337	(1,325)	**12**
Other comprehensive income						
Currency translation differences	-	-	-	-	64	**64**
At 30 September 2022 Unaudited (Restated[1])	157	73,267	(9,454)	(1,336)	(4)	**62,630**
Loss for the period	-	-	-	-	(3,225)	**(3,225)**
Transactions with owners						
Share-based payments	-	-	-	-	595	**595**
Dividends paid	-	-	-	-	(1,874)	**(1,874)**
Share options exercised	-	-	-	438	(221)	**217**
Deferred tax relating to prior periods	-	-	-	-	(37)	**(37)**
Other comprehensive income						
Deferred tax movement on share options	-	-	-	-	47	**47**
Currency translation differences	-	-	-	-	(162)	**(162)**
At 31 March 2023	157	73,267	(9,454)	(898)	(4,881)	**58,191**
Loss for the period	-	-	-	-	(214)	**(214)**
Transactions with owners						
Share-based payments	-	-	-	-	492	**492**
Other comprehensive income						
Currency translation differences	-	-	-	-	(40)	**(40)**
At 30 September 2023 Unaudited	**157**	**73,267**	**(9,454)**	**(898)**	**(4,643)**	58,429

[1] For detail on the prior period restatement, please see note 16.

Redcentric plc

Consolidated cash flow statement for the six months ended 30 September 2023

	Six months to 30 Sept 2023 Unaudited £'000	**Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000**	Year ended 31 March 2023 Audited £'000
Loss before tax	**(721)**	**(6,599)**	(12,469)
Finance costs	**2,687**	**1,129**	3,530
Operating profit/(loss)	**1,966**	**(5,470)**	(8,939)
Adjustment for non-cash items			
Depreciation and amortisation	**12,172**	**11,980**	24,026
Exceptional items	**(100)**	**4,655**	8,149
Share-based payments	**503**	**536**	1,256
Operating cash flow before exceptional items and movements in working capital	**14,541**	**11,701**	24,492
Cash cost of exceptional items	**(2,000)**	**(4,790)**	(8,258)
Operating cash flow before changes in working capital	**12,541**	**6,911**	16,234
Changes in working capital			
Increase in inventories	**(456)**	**(3,241)**	(2,324)
Decrease / (increase) in trade and other receivables	**596**	**(9,663)**	(15,463)
(Decrease) / increase in trade and other payables	**(4,323)**	**3,361**	16,377
Cash generated from operations	**8,358**	**(2,632)**	14,824
Tax paid	**(142)**	**(176)**	(670)
Net cash generated from operating activities	**8,216**	**(2,808)**	14,154
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	**-**	**(23,229)**	(26,606)
Purchase of property, plant, and equipment	**(5,619)**	**(1,364)**	(5,505)
Purchase of intangible fixed assets	**(946)**	**(178)**	(869)
Net cash used in investing activities	**(6,565)**	**(24,771)**	(32,980)

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000	Year ended 31 March 2023 Audited £'000
Cash flows from financing activities			
Dividends paid	**-**	**(3,719)**	(5,593)
Disposal of treasury shares on exercise of options	**-**	**-**	229
Sale and leaseback of fixed assets	**2,419**		966
Cash received on exercise of share options	**72**	**12**	-
Interest paid	**(1,674)**	**(454)**	(1,771)
Interest paid on leases	**(784)**	**(483)**	(1,218)
Repayment of leases	**(4,555)**	**(5,836)**	(6,901)
Repayment of term loans	**(462)**	**(464)**	(508)
Drawdown of borrowings	**10,500**	**45,500**	55,500
Repayment of borrowings	**(5,500)**	**(5,500)**	(21,500)
Repayment of loan arrangement fees	**-**	**(713)**	(713)
Contingent consideration paid	**(890)**	**-**	-
Net cash used in financing activities	**(874)**	**28,343**	18,491
Net increase / (decrease) in cash and cash equivalents	**777**	**764**	(335)
Cash and cash equivalents at beginning of period	**1,366**	**1,804**	1,804
Effect of exchange rates	**(44)**	**38**	(103)
Cash and cash equivalents at end of the period	**2,099**	**2,606**	1,366

[1] For detail on the prior period restatement, please see note 16.

1. General information

The unaudited financial statements for the six months ended 30 September 2023 and the six months ended 30 September 2022 do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2023 were approved by the Board on 24 August 2023. The auditor's report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 (2) or (3) of the Companies Act 2006.

