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Pathos Communications

Media

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PR for the masses

Pathos Communications combines a differentiated pay-on-results model with proprietary AI to make effective PR accessible to small and medium-sized enterprises (SMEs). Its technology is intended to improve prospect targeting, personalise outreach and accelerate content production, expanding market penetration as well as increasing efficiency. H126 saw encouraging progress in new-client acquisitions, repeat business, profitability and cash collection. Given the 14% revenue growth delivered in H1, continued progress and the benefits of technology deployment could drive faster growth than the c 7% and c 10% implied by consensus estimates for FY26 and FY27.

Addressing a large, underserved SME market

Pathos listed on AIM in December 2025, raising c £5.0m of new capital to fund technology development, recruitment and international expansion. It targets a potential market of more than 400m SMEs, which is substantial but fragmented and underserved by traditional retainer-based PR. Pathos's productised model reduces customer risk by charging primarily when agreed coverage is delivered. Its longer-term ambition is to create a scalable global platform serving customers across a wider range of price points.

Encouraging execution since IPO

Pathos's first trading update since IPO showed encouraging progress across the key performance indicators (KPIs) most relevant to scalable growth. H126 revenue increased by 14% to $7.3m, while adjusted EBITDA rose 31% to $1.7m. Repeat customers generated 36% of revenue, up from 16% in H125, and new-client sign-ups increased by c 30% following the introduction of the new sales-management structure. Investment in sales and technology is expected to drive an acceleration from H2. Management remains confident of meeting FY26 expectations, while we see scope for upside and encouraging early evidence that Pathos can sustain operationally leveraged growth.

Valuation: Growth potential at value-stock multiples

At 27.5p, Pathos has a market capitalisation of c £18m, with current forecasts implying approximately 5x FY26 EV/adjusted EBITDA and 10x adjusted P/E, falling further in FY27. These value-stock multiples appear to assign limited credit to the addressable market, technology or potential scalability. Pathos must still demonstrate sustained growth, operational leverage and cash conversion, but execution and leading indicators have been encouraging. Evidence of technology-driven sales acceleration could further drive earnings and support a re-rating.

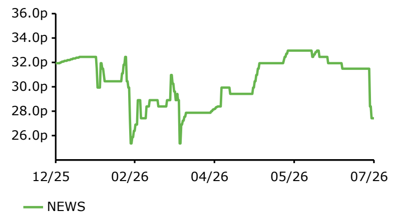
Consensus estimates

Year end	Revenue ($m)	EBIT ($m)	EBITDA ($m)	PBT ($m)	EPS (¢)	P/E (x)	EV/EBITDA (x)
12/25	13.1	2.2	2.9	2.0	2.58	14.2	6.2
12/26e	14.0	2.8	4.0	2.7	3.56	10.3	4.5
12/27e	15.3	3.1	4.8	3.1	3.99	9.2	3.8

Source: Pathos, LSEG Data & Analytics. Note: EBIT, EBITDA, PBT are adjusted, EPS is adjusted and fully diluted.

Price	**27.50p**
Market cap	**£18m**

Share price performance



Share details

Code	NEWS
Listing	AIM
Shares in issue	66.7m
Net cash/(debt) at Dec 2025	$6.3m

Business description

Pathos Communications is a technology-enabled, human-led public relations company that leverages AI to democratise SMEs' access to established news publications using a pay-on-results model. The company combines proprietary AI tools, such as PathosMind and Pressella, with expert editorial teams to deliver scalable media coverage for over 7,000 clients across 90 countries.

Bull points

- A differentiated model addressing a large addressable market.
- Execution since IPO has been encouraging, with H126 revenue up 14% to $7.3m and management confident of meeting FY26 market expectations.
- Early signs of operational leverage are evident, and a rising repeat-revenue mix reducing the cost of incremental sales.

Bear points

- Execution risk as the model remains relatively untested as a listed business, with a limited public track record and important milestones still to deliver.
- The pay-on-results structure leaves revenue exposed to conversion and collection risk.
- The SME market is highly fragmented, making efficient customer acquisition and retention critical to scaling.

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Making effective PR accessible to an underserved market

Pathos Communications is a technology-enabled, human-led PR business focused on making effective media engagement accessible and affordable for SMEs and founder-led companies. Founded in 2019 by CEO Omar Hamdi, the company has its principal operating base in Dubai and employs around 70 people. Pathos joined AIM in December 2025, raising £5.6m gross at 30p per share, of which c £5.0m comprised new growth capital. The proceeds are being invested in proprietary AI technology, additional staff and international expansion to support scalable growth.

A fundamentally different approach to traditional PR

Pathos is targeting more than 400m SMEs and founder-led companies globally, creating a very large but highly fragmented market that is difficult to reach and has relatively limited spending power. Traditional PR is poorly configured for this market: retainers are expensive, outcomes are uncertain and delivery often depends on a small number of experienced publicists with personal media relationships. As a result, many potentially newsworthy smaller businesses cannot access the credibility and visibility that established media coverage can provide.

