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Netcall

Technology

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H126 quality despite recent price weakness

Netcall represents a quality investment. The primary H126 growth driver was expansion at existing customers, illustrating the continued upside from the user base. Added to this are growing recurring revenues, increasing order book visibility and the potential for further penetration of its target sectors. These factors are in stark contrast to the group's recent share price weakness.

Financials

H126 revenue grew to £26.5m, up 15% y-o-y. This was helped by an initial contribution from Jadu (acquired in December 2025) but still represented 11% organic growth, helped by Cloud net retention of 115% (H125: 115%). Total average contract value (ACV) was £50.5m with Cloud ACV up 42% y-o-y to £42.6m. Underlying organic growth in Cloud ACV was 25% (H125: 20%), which now represents 84% of total ACV (H125: 76%). H126 recurring revenues represented 83% of total revenue (H125: 79%). Adjusted EBITDA increased by 13% to £6.5m (H125: £5.7m), a margin of 24.4% (H125: 24.7%), slightly lower due to acquisitions. Adjusted PBT increased by 11% to £5.4m (H125: £4.9m). Net cash was £14.8m (£13.8m after lease commitments) after £12.7m of acquisition-related payments. Management expects 'ongoing progress' in FY26.

Strategy

The successful Liberty platform shows how generative AI is enabling and accelerating digital transformation. Customers are also taking the opportunity to replace solutions with integrated, consolidated platforms that offer wallet share opportunities for proven solutions. These cloud-based offerings represent high-quality recurring revenue streams, adding to the quality of Netcall's business model. Management continues to leverage this already-significant opportunity, enhancing its core offering via acquisition and broadening its reach with channel partners, which represented c 20% of order bookings in H126 (H125: 20%).

Valuation

Fears regarding the future of AI have contributed to recent share price weakness. We see digital transformation of business-critical systems as having little or no room for error, and we view this weakness not as a bearish signal, but as an opportunity for longer-term investors. Netcall's forward EV/EBITDA is at levels not seen since October 2024 (source: LSEG Data & Analytics) and reached c 19x in Q4 last year, leading us to conclude that any continued weakness could be an attractive entry point.

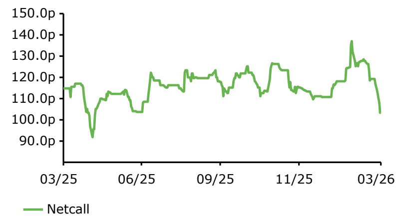
Consensus forecasts

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	EV/EBITDA (x)	P/E (x)	Yield (%)
6/25	48.0	9.8	8.3	3.75	0.94	16.0	27.5	0.9
6/26e	57.6	12.0	9.8	4.30	1.10	13.1	24.0	1.1
6/27e	67.2	14.8	12.0	5.20	1.28	10.6	19.8	1.2

Source: LSEG Data & Analytics. Note: EBITDA, PBT and EPS adjusted to exclude the impact of share based payments, impairment, P&L on disposals/acquisitions, contingent considerations and non-recurring transaction costs.

Price	**103.00p**
Market cap	**£170m**

Share price performance



Share details

Code	NET
Listing	AIM
Shares in issue	167.1m
Net cash/(debt) as at 31 December 2025	£13.8m

Business description

Netcall is a UK enterprise software company that supports organisations on their digital transformation journey. Its Liberty platform provides intelligent process automation and customer engagement tools, helping to improve workflow efficiency with a better customer and employee experience.

Bull points

- High recurring revenues (83% total) and cloud net retention rate (115%).
- Over 700 public- and private-sector customers. Over 50 new clients in 2025.
- Significant upside from 16% penetration of target UK sectors.

Bear points

- Active M&A programme can include execution risk.
- Fast moving markets can lead to constrained development from talent shortages.
- Potential functionality overlap with larger competitor products.

Analysts

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