EDISON

PCI-PAL

Strong finish to FY26

FY26 trading update

Software and comp services

28 July 2026

PCI Pal's FY26 trading update confirmed that it closed the year with annual recurring revenue (ARR), contracted ARR (CARR), revenue and adjusted EBITDA all ahead of our forecasts. The company saw strong demand from new customers and a slightly improved gross retention rate, including securing multi-year renewals with two key customers. With a stated goal of achieving average ARR growth of 18–20% through FY27 and beyond, the company has closed FY26 well on track to meet this target. We upgrade our FY26 estimates to reflect the strong performance. Pending further detail from FY26 results in September, we maintain our FY27 forecasts.

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	EV/EBITDA (x)
6/24	18.0	0.9	(0.6)	(1.10)	0.00	N/A	32.1
6/25	22.5	2.3	0.8	0.69	0.00	63.6	12.0
6/26e	24.6	1.1	(0.7)	(0.69)	0.00	N/A	24.5
6/27e	27.2	2.2	0.1	0.10	0.00	N/A	12.4

Note: EBITDA, PBT and diluted EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

FY26 ARR +27%, CARR +24%

PCI Pal expects to report end-FY26 ARR of £24.4m and CARR of £27.5m, up 27% (29% in constant currency (cc)) and 24% (26% cc) respectively and ahead of our prior forecasts of £22.5m and £25.2m. This translates into revenue of £24.6m, 2.7% ahead of our forecast. Adjusted EBITDA is expected to be £1.1m versus our £0.7m forecast. Net cash at year-end was £4.0m, compared to our £3.9m forecast (the company has no debt). We have upgraded our FY26 forecasts to reflect the out-turn. The company notes that it entered FY27 with strong momentum and remains confident in its future prospects. We maintain our FY27 forecasts pending FY26 results, but based on the stronger year-end CARR, we see risk to the upside.

Demand drivers: Partners, US, enterprise

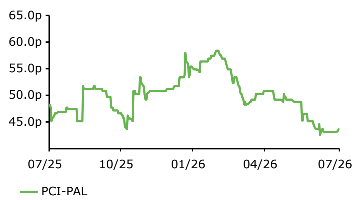
The increased investment made in marketing, the partner ecosystem and product development during FY26 is already starting to pay dividends. The company has seen strong demand for its core payment solutions for both human-to-human and conversational AI interactions. Momentum has been particularly strong in the US, where PCI Pal has a growing number of enterprise customers, and the company has closed the year with a strong sales pipeline.

Valuation: Understates the growth potential

The stock is currently trading on EV/sales multiples of 1.2x FY26e and 1.1x FY27e, at a significant discount to both global contact centre-as-a-service (CCaaS) and unified communications-as-a-service (UCaaS) vendors and UK subscription software providers despite revenue and ARR growth at the higher end of both groups. A reverse discounted cash flow analysis shows that the market is only factoring in mid-single-digit revenue growth and low-teens EBITDA margins in the medium to long term, well below the company's targets.

Price	**44.00p**
Market cap	**£32m**
Net cash/(debt) at end FY26	£4.0m
Shares in issue	72.5m
Free float	71.1%
Code	PCIP
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	(13.7)	0.0
52-week high/low		58.5p	43.0p

