Made Tech PLC

MTEC | AIM | Software | 53p | £83m

Acquisition of CX Feedback for an initial £3m

1 year share price chart



Made Tech has announced its first acquisition, completing the purchase of CX Feedback, a Glasgow-based housing technology provider, for an initial consideration of £3m. We think this is an attractive deal, especially as it adds scale to the Group's existing social housing business, provides a first base in Scotland, and the valuation is compelling at 6x historic PBT vs the 17x which Made Tech trades on.

The statement says that the acquisition is "expected to be earnings-enhancing on an adjusted earnings basis in the financial year ending 31 May 2027". Made Tech normally issues an H1 trading update in December so we will review our estimates then.

- **History**; CX's team is led by Johnathan Briggs, who founded it in 2010 and was the sole shareholder and will remain with the business which we believe helps de-risk the acquisition.
- **Customers**; CX is focussed on helping social housing providers in Scotland, England and Wales collect and act on tenant feedback, manage complaints and cases, and automate associated workflows and reporting. CX has more than 100 customer relationships across social housing and local government, and we think this will add new customers to the Group. Made Tech has an existing social housing business (focussed on repairs, voids and evidence) and CX will compliment this. We believe that the social housing market is particularly attractive given the UK Government's priority of building more public sector homes.
- **Geography**; CX, also gives Made Tech its first base in Scotland and we think having a presence on the ground will help the Group win Scotland-based public sector contracts. We note that a number of the UK's public sector bodies have a major presence in Scotland, for example The Student Loans Company.

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

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

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Y/E May, £m	Revenue	EBITDA	Adj PBT	Adj EPS (p)	Net Cash	PE	EV/EBITDA
FY 2024A	38.6	2.4	1.4	1.0	7.6	55.7	31.7
FY 2025A	46.4	3.5	2.9	1.4	10.4	38.4	20.8
FY 2026A	*58.9*	*5.9*	*4.9*	*2.4*	*14.5*	22.3	11.6
FY 2027E	*64.0*	*6.4*	*6.3*	*3.0*	*17.6*	*17.5*	*10.2*
FY 2028E	*71.0*	*7.8*	*7.7*	*3.7*	*21.0*	*14.3*	*8.0*

Source: h2Radnor

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Other points

- **Financials;** CX's revenue rose by 24% from £1.17m in FY24 (December year-end) to £1.45m in FY25. CX's PBT increased by 36% from £0.36m in FY24 (a 31% margin) to £0.49m in FY25 (a 34% margin). CX has a high level of annual recurring revenue at £1.05m as at 27 October 2026, which we think further de-risks the acquisition. CX's PBT margin of 34% is considerably higher than Made Tech's 8%, we feel partly because of both the recurring nature of the revenue (so less marketing cost) and the high scalability of its software products. CX's PBT of £0.49m (before factoring in any growth) is equivalent to 10% of Made Tech's historic PBT.

- Additional consideration of up to £3.0 million is payable in cash two years after completion, based on the achievement of ARR growth of up to 150% over the 24-month period following completion. We think that CX's revenues are highly scalable so growth of 150% should be magnified at PBT. Plus, Made Tech will significantly enhance CX's growth potential as it can market the products to a much wider UK customer base.

- **Future acquisitions;** Made Tech has no debt and had cash of £14.5m at the end of FY26 so even after buying CX it can easily afford to pursue other acquisitions, albeit the Group can be selective on M&A given its own organic performance is so strong (27% in FY26).

