h2Radnor

# Made Tech PLC

## MTEC | AIM | Software | 36p | £54m

## H126 results – trading "materially ahead"

**1 Year Chart**


Made Tech's H126 results (November period-end) read well, with adjusted EBITDA of £2.4m in line with the figure mentioned in December's trading statement and a very encouraging outlook saying that "Made Tech has delivered an exceptional first half, with record revenue and profitability, and strong current trading ahead of recently upgraded expectations" and that "Trading in the second half of FY26 has continued strongly, combined with a solid Contracted Backlog, further new contract awards and a robust sales pipeline. As a result of this momentum and improved operational leverage the Board anticipates that Adjusted EBITDA will be materially ahead of current market expectations".

We have increased our adjusted EBITDA estimates by 17% for FY26 and by 14% from FY27, which comes after our December upgrade of 23% for FY26 and by 18% from FY27. Made Tech now trades on an 19% valuation discount to the UK Software Service peer group (based on market consensus) whereas we believe it should trade on a premium given the Group's better contract win rate and stronger balance sheet.

26th February 2026

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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 statement says that "we remain committed to supporting our clients as they modernise public services and respond to increasing pressure on outcomes, efficiency and delivery. Made Tech is ideally positioned to play a trusted role in that transformation" and mentions an "increase in UK Government procurement activity seen since Autumn 2025".
- **Valuation;** our illustrative fair value, which uses a DCF, increases by 12% from 60p to 67p, 87% upside from the current share price.

| 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 | 106.9 | 29.8 |
| FY 2024A | 38.6 | 2.4 | 1.4 | 1.0 | 7.6 | 39.2 | 19.4 |
| FY 2025A | 46.4 | 3.5 | 2.9 | 1.2 | 10.4 | 32.1 | 12.4 |
| *FY 2026E* | *57.6* | *5.6* | *4.6* | *2.3* | *13.6* | *16.7* | *7.1* |
| *FY 2027E* | *59.9* | *5.9* | *5.8* | *2.9* | *17.2* | *13.3* | *6.2* |

*Source: h2Radnor*

## Other points from the results

- **Revenue** was £27.8m, in line with the c.£27.7m mentioned in the trading statement, representing a 28% increase on the £21.8m of H125, after growth of 14% in H125 and 27% in H225. Revenue growth was "driven by continued strong organic growth and good execution against the Contracted Backlog" and we think that H126 revenue will have benefitted from the strong ramp-up in the Contracted Backlog in FY25.

- **Gross sales bookings** (the total value of sales contracts awarded in the period to be delivered in FY26-FY30), as flagged in the trading statement, were lower, being down 68% (from £42.0m to £13.4m) "against a particularly strong prior year performance and, in part, reflect a reduction in the number of contract renewals available to bid in the Period". As in the trading statement, management are optimistic about the outlook for H2, saying that "our sales pipeline remains robust, and while bookings can be lumpy between periods, recent bid activity and conversions support our confidence in continued momentum in H2 FY26 and into FY27" and that "since the Period end, several opportunities have already converted with additional awards expected in the coming months, which further extends our visibility through FY26 and into FY27".

- **The Contracted Backlog** (the value of contracted revenue that has yet to be recognised), as per the trading statement, declined by 8% from £80.8m in H125 to £74.4m in H126. The Contracted Backlog "provides a strong underpin to revenue expectations for the remainder of FY26".

- **Gross Profit** increased by 12% from £7.8m in H125 to £8.7m in H126. The Gross Profit margin declined proportionally by 13% from 35.8% in H125 to 31.2% in H126 mainly due to the greater use of contractors "to mitigate the risk of volatility in client demand and project timings following the UK General Election and Government review of spending priorities". However, the margin did rise proportionally by 9% on the 28.6% of H225 as contractor use reduced sequentially, with contractors as a proportion of billable staff reducing from c.19% in H225 to c.14% in H126. The statement adds that "it is anticipated that the proportion of contractors will reduce further in H2 FY26 and that, combined with a further improvement in utilisation rates, should result in a further improvement in Gross Profit Margin".

- **Adjusted EBITDA** was £2.4m, in line with the trading statement, representing growth of 35% on the £1.8m of H125, with the result that the margin rose from 8.2% to 8.7% "reflecting continued operational efficiencies and improved operational gearing, partly offset by a higher-than-target contractor base as we invested to support delivery and growth".