Business description

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

Next events

FY26 results	September

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Changes to forecasts

Exhibit 1: Changes to forecasts

		FY26e Old	FY26e New	Change	y-o-y	FY27e Old	FY27e New	Change	y-o-y
Revenues	£m	24.0	24.6	2.7%	9.4%	27.2	27.2	0.0%	10.7%
ARR	£m	22.5	24.4	8.4%	26.7%	26.3	26.3	0.1%	7.9%
CARR	£m	25.2	27.5	9.1%	23.9%	28.7	28.7	0.0%	4.4%
EBITDA	£m	0.7	1.1	68.2%	-50.8%	2.2	2.2	0.0%	97.1%
EBITDA margin		2.8%	4.6%	1.8pp	-5.7pp	8.2%	8.2%	0.0pp	3.6pp
Normalised operating profit	£m	(1.2)	(0.7)	-38.8%	-195.2%	0.1	0.1	-0.3%	-113.8%
Normalised operating margin		-5.0%	-3.0%	2.0pp	-6.4pp	0.4%	0.4%	0.0pp	3.3pp
Reported operating profit	£m	(1.6)	(1.1)	-29.0%	N/A	(0.2)	(0.2)	0.1%	-82.3%
Reported operating margin		-6.6%	-4.6%	2.0pp	-3.7pp	-0.7%	-0.7%	0.0pp	3.9pp
Normalised PBT	£m	(1.2)	(0.7)	-39.3%	-189.2%	0.1	0.1	-0.2%	-116.2%
Reported PBT	£m	(1.6)	(1.1)	-29.3%	N/A	(0.2)	(0.2)	0.1%	-83.4%
Normalised net income	£m	(0.8)	(0.5)	-39.3%	-189.2%	0.1	0.1	-0.2%	-116.2%
Reported net income	£m	(1.1)	(0.8)	-29.3%	N/A	(0.1)	(0.1)	0.1%	-83.4%
Normalised basic EPS	p	(1.14)	(0.69)	-39.3%	-188.9%	0.11	0.11	-0.2%	-116.2%
Normalised diluted EPS	p	(1.14)	(0.69)	-39.3%	-199.7%	0.10	0.10	-0.2%	-114.4%
Reported basic EPS	p	(1.52)	(1.08)	-29.3%	N/A	(0.18)	(0.18)	0.1%	-83.4%
Net debt/(cash)	£m	(3.9)	(4.0)	4.1%	4.1%	(5.0)	(5.1)	1.3%	25.9%