These condensed half year financial statements were approved for issue by the Board on 21 November 2023 and were not independently reviewed by the Group's auditor

Redcentric plc is a company domiciled in England and Wales. These unaudited condensed half year financial statements comprise the Company and its subsidiaries (together referred to as the "Company" or the "Group"). The principal activity of the Group is the supply of IT managed services.

2. Accounting policies

Basis of preparation

These condensed half year financial statements for the half year ended 30 September 2023 have been prepared in accordance with the AIM Rules for Companies, comply with IAS 34 Interim Financial Reporting as adopted by the UK and should be read in conjunction with the annual financial statements for the year ended 31 March 2023, which have been prepared in accordance with UK-adopted international accounting standards.

The financial information is presented in sterling, which is the functional currency of the Group. All financial information presented has been rounded to the nearest thousand.

Going concern

The financial statements are prepared on a going concern basis which the Directors believe to be appropriate for the following reasons.

The Group meets its day to day working capital requirements from operational cash flows, a revolving credit facility, an asset financing facility and leasing arrangements. The Directors have prepared cash flow forecasts 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 will have sufficient funds to meet its 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 and Redcentric Solutions Limited. Covenants are tested quarterly each year. Following the acquisitions made in the previous year, the Group has invested heavily in integration and efficiency programmes which are expected to deliver significant benefits to the business from FY25 onward. In anticipation of the effect of those investments on continued covenant compliance, in March 2023 the Directors agreed an amendment to the borrowings facility agreement with the banking syndicate to apply less stringent debt covenant requirements for the quarters ended March and June 2023 and quarters ending September and December 2023. There were no other material changes to the terms and conditions of the borrowings because of this amendment.

The Directors' forecasts in respect of the going concern assessment period have been built from the detailed Board approved forecast for the year ending 31 March 2024 and forecasts for the year ending 31 March 2025, and the going concern assessment takes account of the updated debt covenant requirements agreed in the amended agreement.

The forecasts include a number of assumptions in relation to order intake, renewal and churn rates, EBITDA margin improvements, capital expenditure requirements to service our customers and the full year impact of the further acquisitions made in FY23 and associated synergies and efficiencies. Revenue assumptions reflect pre-covid levels achieved, which have been adjusted for the enlarged customer base and additional products following the acquisitions made in FY23. Further exceptional spend of c£2.0m to complete the integration activity has been assumed for the remainder of FY24. Both the base case and sensitised forecasts (detailed below) include significant utilisation of the Group's asset financing facility.

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 order intake, the impact on customer confidence as a result of general economic conditions, inflationary pressures driving continued interest rate increases and the achievability of actions the Directors consider they would take, and which are entirely within their control, should further risks materialise. Whilst cost inflation is an important consideration for the Group, the Directors have already taken positive action to mitigate this issue in respect of the Group's single largest external cost item, electricity. The Group has entered into contracts with energy brokers and has agreed own-use commodity prices for a significant proportion of its expected FY24 and FY25 electricity volumes, which significantly reduces its exposure to price volatility. The Group can flex contracted volumes to match expected usage volumes giving 30 days' notice.

In making their going concern assessment considering these risks, the Directors have also modelled a severe but plausible downside scenario when preparing the forecasts. The severe but plausible downside scenario assumes significant economic downturn over the remainder of FY24 and into FY25, impacting forecast new order intake for recurring revenue and reduced non-recurring revenue levels. All of these downside scenarios have been combined into the Board's severe but plausible assessment. Under this severe but plausible downside scenario, recurring monthly new order intake is forecast to reduce by 30% and non-recurring product and services revenues to reduce by 20%. These reductions have been modelled against the base case budget and incorporate both potential supply chain issues and customer timing preferences which could impact the phasing of non-recurring revenues, and reduced investment from our customer base more generally. No sensitivity has been applied to interest rates on the basis that recent market analysis suggests rates have stabilised. In isolation, each individual downside factor is plausible, however in order to demonstrate the severity of circumstances that would result in the Group coming close to being unable to comply with debt covenants, the above scenarios have been modelled simultaneously in the severe but plausible downside scenario.