- **Cash generated** from operations rose from £1.6m in H125 to £1.9m in H126 and we note that "an improvement in client-side payment processes resulted in debtor days reducing to 46 (H1 FY25: 53)". Made Tech "anticipates that during FY26 the Group will continue to generate positive free cash flow".

- **Made Tech has no debt and net cash** rose to £11.9m from £9.1m in H125 and £10.4m in FY25. The statement adds that "this strong net cash position gives Made Tech optionality when considering organic and inorganic investment" and it continues "to actively explore M&A opportunities". We think that having a net cash position is an advantage when bidding for Government contracts as the public sector likes dealing with counterparties who have strong balance sheets, plus it gives Made Tech options to make bolt-on acquisitions which add capability and clients.

- **CMD**; the statement mentions a "Capital Markets Day later in FY27", which we note would be the first since IPO.

- **CFO transition**; "as separately announced today, we are pleased to confirm that Richard Swinyard will be joining the Group as Chief Financial Officer, with effect from 2 March 2026. Richard brings significant experience from the technology services sector and joins us from a private equity-backed environment, where he has supported businesses through periods of organic growth, M&A, operational improvement and value creation".

- **Our initiation note** on Made Tech is available on request, or can be accessed from this link.

## Estimate revision

In Figure 2 below, we show our estimate revisions, with our adjusted EBITDA estimates rising by 17% for FY26 and by 14% from FY27. On revenue, we had previously expected growth of 19% in FY26 and 5% in FY27 but now forecast, respectively, 24% and 4%. We believe that Made Tech will benefit from the strong sales momentum coming into FY26 from what was won in FY25 and also from converting a better pipeline in H226.

On adjusted EBITDA, after an adjusted EBITDA margin of 7.5% in FY25, we had previously modelled an increase to 8.7% in FY26 and 9.0% in FY27 but now forecast, respectively, 9.7% and 9.8%. We note that an adjusted EBITDA margin of 9.8% would be above the previous peak of 9.0% in FY22 which partly reflects Made Tech's greater scale nowadays.

**Figure 2:** h2Radnor estimate revisions

| May year end | | Previous | | New | | Revision | |
|---|---|---|---|---|---|---|---|
| £m | FY'25A | FY'26E | FY'27E | FY'26E | FY'27E | FY'26E | FY'27E |
| Revenue | 46.4 | 55.1 | 57.9 | 57.6 | 59.9 | 4% | 3% |
| Adjusted EBITDA | 3.5 | 4.8 | 5.2 | 5.6 | 5.9 | 17% | 14% |
| *Margin (%)* | *7.5%* | *8.7%* | *9.0%* | *9.7%* | *9.8%* | 12% | 10% |
| Adj. PBT | 2.9 | 3.9 | 5.1 | 4.6 | 5.8 | 18% | 14% |
| Adj. EPS diluted (p) | 1.20 | 1.96 | 2.55 | 2.31 | 2.90 | 18% | 14% |
| Cash (debt) | 10.4 | 13.3 | 16.7 | 13.6 | 17.2 | 3% | 3% |

*Source: h2Radnor*

## Relative valuation

In Figure 3 below, we show the key valuation metrics across Made Tech's main comparative peer groups according to the latest FactSet market consensus.

Made Tech still trades on an EV/EBITDA discount to both the UK Software Service and Software Product peer groups.