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

P&L estimates

May year end	FY25	FY26	FY27E	FY28E
Revenue	46.4	58.9	64.0	71.0
Change	20.3%	26.8%	8.7%	11.0%
Gross profit	14.8	17.9	19.6	21.8
Change	12.5%	20.4%	9.5%	11.6%
Gross profit margin	32.0%	30.4%	30.6%	30.7%
Change	(6.5%)	(5.0%)	0.7%	0.5%
Adjusted EBITDA	3.5	5.9	6.4	7.8
Change	46.5%	69.0%	9.2%	21.0%
Adjusted EBITDA margin	7.5%	10.0%	10.0%	11.0%
Change	21.7%	33.3%	0.5%	9.0%
Depreciation and amortisation	(0.9)	(1.2)	(0.4)	(0.5)
Adjusted operating profit	2.6	4.7	6.0	7.3
Change	124.1%	79.1%	28.0%	21.7%
Adjusted operating profit margin	5.6%	7.9%	9.3%	10.3%
Interest	0.3	0.2	0.3	0.4
Adjusted PBT	2.9	4.9	6.3	7.7
Change	104.6%	71.9%	27.8%	22.3%
Adjusted tax	(0.8)	(1.4)	(1.8)	(2.2)
Adjusted tax rate	28%	28%	28%	28%
Adjusted PAT	2.1	3.6	4.5	5.5
Change	45.1%	72.6%	27.2%	22.3%
Shares (m)	149.3	149.3	149.3	149.3
Adjusted EPS	1.4	2.4	3.0	3.7
Change	45.1%	72.6%	27.2%	22.3%
Shares - diluted (m)	159.5	155.0	155.0	155.0
Adjusted - diluted EPS	1.3	2.3	2.9	3.6
Change	40.7%	77.5%	27.2%	22.3%

Cashflow estimates

May year end	FY25	FY26	FY27E	FY28E
Adjusted EBITDA	3.5	5.9	6.4	7.8
Receivables	(0.3)	(1.5)	(3.1)	(3.4)
Payables	(0.1)	0.6	1.1	0.7
Sub-total	**3.1**	**5.0**	**4.4**	**5.1**
Capex on property, plant and equipment	(0.1)	(0.6)	(0.1)	(0.1)
Sub-total	**2.9**	**4.5**	**4.3**	**4.9**
Interest	0.3	0.3	0.3	0.4
Interest on lease liability	(0.0)	(0.0)	(0.0)	(0.0)
Tax	0.0	0.0	(1.4)	(1.8)
Sub-total	**3.2**	**4.7**	**3.2**	**3.5**
Repayment of lease liability	(0.1)	(0.5)	(0.1)	(0.1)
Shares excercised	(0.1)	(0.2)		
Purchase of equity	(0.2)			
Total	**2.8**	**4.1**	**3.1**	**3.4**

Balance sheet estimates

May year end	FY25	FY26	FY27E	FY28E
Assets				
Non-current assets				
Tangible assets	1.2	1.3	1.3	1.3
Intangible assets	0.6			
Deferred tax asset	0.2	1		
Sub-total	**2.0**	**1.8**	**1.3**	**1.3**
Current assets				
Trade and other receivables	7.0	8.2	9.3	10.0
Cash and cash equivalents	10.4	14.5	17.6	21.0
Sub-total	**17.4**	**22.7**	**26.9**	**31.0**
Total	**19.4**	**24.5**	**28.2**	**32.3**
Equity and liabilities				
Non-current liabilities				
Loans, borrowings and lease liabiltities	0.6	0.3		
Deferred tax liability				
Sub-total	**0.6**	**0.3**	**0.0**	**0.0**
Current liabilities				
Trade and other payables	3.8	5.4	4.4	3.6
Lease liabilities	0.5	0.5		
Sub-total	**4.3**	**5.9**	**4.4**	**3.6**
Equity				
Share capital	0.1	0.1	0.1	0.1
Share premium	13.4	13.4	19.0	23.9
Share-based payment reserve	4.7	5.0	5.0	5.0
Deferred share reserve				
Capital redemption reserve	0.0	0.0	0.0	0.0
Retained deficit	(3.8)	(0.3)	(0.3)	(0.3)
Sub-total	**14.5**	**18.2**	**23.8**	**28.7**
Total	**19.4**	**24.5**	**28.2**	**32.3**

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