Source: Edison Investment Research

Exhibit 2: Financial summary

£'m	2020	2021	2022	2023	2024	2025	2026e	2027e
Year end 30 June	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT								
Revenue	4.4	7.4	11.9	14.9	18.0	22.5	24.6	27.2
EBITDA	(3.6)	(2.6)	(1.9)	(1.1)	0.9	2.3	1.1	2.2
Normalised operating profit	(4.1)	(3.3)	(2.9)	(2.3)	(0.5)	0.8	(0.7)	0.1
Amortisation of acquired intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	(0.6)	0.0	(2.3)	(0.8)	(0.7)	(0.1)	0.0
Share-based payments	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Reported operating profit	**(4.2)**	**(4.0)**	**(3.1)**	**(4.9)**	**(1.7)**	**(0.2)**	**(1.1)**	**(0.2)**
Net Interest	(0.1)	(0.2)	(0.0)	(0.0)	(0.1)	0.0	0.0	0.0
Joint ventures & associates (post tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (norm)	(4.3)	(3.5)	(2.9)	(2.3)	(0.6)	0.8	(0.7)	0.1
Profit Before Tax (reported)	(4.4)	(4.2)	(3.1)	(4.9)	(1.7)	(0.2)	(1.1)	(0.2)
Reported tax	0.2	0.2	0.2	(0.0)	0.5	0.2	0.3	0.1
Profit After Tax (norm)	**(4.0)**	**(3.4)**	**(2.7)**	**(2.3)**	**(0.7)**	**0.6**	**(0.5)**	**0.1**
Profit After Tax (reported)	**(4.1)**	**(4.0)**	**(2.9)**	**(4.9)**	**(1.2)**	**0.0**	**(0.8)**	**(0.1)**
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (normalised)	**(4.0)**	**(3.4)**	**(2.7)**	**(2.3)**	**(0.7)**	**0.6**	**(0.5)**	**0.1**
Net income (reported)	**(4.1)**	**(4.0)**	**(2.9)**	**(4.9)**	**(1.2)**	**0.0**	**(0.8)**	**(0.1)**
Basic average number of shares outstanding (m)	47	61	65	65	68	72	72	72
EPS - basic normalised (p)	(8.64)	(5.54)	(4.18)	(3.53)	(1.10)	0.78	(0.69)	0.11
EPS - normalised fully diluted (p)	(8.64)	(5.54)	(4.18)	(3.53)	(1.10)	0.69	(0.69)	0.10
EPS - basic reported (p)	(8.84)	(6.64)	(4.50)	(7.47)	(1.74)	0.06	(1.08)	(0.18)
Dividend (p)	0	0	0	0	0	0	0	0
Revenue growth (%)		67.5	62.1	25.2	20.2	25.2	9.4	10.7
EBITDA Margin (%)	(81.3)	(34.7)	(15.7)	(7.4)	4.8	10.3	4.6	8.2
Normalised Operating Margin (%)	(93.7)	(44.8)	(23.9)	(15.2)	(2.9)	3.4	(3.0)	0.4
BALANCE SHEET								
Fixed Assets	2.6	3.2	3.9	5.0	5.7	5.9	6.4	6.6
Intangible Assets	2.1	2.4	2.7	3.2	4.1	4.4	4.9	5.1
Tangible Assets	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1
Investments & other	0.4	0.8	1.0	1.6	1.5	1.4	1.4	1.4
Current Assets	6.6	10.4	9.1	6.5	9.8	9.9	10.4	12.1
Stocks	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.1
Debtors	1.3	2.1	3.0	3.5	3.6	3.8	4.2	4.8
Cash & cash equivalents	4.3	7.5	4.9	1.2	4.3	3.9	4.1	5.1
Other	1.0	0.7	1.2	1.7	1.9	2.0	2.0	2.0
Current Liabilities	(5.7)	(7.8)	(11.7)	(12.1)	(15.7)	(15.7)	(17.1)	(18.7)
Creditors	(0.7)	(0.6)	(0.7)	(1.8)	(0.7)	(1.4)	(1.6)	(1.7)
Tax and social security	(0.2)	(0.4)	(0.5)	(0.4)	(0.6)	(0.7)	(0.7)	(0.7)
Short-term borrowings	(0.6)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other	(4.2)	(6.9)	(10.4)	(10.0)	(14.4)	(13.6)	(14.7)	(16.2)
Long-Term Liabilities	(1.6)	(1.9)	(1.5)	(3.9)	(1.8)	(1.3)	(1.4)	(1.6)
Long-term borrowings	(0.7)	0.0	(0.1)	(0.0)	0.0	(0.0)	0.0	0.0
Other long-term liabilities	(0.9)	(1.9)	(1.4)	(3.9)	(1.8)	(1.3)	(1.4)	(1.6)
Net Assets	1.9	3.9	(0.2)	(4.5)	(2.0)	(1.2)	(1.7)	(1.5)
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders' equity	1.9	3.9	(0.2)	(4.5)	(2.0)	(1.2)	(1.7)	(1.5)
CASH FLOW								
Op Cash Flow before WC and tax	(3.6)	(2.6)	(1.9)	(1.1)	0.9	2.3	1.1	2.2
Working capital	1.9	2.7	1.5	1.1	1.3	(0.3)	1.1	1.1
Exceptional & other	(0.0)	0.1	(1.1)	(2.0)	(0.8)	(0.7)	(0.1)	0.0
Tax	0.2	0.2	0.2	(0.0)	0.5	(0.0)	0.3	0.1
Net operating cash flow	(1.5)	0.4	(1.3)	(2.0)	1.9	1.2	2.5	3.4
Capex	(1.3)	(1.0)	(1.3)	(1.7)	(2.0)	(1.8)	(2.3)	(2.4)
Acquisitions/disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net interest	(0.1)	(0.2)	(0.0)	(0.0)	(0.0)	0.1	0.0	0.0
Equity financing	4.6	5.3	0.0	0.0	3.4	0.1	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Net Cash Flow	1.6	4.5	(2.6)	(3.7)	3.2	(0.4)	0.2	1.0
Opening net debt/(cash)	(1.5)	(3.0)	(7.5)	(4.8)	(1.1)	(4.3)	(3.9)	(4.0)
FX	0.0	0.0	0.0	0.0	0.0	0.1	(0.1)	0.0
Other non-cash movements	(0.1)	0.0	(0.1)	0.0	0.0	(0.0)	0.0	0.0
Closing net debt/(cash)	(3.0)	(7.5)	(4.8)	(1.1)	(4.3)	(3.9)	(4.0)	(5.1)
Closing net debt/(cash) excluding leases	(3.0)	(7.5)	(4.9)	(1.2)	(4.3)	(3.9)	(4.1)	(5.1)

Source: PCI Pal, Edison Investment Research

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