**Figure 3:** 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** | **36** | **53.6** | **13.6** | **40.0** | **0.7** | **7.1** |
| *Rel to UK Software Service Peers* | | | | | *-54%* | *-19%* |
| *Rel to Overseas Software Service Peers* | | | | | *-40%* | *10%* |
| *Rel to UK Software Product Peers* | | | | | *-74%* | *-22%* |
| *Rel to UK Business Process Outsourcing Peers* | | | | | *40%* | *11%* |
| **Software Service Peers - UK** | | | | | | |
| Kainos Group PLC | 699 | 828.0 | 70.8 | 757.1 | 1.9 | 11.0 |
| TPXimpact Holdings PLC | 41 | 36.5 | -5.8 | 42.3 | 0.6 | 6.2 |
| | | | | | **1.5** | **8.8** |
| **Software Service Peers - Overseas** | | | | | | |
| Netcompany Group A/S | 301 | 13,760.4 | -2,938.9 | 16,699.3 | 1.8 | 10.4 |
| Capgemini SE | 102 | 17,390.1 | -4,458.8 | 21,848.9 | 0.9 | 5.8 |
| CGI Inc. Class A | 97 | 20,581.2 | -2,838.6 | 23,419.8 | 1.4 | 7.0 |
| Reply S.p.A. | 88 | 3,284.2 | 525.4 | 2,758.8 | 1.1 | 5.9 |
| Globant SA | 42 | 1,864.5 | -226.0 | 2,090.5 | 0.9 | 4.0 |
| | | | | | **1.2** | **6.5** |
| **Software Product Peers - UK** | | | | | | |
| Big Technologies PLC | 114 | 329.7 | 91.9 | 237.8 | 4.8 | 9.7 |
| Idox PLC | 71 | 321.9 | -7.5 | 329.4 | 3.5 | 12.2 |
| Tracsis plc | 320 | 95.2 | 29.3 | 66.0 | 0.8 | 4.9 |
| | | | | | **2.7** | **9.2** |
| **Business Process Outsourcing Peers - UK** | | | | | | |
| Capita plc | 343 | 410.7 | -145.5 | 556.2 | 0.2 | 3.0 |
| MITIE Group PLC | 178 | 2,257.3 | -486.4 | 2,743.7 | 0.5 | 7.9 |
| Serco Group plc | 296 | 2,924.4 | -418.5 | 3,342.9 | 0.7 | 8.4 |
| | | | | | **0.5** | **6.4** |

*Source: FactSet, h2Radnor*

## DCF Valuation

Given the defensive profile and cash generative nature of Made Tech we believe that a DCF is the most appropriate valuation tool (Figure 4).

**Figure 4:** DCF Model

| May year end | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 | TV |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 57.6 | 59.9 | 66.5 | 73.8 | 81.9 | 90.9 | 99.1 | 108.0 | 117.7 | 128.3 | 139.9 | 141.3 |
| *Change* | *24.0%* | *4.0%* | *11.0%* | *11.0%* | *11.0%* | *11.0%* | *9.0%* | *9.0%* | *9.0%* | *9.0%* | *9.0%* | *1.0%* |
| EBITDA | 5.6 | 5.9 | 6.7 | 7.6 | 8.6 | 9.8 | 10.8 | 12.0 | 13.2 | 14.7 | 16.2 | 14.7 |
| *Margin* | *9.7%* | *9.8%* | *10.1%* | *10.3%* | *10.6%* | *10.8%* | *10.9%* | *11.1%* | *11.3%* | *11.4%* | *11.6%* | *10.4%* |
| *Margin change* | *30.0%* | *1.0%* | *3.0%* | *2.0%* | *2.0%* | *2.0%* | *1.5%* | *1.5%* | *1.5%* | *1.5%* | *1.5%* | *(10.0%)* |
| Working capital | (1.3) | (1.3) | (1.3) | (1.5) | (1.6) | (1.8) | (1.0) | (1.1) | (1.2) | (1.3) | (1.4) | (0.3) |
| Capex | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) |
| **Subtotal** | **4.2** | **4.6** | **5.3** | **6.1** | **6.9** | **7.9** | **9.7** | **10.8** | **12.0** | **13.2** | **14.7** | **14.3** |
| Tax | (1.1) | (1.1) | (1.3) | (1.5) | (1.7) | (2.0) | (2.4) | (2.7) | (3.0) | (3.3) | (3.7) | (3.6) |
| *Tax rate* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* | *25%* |
| **Free cash** | **3.2** | **3.4** | **4.0** | **4.6** | **5.2** | **5.9** | **7.3** | **8.1** | **9.0** | **9.9** | **11.0** | **10.7** |
| Present value | 2.9 | 2.9 | 3.1 | 3.3 | 3.5 | 3.6 | 4.1 | 4.2 | 4.3 | 4.4 | 4.5 | 4.0 |

*Source: h2Radnor*

Our illustrative fair value for the Group is 67p per share (Figure 5).