Pathos offers a fundamentally different and highly innovative alternative to the traditional model. Its productised, predominantly pay-on-results service identifies businesses with credible stories, helps shape and produce the content, secures suitable media placement and supports clients in reusing that coverage across their sales and marketing activities. Customers primarily pay once an agreed placement has been delivered, materially reducing the cost and perceived risk of trying professional PR for the first time.

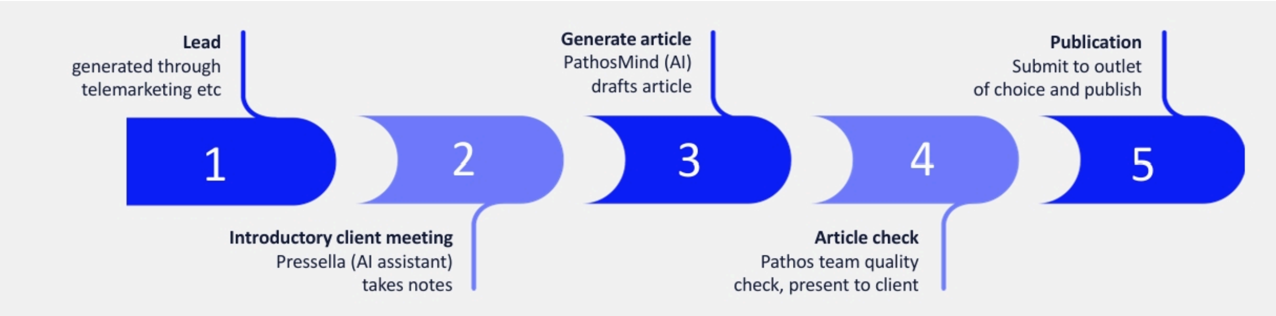
In the longer term, Pathos's ambition extends beyond operating a more efficient alternative to a PR agency. The company is investing in proprietary AI and workflow technology to automate much of the activity underlying customer acquisition, content development and account management, while retaining human involvement where judgement, trust and publisher relationships are most important. The objective is to build a scalable global PR platform capable of serving a large number of relatively small customers without requiring a proportionate increase in experienced staff.

Pathos is developing technology and workflows to transform both customer acquisition and service delivery: identifying businesses with timely stories, approaching them with more relevant and customised propositions, and potentially producing article concepts or initial drafts for prospects to review. Management is aiming to penetrate less engaged parts of the SME market and, by lowering the cost to serve, develop new offerings at different price points. The objective is therefore to accelerate market penetration and revenue growth as well as create operational leverage, while retaining human involvement where judgement, trust and publisher relationships are most important.

Increasing reach, relevance and efficiency across the customer journey

Pathos is applying technology across the customer journey, from identifying and converting prospects through content production, placement and post-publication support. At the front end, technology supports better targeting and more personalised outreach at greater scale, increasing engagement and expanding the serviceable market. During delivery, AI and structured workflows improve speed, consistency and capacity, enabling customer-facing staff to focus on understanding client objectives, applying strategic and editorial judgement and maintaining publisher relationships while serving a larger customer base.

Exhibit 1: Optimising and automation at each stage of the client journey



Source: Pathos Communications

Product development and automation central to marker development and scalable growth

The company has two key products, which are central to its scalable growth plans:

PathosMind, described by management as its 'in-house LLM AI agent', is the underlying intelligence and content engine. It monitors more than 50,000 news and social media sources for identified leads and clients, finds relevant news hooks, undertakes research and generates article ideas and initial drafts. Its outputs are integrated into Pathos's CRM, supporting both sales preparation and content production.

Pressella, described as an AI 'virtual publicist', acts as the interaction layer. It attends client meetings, captures and assesses the discussion, and draws on PathosMind's intelligence to suggest potential stories and positioning. Information gathered by Pressella can then feed back into PathosMind's research and drafting process, linking the client conversation directly with content creation.

Both tools were already in internal use at the time of the December 2025 IPO, but investment and deployment have since accelerated, supported by a dedicated development team and CTO. Early evidence includes Pressella achieving a sales-meeting booking seven times as high as human colleagues in a short controlled test, while both tools benefit from learnings accumulated across more than 370,000 client and prospect conversations. Management expects wider internal deployment to begin contributing to stronger growth from H2, ahead of targeted general availability to clients and PR agencies in H127.

Technology and automation across the customer journey

These tools are being deployed, alongside others, at several stages of Pathos's CRM-managed sales and delivery process. They automate repeatable activities and improve handovers between teams, while retaining human involvement where trust, editorial judgement, quality control and publisher relationships are critical.