The Directors note the uncertainties surrounding the timing and extent of non-recurring revenues from quarter to quarter, and the timing and extent of capital expenditure, with increased utilisation of the Group's asset financing facility modelled under both the base case budget and the severe but plausible downside scenario. As a result, the Directors continue to closely monitor quarterly liquidity together with debt covenant compliance forecasts. Under the severe but plausible downside scenario outlined above, there is limited covenant headroom available throughout the going concern assessment period. The cashflow forecasts prepared and as described above, include a final FY23 dividend payment made in January 2024 assumed to be 25% cash 75% DRIP (dividend reinvestment plan) elections in the base case (but 100% cash in the downside scenario as elections are considered outside of the Group’s control) and the Directors will continue to monitor quarterly liquidity and debt covenant compliance and the timing of subsequent dividend payments.

While the Directors consider that the downside scenario modelled represents a severe stress, mitigating actions remain available that have not been modelled including the rephasing of non-essential capital expenditure, and the rephasing or reduction of certain non-essential costs. Under the severe but plausible downside scenario modelled, the forecasts demonstrate that the Group is expected to maintain sufficient liquidity and will continue to comply with its debt covenants throughout the going concern assessment period, though covenant headroom is limited throughout and the increased utilisation level of the Group's asset financing facility is required to ensure continued compliance with debt covenants.

The Directors therefore remain confident that the Group have adequate resources to continue to meet its liabilities as and when they fall due within a period of at least 12 months from the date of approval of these financial statements, and have therefore prepared the financial statements on a going concern basis.

2. Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgements or estimation uncertainty.

3. 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 Board. Whilst the Board reviews the Group's three revenue streams separately (recurring, product and services), 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 process.

4. Revenue analysis

Revenue for the six months ended 30 September 2023 was generated wholly from the UK and is analysed as follows:

	Six months to 30 Sept 2023 Unaudited £'000	**Six months to 30 Sept 2022 Unaudited £'000**	Year ended 31 March 2023 Audited £'000
Recurring revenue	**74,810**	**56,436**	128,461
Product revenue	**2,770**	**2,460**	7,144
Services revenue	**4,418**	**2,635**	6,069
	81,998	**61,531**	141,674

5. Exceptional items

	Six months to 30 Sept 2023 Unaudited £'000	**Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000**	Year ended 31 March 2023 Audited £'000
Acquisition and integration costs	**2,000**	**3,539**	6,660
Fair value movement on Sungard contingent consideration	**(2,100)**	**-**	-
Costs relating to the settlement of an historical customer dispute	**-**	**812**	809
Cloud configuration and customisation costs	**-**	**304**	680
	(100)	**4,655**	8,149

[1] For detail on the prior period restatement, please see note 16.

6. Finance costs

	Six months to 30 Sept 2023 Unaudited £'000	**Six months to 30 Sept 2022 Unaudited £'000**	Year ended 31 March 2023 Audited £'000
Interest payable on bank loans and overdrafts	**(1,609)**	**(511)**	(1,827)
Interest payable on leases	**(969)**	**(483)**	(1,218)
Other interest payable	**-**	**-**	(194)
Amortisation of loan arrangement fees	**(109)**	**(135)**	(291)
	(2,687)	**(1,129)**	(3,530)

7. Income tax credit

The tax credit recognised reflects management estimates of the tax credit for the period and has been calculated using the estimated average tax rate of UK corporation tax for the financial year of 19.0% (H1-23: 19.0%).

8. Earnings per share (EPS)

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

Earnings	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000	Year ended 31 March 2023 Audited £'000
Statutory loss	**(214)**	**(6,024)**	(9,250)
Tax credit	**(507)**	**(575)**	(3,219)
Amortisation of acquired intangibles	**3,224**	**4,178**	8,183
Share-based payments	**503**	**536**	1,256
Exceptional items	**(100)**	**4,655**	8,149
Adjusted earnings before tax	**2,906**	**2,770**	5,119
Notional tax charge at standard rate	**(552)**	**(526)**	(973)
Adjusted earnings	**2,354**	**2,244**	4,146

Weighted average number of ordinary shares	Number '000	Number '000	Number '000
Total shares in issue	**156,992**	**156,992**	156,992
Shares held in treasury	**(729)**	**(1,000)**	(1,391)
For basic EPS calculations	**156,263**	**155,992**	155,601
Effect of potentially dilutive share options	**4,387**	**2,138**	3,678
For diluted EPS calculations	**160,650**	**158,130**	159,279

EPS	Pence	Pence	Pence
Basic	**(0.14p)**	**(3.86)p**	(5.94p)
Adjusted	**1.51p**	**1.44p**	2.66p
Basic diluted	**(0.14p)**	**(3.86)p**	(5.94p)
Adjusted diluted	**1.47p**	**1.42p**	2.60p

[1] For detail on the prior period restatement, please see note 16.