**Figure 5:** DCF Valuation

| Illustrative fair value | |
|---|---|
| **Market cap** | |
| Total present value of forecast period | 41 |
| Terminal value | 54 |
| **Sub-total** | **95** |
| Cash | 14 |
| **Total** | **108** |
| Number of shares (diluted) (m) | 161 |
| **Value per share (p)** | **67** |

| Cost of equity | |
|---|---|
| Risk free rate | 4.0% |
| Equity risk premium | 4.5% |
| Beta | 1.0 |
| **Total** | **8.5%** |

*Source: h2Radnor*

## Made Tech PLC

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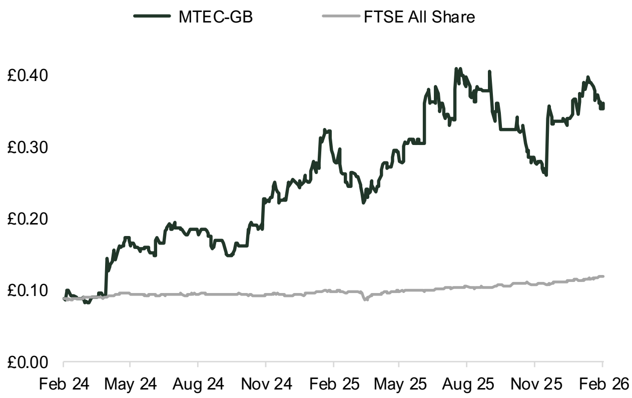
| | |
|---|---|
| Price (p): | **36 p** |
| Market Cap: | 54 m |
| EV: | 40 m |

### PROFIT & LOSS

| Y/E May | 2022 | 2023 | 2024 | 2025E | 2026E | 2027E |
|---|---|---|---|---|---|---|
| **Revenue** | **29.3** | **40.2** | **38.6** | **46.4** | **57.6** | **59.9** |
| *Change YoY %* | | *37%* | *-4%* | *20%* | *24%* | *4%* |
| Gross Profit | 11.3 | 14.4 | 13.2 | 14.8 | 18.6 | 19.5 |
| *Gross Profit Margin %* | *38.4%* | *35.8%* | *34.2%* | *32.0%* | *32.3%* | *32.6%* |
| Operating Costs | (8.6) | (12.9) | (10.8) | (11.4) | (13.0) | (13.6) |
| **EBITDA** | **2.6** | **1.5** | **2.4** | **3.5** | **5.6** | **5.9** |
| *Change YoY %* | | *-43%* | *56%* | *47%* | *61%* | *5%* |
| *EBITDA Margin %* | *9.0%* | *3.8%* | *6.2%* | *7.5%* | *9.7%* | *9.8%* |
| Depr & Amort | (0.3) | (0.4) | (1.2) | (0.9) | (1.2) | (0.4) |
| **EBIT - Adjusted** | **2.3** | **1.1** | **1.2** | **2.6** | **4.4** | **5.5** |
| *EBIT Margin %* | *8.0%* | *2.7%* | *3.0%* | *5.6%* | *7.6%* | *9.1%* |
| Associates & JV's | - | - | - | - | - | - |
| Net Interest | (0.0) | 0.0 | 0.2 | 0.3 | 0.2 | 0.3 |
| **PBT - Adjusted** | **2.3** | **1.1** | **1.4** | **2.9** | **4.6** | **5.8** |
| Non Operating Items | - | - | - | - | - | - |
| Other Financial Items | - | - | - | - | - | - |
| **PBT - IFRS** | **2.3** | **1.1** | **1.4** | **2.9** | **4.6** | **5.8** |
| Tax - Adjusted | (0.5) | (0.6) | 0.0 | (1.1) | (1.2) | (1.4) |
| *Tax rate - Adjusted* | *22.2%* | *53.8%* | *-1.6%* | *37.4%* | *25.0%* | *25.0%* |
| Minority interests | - | - | - | - | - | - |
| No. shares m, diluted | 139.7 | 153.0 | 154.7 | 159.5 | 160.5 | 160.5 |
| **Adj EPS (p), diluted** | **1.3** | **0.3** | **0.9** | **1.1** | **2.2** | **2.7** |
| Total DPS (p) | - | - | - | - | - | - |

