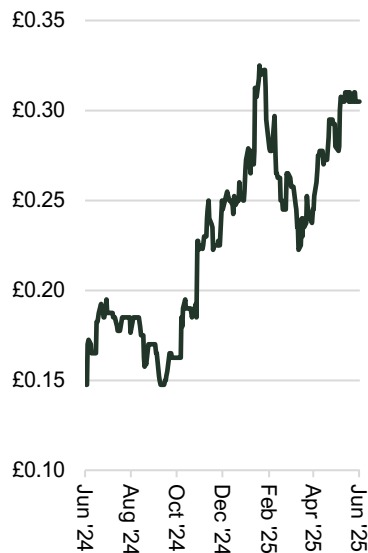


FY25 statement – trading ahead of expectations

1 Year Chart



Made Tech's full year statement (May year-end) is encouraging with the title "trading ahead of recently upgraded expectations". We increase our adjusted EBITDA forecast by 12% for FY25 and by 16% for FY26.

The statement says that "The UK Government's renewed focus on digital transformation through the recently announced Spending Review, the State of Digital Government report and the Strategic Defence Review has reinforced a growing long term market opportunity with clear demand for modern digital technology and the potential for sustained returns. With a strong balance sheet, significant cash position, tight cost control measures, and future revenue underpinned by a strong Contracted Backlog, we believe Made Tech is well placed to continue driving organic growth and to accelerate progress through targeted inorganic growth opportunities where appropriate".

Made Tech now trades on an 8% valuation premium to the UK Software Service peer group (based on market consensus) but we believe that a larger premium is merited given its excellent prospects in the UK public sector market, recent trading momentum and strong balance sheet.

26th June 2025

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Made Tech PLC is a research client of H2 Radnor Ltd.

MiFID II – this research is deemed to be a minor, non-monetary benefit.

- **UK politics;** Made Tech's customers are all UK public sector and we believe that it has a large opportunity as the public sector uses the digital skills of the private sector to improve service levels and reduce costs. Pressure on UK Government spending is likely to spur the need for further efficiencies which do not impact front-line service levels. The recent Spending Review contained a number of reference to digital including "embracing the power of digital technology and AI tools across government including a commitment that 1 in 10 civil servants will be digital professionals by 2030".
- **Valuation;** we believe that Made Tech will benefit considerably as the UK public sector transitions to digital to improve service and reduce costs and that its valuation is attractive on a FY25 EV/EBITDA of 10.5x.

Y/E May, £m	Revenue	EBITDA	Adj PBT	Adj EPS (p)	Net Cash	PE	EV/EBITDA
FY 2023A	40.2	1.5	1.1	0.3	8.5	92.1	24.9
FY 2024A	38.6	2.4	1.4	0.9	7.6	33.8	16.3
FY 2025E	46.4	3.4	2.6	1.2	10.4	25.6	10.5
FY 2026E	50.1	3.9	3.1	1.4	13.1	21.4	8.5
FY 2027E	55.1	4.4	4.3	2.0	16.1	15.4	6.9