9. Inventories

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited £'000	Year ended 31 March 2023 Audited £'000
Goods for resale	**4,173**	**4,634**	3,716

Goods for resale includes components required to deliver managed services to customers.

10. Trade and other receivables

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000	Year ended 31 March 2023 Audited £'000
Trade receivables	**17,981**	**17,269**	21,456
Less: credit note provision	**(993)**	**(669)**	(1,251)
Trade receivables – net	**16,988**	**16,600**	20,205
Other receivables	**1,408**	**221**	2,363
Prepayments	**9,706**	**6,939**	9,180
Commission contract asset	**3,364**	**2,183**	2,938
Accrued income	**7,106**	**7,498**	4,568
Total	**38,572**	**33,441**	39,254

[1] For detail on the prior period restatement, please see note 16.

Trade receivable days were 33 at 30 September 2023 (30 September 2022: 43). The ageing of trade receivables is shown below:

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited £'000	Year ended 31 March 2023 Audited £'000
Current	**13,596**	**12,303**	18,450
1 to 30 days overdue	**2,711**	**3,525**	2,212
31 to 60 days overdue	**1,005**	**1,352**	557
61 to 90 days overdue	**354**	**42**	283
91 to 180 days overdue	**315**	**8**	194
> 180 days overdue	**-**	**39**	(240)
Gross trade receivables	**17,981**	**17,269**	21,456
Credit note provision	**(993)**	**(669)**	(1,251)
Net trade receivables	**16,988**	**16,600**	20,205

11. Trade and other payables

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000	Year ended 31 March 2023 Audited £'000
Trade Payables	**12,455**	**10,330**	16,250
Other Payables	**988**	**1,209**	1,892
Taxation and Social Security	**2,642**	**2,819**	5,076
Accruals	**14,101**	**8,015**	11,759
Deferred Income	**9,064**	**7,982**	8,331
Total	**39,250**	**30,355**	43,578

Trade creditor days were 28 at 30 September 2023 (30 September 2022: 33).

[1] For detail on the prior period restatement, please see note 16.

12. Borrowings

	Six months to 30 Sept 2023 Unaudited £'000	Six months to 30 Sept 2022 Unaudited (Restated[1]) £'000	Year ended 31 March 2023 Audited £'000
Current			
Lease liabilities	**10,887**	**5,422**	10,804
Term loans	**22**	**506**	475
Unamortised loan arrangement fees	**-**	**(266)**	-
Total	**10,909**	**5,682**	11,279
Non-current			
Lease liabilities	**27,173**	**20,355**	29,400
Term Loans	**11**	**35**	20
Bank Loans	**39,000**	**40,000**	34,000
Unamortised loan arrangement fees	**(315)**	**(315)**	(369)
Total	**65,869**	**60,075**	63,051

[1] For detail on the prior period restatement, please see note 16.

13. Provisions

	Dilapidation provision £'000
At 1 April 2022	3,883
Additional provisions in the period	284
Acquired through business combination	614
Released during the period	-
Utilised during the period	-
At 30 September 2022 unaudited	**4,781**
Additional provisions in the period	**8,142**
Acquired through business combination	**78**
Released during the period	**-**
Utilised during the period	**-**
At 31 March 2023 Audited	**13,001**
Additional provisions in the period	**178**
Acquired through business combination	**-**
Released during the period	**-**
Utilised during the period	**-**
At 30 September 2023 unaudited	**13,179**
Analysed as:	
Current	1,857
Non-current	11,322
At 30 September 2023 unaudited	**13,179**

14. Contingent consideration

	Six months to 30 Sept 2023 Unaudited £'000	**Six months to 30 Sept 2022 Unaudited £'000**	Year ended 31 March 2023 Audited £'000
Contingent consideration due on acquisitions within one year:			
7 Elements Limited	**-**	**436**	450
Sungard DCs	**-**	**5,060**	2,540
Total	**-**	**5,496**	2,990

15. Share capital and share premium

	Ordinary shares of 0.1p each		Share premium
	Number	£'000	£'000
At 1 April 2022	156,991,982	157	73,267
New shares issued	-	-	-
At 31 March 2023	156,991,982	157	73,267
New shares issued	-	-	-
At 30 September 2023 unaudited	**156,991,982**	**157**	**73,267**

At both 31 March 2023 and 30 September 2023, the Company's issued share capital consisted of 156,991,982 ordinary shares of which 728,722 remain in treasury.

