

PCI-PAL

Targeting the next stage of growth

Alongside its year-end trading update, PCI-PAL announced that it has put in place a new strategic plan to drive the growth of the business. FY25 revenue grew 25% y-o-y and both revenue and adjusted PBT were in line with consensus. Annual recurring revenue (ARR) was 25% higher y-o-y and to support growth at 18–20% per year over the next three years, the company intends to increase investment in marketing and product development as well as continuing to expand and support its partner ecosystem.

FY25 in line with consensus

PCI-PAL expects to report FY25 revenue of £22.5m (consensus prior to today £22.4m) and adjusted PBT in line with the consensus forecast of £0.8m. Contracted annual recurring revenue grew 16% y-o-y to £22.2m and ARR increased 25% y-o-y to £19.3m (the difference is contracts signed but not yet implemented). Net revenue retention (NRR) increased to 104% from 102% in H125 and gross revenue retention was unchanged from H125 at 95%, with 100% retention of strategic partners. Cash at year-end was £3.9m. The RingCentral deal signed earlier in FY25 has already resulted in several new customer wins and a new agreement has just been signed with an unnamed business communications partner.

Three-year plan to drive ARR growth

After the long-running patent litigation concluded and a new CFO was appointed last year, PCI-PAL reviewed its rolling three-year plan. It remains focused on driving organic revenues, targeting ARR growth of 18–20% per year through FY27 and beyond. The company plans to invest an additional £1.5m, mostly in FY26, across marketing, product marketing and engineering. Launches of adjacent new products in FY26 should expand the addressable market and help grow NRR through cross-selling. For more detail on the trading update and strategic plan, see our [recent management interview](#).

Valuation: Faster scaling to drive upside

PCI-PAL currently trades on an EV/sales multiple of 1.3x FY25e and 1.2x FY26e. As the company has moved through break-even into profitability, EV/EBITDA multiples have reduced to more normalised levels. With the new plan aiming to maximising PCI-PAL's opportunity in a fast-growing market, we view sustained ARR growth and the shift into positive cash flow as the likely main drivers of share price upside.

Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	EV/EBITDA (x)	P/E (x)
6/24	18.0	0.9	(0.6)	(0.11)	0.00	32.2	N/A
6/25e	22.5	2.5	0.8	0.96	0.00	11.2	45.8
6/26e	23.5	0.9	(1.0)	(1.40)	0.00	31.1	N/A
6/27e	27.0	2.2	0.0	0.01	0.00	12.7	N/A

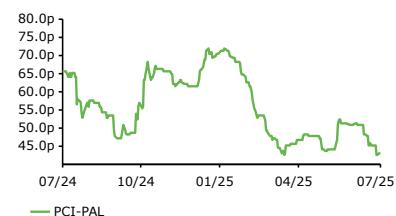
Source: LSEG Data & Analytics. Note: EBITDA, PBT and EPS are adjusted to exclude share-based payments, exchange movements charged to the P&L and exceptional/non-operational items.

Software and comp services

29 July 2025

Price **44.00p**
Market cap **£32m**

Share price performance



Share details

Code PCIP
Listing AIM
Shares in issue 72.5m
Net cash/(debt) at end FY25 £3.9m

Business description

PCI-PAL is a global cloud provider of secure payment solutions for business communications.

Bull points

- Good track record of revenue growth with a high level of recurring revenues (c 90% of revenue)
- Strong cash position
- Well-developed partner ecosystem driving the majority of sales

Bear points

- Not yet free cash flow positive
- Strength of sterling versus the US dollar likely to dampen reported revenue growth in FY26
- Scope to improve net revenue retention

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