### PRICE CHART - 2 YEAR ABSOLUTE vs FTSE ALL SHARE




*Source: FactSet*

### SHAREHOLDERS

| | % of ord. Share capital |
|---|---|
| Rory MacDonald | 28.5% |
| Chris Blackburn | 14.5% |
| Stonehage Fleming | 8.5% |
| TrinityBridge | 7.3% |
| Octopus Investments | 6.2% |
| Interactive Investor | 4.3% |
| | **69.4%** |

### CASH FLOW

| Y/E May | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|
| EBITDA | 2.6 | 1.5 | 2.4 | 3.5 | 5.6 | 5.9 |
| Working Capital | (0.8) | (1.5) | (2.1) | (0.4) | (1.3) | (1.3) |
| Exceptionals / Other | - | - | - | - | - | - |
| **Gross Op Cashflow** | **1.9** | **0.0** | **0.3** | **3.1** | **4.3** | **4.6** |
| Cash Tax | - | - | 0.5 | - | (1.1) | (1.2) |
| Cash Interest | (0.0) | 0.0 | 0.2 | 0.3 | 0.2 | 0.3 |
| **Net Op Cashflow** | **1.9** | **0.1** | **1.0** | **3.3** | **3.4** | **3.8** |
| Capex | (2.3) | (3.2) | (1.3) | (0.1) | (0.1) | (0.1) |
| Lease | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) |
| **Free Cashflow** | **(0.5)** | **(3.1)** | **(0.3)** | **3.2** | **3.4** | **3.7** |
| 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** | **3.2** | **3.6** |
| **Net Cash (Debt)** | **12.3** | **8.5** | **7.6** | **10.4** | **13.6** | **17.2** |

### Announcements

| Date | Event |
|---|---|
| 10 December 2025 | H1 update |
| 24 September 2025 | FY25 final results |
| 26 June 2025 | FY update |
| 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 |

### RATIOS

| | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| RoE | 3.4% | 11.4% | 12.4% | 17.9% | 17.1% |
| RoCE | 16.4% | 24.0% | 64.1% | 77.8% | 68.0% |
| Asset Turnover (x) | 0.2x | 0.0x | 0.1x | 0.0x | 0.0x |
| NWC % Revenue | 3.3% | 9.3% | 5.9% | 7.8% | 11.5% |
| Op Cash % EBITA | 4.0% | 23.0% | 117.5% | 97.4% | 84.7% |
| Net Debt / EBITDA | -5.6x | -3.2x | -3.0x | -2.4x | -2.9x |

### BALANCE SHEET

| Y/E May | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|
| Intangibles | 1.9 | 5.0 | 1.1 | 0.6 | - | - |
| P,P+E | 0.9 | 0.5 | 0.2 | 1.2 | 1.2 | 1.2 |
| Tax Asset & Other | - | - | - | - | - | - |
| **Total Fixed Assets** | **2.8** | **5.5** | **1.3** | **2.0** | **1.2** | **1.2** |
| Current Assets | 6.1 | 6.2 | 6.7 | 7.0 | 7.6 | 8.8 |
| Current Liabilities | (6.2) | (4.9) | (3.1) | (4.2) | (3.1) | (1.9) |
| **Net Current Assets** | **(0.2)** | **1.3** | **3.6** | **2.8** | **4.5** | **6.9** |
| Long Term Liabilities | (0.2) | (0.1) | (0.1) | (0.7) | (0.1) | (0.1) |
| Net Cash (Debt) | 12.3 | 8.5 | 7.6 | 10.4 | 13.6 | 17.2 |
| **Net Assets** | **14.8** | **15.2** | **12.5** | **14.5** | **19.3** | **25.3** |

### VALUATION

| Fiscal | 2023 | 2024 | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|
| P/E | 106.9x | 39.2x | 32.1x | 16.7x | 13.3x |
| EV/EBITDA | 29.8x | 19.4x | 12.4x | 7.1x | 6.2x |
| Div Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF Yield | -7.7% | -0.8% | 7.9% | 8.3% | 9.2% |
| **YoY growth** | | | | | |
| Revenue | | 37.2% | -4.0% | 20.4% | 24.0% |
| EBITDA | | -42.6% | 56.2% | 46.5% | 61.2% |

## REGULATORY DISCLOSURES

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