16. Prior period restatement

The financials for the six month period ending 30 September 2022 ("H1-23") have been restated to reflect the final Purchase Price Allocations ("PPAs") of the Sungard and 4D acquisitions. Due to the close proximity of the acquisitions to the publishing of the interim results, the PPAs weren't finalised at this time, but were instead reflected in the Group's results for the year ended 31 March 2023. As such, the comparatives have been updated to reflect these acquisitions accordingly.

There were a number of critical accounting judgements and areas of estimation uncertainty in reaching the final PPAs. Details of these can be found in the Annual Report and Accounts for Redcentric Plc's year ended 31 March 2023 on page 96.

The table below highlights the impact of the restatement.

	30 September 2022 Unaudited (Original) £'000	Movement £'000	30 September 2022 Unaudited (Restated) £'000
Condensed consolidated statement of financial position			
Non-Current Assets			
Intangible assets	**102,344**	(17,823)	**84,521**
Property, plant, and equipment	**15,219**	(1,018)	**16,237**
Right-of-use assets	**27,982**	-	**27,982**
Deferred tax asset	**-**	69	**69**
	145,545	(16,735)	**128,810**
Current Assets			
Inventories	**4,634**	-	**4,634**
Trade and other receivables	**32,696**	745	**33,441**
Cash and cash equivalents	**2,606**		**2,606**
	39,936	745	**40,681**
Total Assets	**185,481**	(15,991)	**169,490**
Current Liabilities			
Trade and other payables	**(30,062)**	(293)	**(30,355)**
Corporation tax payable	**(1,571)**	1,100	**(471)**
Loans and borrowings	**(40,240)**	40,000	**(240)**
Leases	**(8,066)**	2,624	**(5,442)**
Provisions	**(341)**	-	**(341)**
Contingent consideration	**(5,496)**	-	**(5,496)**
	(85,776)	43,431	**(42,345)**
Non-Current Liabilities			
Loans and borrowings	**280**	(40,000)	**(39,720)**
Leases	**(20,355)**	-	**(20,355)**
Deferred tax liability	**(2,998)**	2,998	**-**
Provisions	**(4,440)**	-	**(4,440)**
	(27,513)	(37,002)	**(64,515)**
Total Liabilities	**(113,289)**	6,429	**(106,860)**
Net Assets	**72,192**	(9,562)	**62,630**
Total Equity	**72,192**	(9,562)	**62,630**

	Six months to 30 September 2022 Unaudited (Original) £'000	Movement £'000	Six months to 30 September 2022 Unaudited (Restated) £'000
Condensed consolidated statement of comprehensive income			
Revenue	**61,531**	-	**61,531**
Cost of Sales	**(18,061)**	-	**(18,061)**
Gross Profit	**43,470**	-	**43,470**
Operating expenditure	**(38,307)**	(10,703)	**(49,010)**
Operating income	**70**	-	**70**
Adjusted EBITDA	**11,701**	-	**11,701**
Depreciation of property, plant, and equipment	**(1,441)**	(753)	**(2,194)**
Amortisation of intangibles	**(4,175)**	(265)	**(4,440)**
Depreciation and amortisation of ROU assets	**(5,346)**	-	**(5,346)**
Gain on bargain purchase	**9,685**	(9,685)	**-**
Exceptional items	**(4,655)**	-	**(4,655)**
Share based payments	**(536)**	-	**(536)**
Operating profit/(loss)	**5,233**	(10,703)	**(5,470)**
Finance income	**-**	-	**-**
Finance costs	**(1,129)**	-	**(1,129)**
Profit/(loss) before tax	**4,104**	(10,703)	**(6,599)**
Tax (expense)/credit	**(567)**	1,142	**575**
Profit/(loss)	**3,537**	(9,561)	**(6,024)**
Other comprehensive income			
Items that may be classified to profit or loss:			
Currency translation differences	**(65)**	1	**(64)**
Deferred tax movement on share options	**-**	-	**-**
Total comprehensive income/(loss) for the period	**3,472**	(9,560)	**(6,088)**

With regard to additional disclosures being restated, for note 12, 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, having previously been presented as a current liability.