Source: h2Radnor

Other points from the statement

- **Revenue** is expected to be c.£46.4m, an increase of c.20% on the £38.6m of FY24, and 8% above our previous forecast of £43.0m. The statement mentions that “Investment in our sales and bid capability is starting to deliver, with a step change in bookings and a significantly larger Contracted Backlog”. We note that c.20% revenue growth is a much better outcome than the revenue declines reported recently by some of Made Tech’s peers, indicating that it has taken market share.
- **Sales bookings**, which represent the total value of sales contracts awarded in the year to be delivered in FY26-29, was £82.1m a 128% increase on the £36.0m of FY24. FY24 was subdued for bidding activity, partly as activity slowed in the run up to an expected General Election, and the statement refers to “a weak prior year comparative” although positively we note that £82.1m is a record for the company and is 17% higher than the previous record of £69.9m in FY23. Sales bookings rose 233% in H1 (from £12.6m in H124 to £42.0m in H125) and increased by c.71% in H2 (from £23.4m in H224 to c.£40.1m in H225) and we note that H1 had the easiest comparable. Recent wins included within the FY25 Sales Booking figure include an £8.4 million contract with the Ministry of Justice’s Legal Aid Agency and a number of smaller contracts with clients such the Department of Health and Social Care.
- **The Contracted Backlog** (the value of contracted revenue that has yet to be recognised) rose by 52% from £60.6m at the end of FY24 to £92.0m at the end of FY25.
- **Adjusted EBITDA** is expected to be c.£3.4m, a c.42% increase on the £2.4m of FY24, and 12% above our previous forecast of £3.0m. The adjusted EBITDA margin rose from 6.2% to c.7.3% “as a result of operational efficiencies, offset by a higher than target contractor base”. We think that Made Tech will have made more use of contractors in FY25 given the uncertainty caused by the General Election, the Budget, the Spring Statement and the Spending Review. We note that an adjusted EBITDA margin of c.7.3% is still a fifth below the peak of 9.0% of FY22 suggesting further upside.
- **Net cash** rose by c.37% from £7.6m in FY24 to c.£10.4m in FY25 and is 13% above our previous forecast of £9.2m. Net cash was £9.1m at the end of H125. The statement says that “the Board anticipates that the Group will continue to be free cash flow positive throughout FY26 and FY27”. We think net cash positions the company well for investments and bolt-on acquisitions and may also be a competitive advantage when bidding for public sector contracts.
- **Current trading and the outlook** is encouraging with the comment that “as a result of the strong momentum, and underpinned by the substantial Contracted Backlog, the Board now expects trading for FY26 to be ahead of current market expectations. The Board is encouraged by the recent publication of the Spending Review and notes the UK Governments’ commitment to the digital transformation of the public sector. The Board believes that the Company is well positioned to benefit from this increased investment and anticipates that the Group will deliver profitable growth and continue to be free cash flow positive throughout FY26 and FY27”.

- **FY results** will be announced in September.
- **Chris Blackburn (COO)** intends to step down from the Board as an Executive Director with effect from 25 July 2025 to pursue new opportunities and will remain with the business until the end of August as part of an orderly handover. The statement adds that “Chris holds a significant shareholding in the Group and remains a committed and supportive shareholder. Chris has therefore undertaken, as part of his exit arrangements, to enter into a 12 month share lock-in agreement with the Company, pursuant to which he agrees not to dispose of any shares during this period, unless with the prior agreement of the Company, and subject to orderly market provisions”. We note that Made Tech’s website says that Mr Blackburn owns 14.5% of the company’s shares.
- **Estimates;** we set out our main estimate changes below (Table 1). We last upgraded our estimates at the H125 results in February. We have increased our revenue forecast by 8%/11%/12% for FY25/FY26/FY27. We have increased our adjusted EBITDA forecast by 12%/16%/20% for FY25/FY26/FY27. Our assumptions for FY25/FY26/FY27 are revenue growth of 20%/8%/10% and an adjusted EBITDA margin of 7.3%/7.8%/8.0%.
- **Our initiation note** on Made Tech is available on request, or can be accessed from this [link](#).

Figure 1: h2Radnor estimate revisions

May year end £m	Previous			New		Revision	
	FY'24A	FY'25E	FY'26E	FY'25E	FY'26E	FY'25E	FY'26E
Revenue	38.6	43.0	45.1	46.4	50.1	8%	11%
Adjusted EBITDA	2.4	3.0	3.4	3.4	3.9	12%	16%
Margin (%)	6.2%	7.0%	7.5%	7.3%	7.8%	4%	4%
Adj. PBT	1.4	1.5	1.9	2.6	3.1	75%	66%
Adj. EPS diluted (p)	0.92	0.69	0.87	1.21	1.45	75%	66%
Cash (debt)	7.6	9.2	10.8	10.4	13.1	13%	21%

Source: h2Radnor

Relative valuation

In Figure 2 below, we show the key valuation metrics across Made Tech's key comparative peer groups according to the latest FactSet market consensus.

Following a re-rating this year, Made Tech now trades on an EV/EBITDA premium to all of the key Software Service and Software Product peer groups.