- **Lead generation and conversion:** Pathos sources and filters prospects from more than 20 channels. **PathosMind** equips sales staff with relevant news hooks, research and article ideas, while **Pressella** is being tested and deployed in sales development for prospect engagement, meeting booking and call assessment. The deployment of technology is key to increase meeting volumes and conversion while reducing acquisition costs.
- **Client discovery and content production: Pressella** captures and assesses the introductory client discussion, with the resulting information feeding into **PathosMind's** research and drafting process. Human staff then refine the positioning, check quality and accuracy, and secure client approval. This should shorten turnaround times and increase content capacity.
- **Media placement:** This stage is purposely more human led, to retain trusted relationships with publishers. Pathos selects an appropriate publication based on the client's objectives, contractual commitment and likely impact. Experienced staff assess editorial fit and manage publisher relationships, while publishers retain editorial control. Technology supports the surrounding workflow, but neither AI product currently replaces human placement judgement. The company recently entered into a strategic 24-month agreement with one of the 'Big Three' US news periodicals with no minimum commitment from Pathos, while the publisher has committed to publishing up to 2,000 articles for Pathos clients.
- **Customer success and repeat engagement:** Supported by a custom CRM, Pathos coordinates client requirements, timing, payments and publication selection through structured workflows. Following publication, it helps clients reuse their coverage and identifies further opportunities, including articles, podcasts, television, books and Pathos Priority membership. More systematic follow-up should increase repeat revenue, lifetime value and revenue visibility.

Financial model: New customers, repeat sales and operational leverage

Unlike traditional agencies, which generally charge retainers without guaranteeing coverage, Pathos predominantly operates a success-based, pay-as-you-go model in which customers pay when an agreed placement is delivered. Its service extends beyond placement to include story identification, content development and post-publication support. A standard written placement has historically cost c $5,000, while Pathos Priority combines a c $1,000 annual fee with a reduced placement price of c $3,500. Established customers may also purchase larger packages upfront.

Pathos's large, underpenetrated market provides a high ceiling for growth, but execution depends on identifying, converting and retaining suitable customers efficiently. High gross margins, lower acquisition costs on repeat business and increasing automation should also allow revenue to grow faster than the cost base. The clearest measures of progress are:

- **New customer sales:** Customer numbers and sales values indicate Pathos's ability to penetrate its fragmented market. Meeting bookings, conversion rates and customer-acquisition costs should demonstrate whether PathosMind and sales automation are improving targeting and productivity.
- **Repeat sales:** Repeat customers and revenue validate the value proposition and increase customer lifetime value. Subsequent purchases should require less sales expenditure, while upfront packages improve revenue visibility, cash flow and working-capital characteristics.
- **Operational leverage:** Successful acquisition and retention, combined with automation across sales and delivery, should allow revenue to outpace costs. This should be reflected in revenue per employee, adjusted EBITDA margins and cash conversion.

Encouraging progress across the KPIs since IPO

H126 trading sustained the positive trends seen in FY25, providing encouraging evidence that Pathos is both expanding customer acquisition and increasing customer lifetime value – the two principal drivers of scalable growth. Revenue increased by 14% to $7.3m following 15% growth in FY25. Repeat customers generated 36% of revenue, 30% in FY25 and 16% in H125. Meanwhile, new-client sign-ups have risen by c 30% since the new sales-management structure was introduced, supported by PathosMind. Additionally, a $0.7m 12-month contract, secured in May 2026, is expected to provide revenue and EBITDA across FY26 and FY27.

Adjusted EBITDA increased by 31% to $1.7m (23% margin) despite Plc and increased investment costs. Investment in Pressella and PathosMind is capitalised and therefore not reflected in EBITDA, but cash performance was nevertheless encouraging. Receipts increased by more than 80%, bad debts fell to c 4% of revenue and net cash declined by only $0.3m to $5.9m. With the investment in the sales team and the training and deployment of Pressella broadening, management is confident of delivering accelerated growth in H2 and meeting market expectations. Given the progress already delivered in H1 and the expected acceleration, we believe that there is scope for upside.

Valuation: Significant growth potential at value-stock multiples

At 27.5p, Pathos's shares trade only modestly below the 30p IPO price, giving a market capitalisation of c £18m and an enterprise value of c £16m based on FY25 net cash. Current consensus forecasts imply EV/adjusted EBITDA multiples of approximately 5x for FY26 and below 4x for FY27, alongside adjusted P/E multiples of c 10x and 9x, respectively. These value-stock ratings give limited credit for Pathos's large addressable market, proprietary technology and longer-term scalability or the scope for upside evident in the H1 trading update.

Pathos still has important milestones to deliver, including establishing a longer listed track record and demonstrating that its technology can support growth at scale. However, the current valuation appears to reflect much of this execution risk while assigning little value to the potential upside. Post-IPO execution has been encouraging, and the leading indicators are positive. Sustained growth and evidence that technology can drive sales productivity, margin expansion and cash conversion could therefore support a re-rating.

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