Figure 2: Made Tech's peer groups

	Price, local	Market Cap, local	FY1 Net Cash, local	EV, local	FY1 EV / Sales, x	FY1 EV / EBITDA, x
Made Tech Group PLC	31	46.0	10.4	35.6	0.8	10.5
Rel to UK Software Service Peers					-50%	8%
Rel to Overseas Software Service Peers					-49%	17%
Rel to UK Software Product Peers					-65%	33%
Rel to UK Business Process Outsourcing Peers					118%	108%
Software Service Peers - UK						
Kainos Group PLC	747	909.3	99.3	810.0	2.1	12.1
TPXimpact Holdings PLC	20	18.2	-7.6	25.8	0.3	3.9
					1.7	9.7
Software Service Peers - Overseas						
Netcompany Group A/S	288	12,850.9	-1,703.3	14,554.2	2.1	11.5
Capgemini SE	144	24,498.4	-1,318.4	25,816.8	1.2	7.3
CGI Inc. Class A	145	32,177.7	-2,901.2	35,078.9	2.2	11.0
Reply S.p.A.	143	5,315.9	534.9	4,780.9	1.9	10.7
Globant SA	91	4,013.0	-141.3	4,154.3	1.7	8.3
					1.6	9.0
Software Product Peers - UK						
Big Technologies PLC	89	256.4	106.7	149.8	2.9	5.5
Idox PLC	64	291.8	-11.6	303.5	3.3	11.2
Tracsis plc	430	128.7	22.8	105.9	1.3	8.5
					2.4	7.9
Business Process Outsourcing Peers - UK						
Capita plc	300	341.0	-288.4	629.3	0.3	3.3
MITIE Group PLC	140	1,715.0	-280.1	1,995.1	0.4	6.0
Serco Group plc	193	1,951.2	-429.6	2,380.8	0.5	6.1
					0.4	5.0

Source: FactSet, h2Radnor

Made Tech PLC

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Price (p): 31 p
Market Cap: 47 m
EV: 37 m

PROFIT & LOSS

Y/E May	2022	2023	2024	2025E	2026E	2027E
Revenue	29.3	40.2	38.6	46.4	50.1	55.1
Change YoY %		37%	-4%	20%	8%	10%
Gross Profit	11.3	14.4	13.2	16.0	17.5	19.4
Gross Profit Margin %	38.4%	35.8%	34.2%	34.5%	35.0%	35.2%
Operating Costs	(8.6)	(12.9)	(10.8)	(12.7)	(13.6)	(15.0)
EBITDA	2.6	1.5	2.4	3.4	3.9	4.4
Change YoY %		-43%	56%	42%	16%	13%
EBITDA Margin %	9.0%	3.8%	6.2%	7.3%	7.8%	8.0%
Depr & Amort	(0.3)	(0.4)	(1.2)	(0.9)	(1.0)	(0.4)
EBIT - Adjusted	2.3	1.1	1.2	2.5	2.9	4.0
EBIT Margin %	8.0%	2.7%	3.0%	5.4%	5.8%	7.3%
Associates & JV's	-	-	-	-	-	-
Net Interest	(0.0)	0.0	0.2	0.1	0.2	0.3

PBT - Adjusted	2.3	1.1	1.4	2.6	3.1	4.3
Non Operating Items	-	-	-	-	-	-
Other Financial Items	-	-	-	-	-	-
PBT - IFRS	2.3	1.1	1.4	2.6	3.1	4.3

Tax - Adjusted	(0.5)	(0.6)	0.0	(0.6)	(0.8)	(1.1)
Tax rate - Adjusted	22.2%	53.8%	-1.6%	25.0%	25.0%	25.0%
Minority interests	-	-	-	-	-	-
No. shares m, diluted	139.7	153.0	154.7	160.5	160.5	160.5

Adj EPS (p), diluted	1.3	0.3	0.9	1.2	1.4	2.0
Total DPS (p)	-	-	-	-	-	-

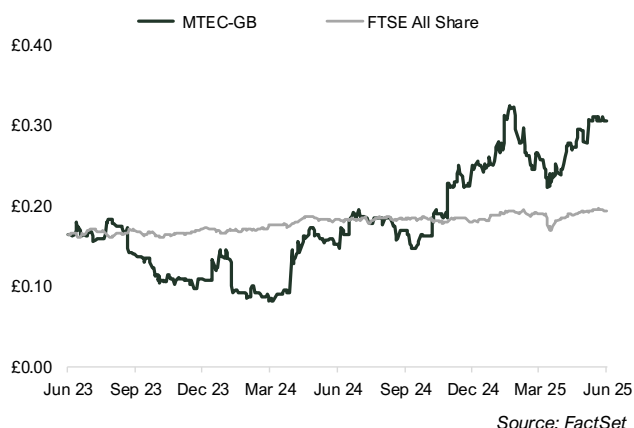
CASH FLOW

Y/E May	2022	2023	2024	2025E	2026E	2027E
EBITDA	2.6	1.5	2.4	3.4	3.9	4.4
Working Capital	(0.8)	(1.5)	(2.1)	0.2	(0.5)	(1.5)
Exceptionals / Other	-	-	-	-	-	-
Gross Op Cashflow	1.9	0.0	0.3	3.6	3.4	2.9
Cash Tax	-	-	0.5	-	-	-
Cash Interest	(0.0)	0.0	0.2	0.1	0.2	0.3
Net Op Cashflow	1.9	0.1	1.0	3.7	3.6	3.2
Capex	(2.3)	(3.2)	(1.3)	(0.8)	(0.9)	(0.1)
Lease	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Free Cashflow	(0.5)	(3.1)	(0.3)	2.9	2.8	3.1
Issue of equity	13.5	-	-	-	-	-
Repayment of loans	(1.3)	-	-	-	-	-
Lease / EBT	(0.2)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)
Net Cashflow	11.4	(3.9)	(0.8)	2.8	2.6	3.0
Net Cash (Debt)	12.3	8.5	7.6	10.4	13.1	16.1

BALANCE SHEET

Y/E May	2022	2023	2024	2025E	2026E	2027E
Intangibles	1.9	5.0	1.1	1.0	-	-
P,P+E	0.9	0.5	0.2	0.2	0.2	0.2
Tax Asset & Other	-	-	-	-	-	-
Total Fixed Assets	2.8	5.5	1.3	1.2	0.2	0.2
Current Assets	6.1	6.2	6.7	8.3	9.8	11.0
Current Liabilities	(6.2)	(4.9)	(3.1)	(1.5)	0.0	1.2
Net Current Assets	(0.2)	1.3	3.6	6.8	9.8	12.2
Long Term Liabilities	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Net Cash (Debt)	12.3	8.5	7.6	10.4	13.1	16.1
Net Assets	14.8	15.2	12.5	18.4	23.0	28.5

PRICE CHART - 2 YEAR ABSOLUTE vs FTSE ALL SHARE



SHAREHOLDERS

	% of ord. Share capital
Rory MacDonald	28.5%
Chris Blackburn	14.5%
Hargreaves Lansdown	8.8%
Stonehage Fleming	8.7%
Octopus	6.2%
Total	66.7%

Source: Company website

Announcements

Date	Event
05 February 2025	H125 results
20 November 2024	AGM update
30 September 2024	FY24 final results
16 September 2024	DfE contract win
27 June 2024	FY update
22 April 2024	DLUHC contract win
26 February 2024	H124 results
1 February 2024	H1 update

RATIOS

	2023	2024	2025E	2026E	2027E
RoE	3.4%	11.4%	10.6%	10.1%	11.3%
RoCE	16.4%	24.0%	31.3%	29.0%	32.3%
Asset Turnover (x)	0.2x	0.0x	0.0x	0.0x	0.0x
NWC % Revenue	3.3%	9.3%	14.7%	19.6%	22.2%
Op Cash % EBITA	4.0%	23.0%	144.7%	119.0%	72.5%
Net Debt / EBITDA	-5.6x	-3.2x	-3.1x	-3.4x	-3.7x

VALUATION

Fiscal	2023	2024	2025E	2026E	2027E
P/E	92.1x	33.8x	25.6x	21.4x	15.4x
EV/EBITDA	24.9x	16.3x	10.5x	8.5x	6.9x
Div Yield	0.0%	0.0%	0.0%	0.0%	0.0%
FCF Yield	-8.5%	-0.9%	8.0%	7.6%	8.6%

YoY growth

Revenue	37.2%	-4.0%	20.3%	8.0%
EBITDA	-42.6%	56.2%	42.0%	15.6%

REGULATORY DISCLOSURES

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