

PCI-PAL

Fleshing out the growth strategy

At its recent capital markets day, PCI Pal reiterated its growth strategy as it transforms from a secure payment solutions provider to a multi-product secure engagement platform. With the ambition to become a 'rule of 40' company in the medium term, the company outlined the steps it is taking to maintain annual recurring revenue (ARR) growth of 18–20%. This includes a combination of winning new partners and enterprise customers, geographic expansion and expanding the product range to cover more of a customer's engagement with a contact centre, whether human or AI bot interaction. Profit growth is expected to come from revenue drop through and operational improvements such as self-service deployments and reduction in time to revenue for deployments.

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)	(1.10)	0.00	38.1	N/A
6/25	22.5	2.3	0.8	0.69	0.00	14.3	73.0
6/26e	24.0	0.7	(1.2)	(1.16)	0.00	48.8	N/A
6/27e	27.2	2.2	0.1	0.09	0.00	14.7	N/A

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

Expanding the addressable market

Testimonials from partners and an enterprise customer confirmed the company's strong customer support, innovative product development, reliability and ability to support revenue generation. With its existing secure payment solutions, the company has historically referenced a significant greenfield opportunity to target (c £380m ARR), but highlights that the much larger contact centre solutions market, expected to grow for at least the next five years, creates opportunities for both its current and future product suite. The first such product, for fraud screening, was launched in July and PCI Pal expects to release more products in CY26, providing an avenue for net revenue retention (NRR) to grow from the current 104% level.

Positive trading year-to-date

The company confirmed that it had seen a strong start to FY26 with good momentum across its partner ecosystem, growing sales and partner pipelines across both Europe and North America, and new business signed year-to-date in line with management expectations. The board remains confident of delivering against the plans it laid out in its FY25 results announcement in September.

Valuation: Minimal growth factored in

The stock is currently trading on EV/sales multiples of 1.4x FY26e and 1.2x FY27e, at a discount to both global CCaaS/UCaaS vendors and UK subscription software providers despite revenue and ARR growth at the higher end of the UK software group. A reverse discounted cash flow analysis shows that the market is only factoring in low single-digit revenue growth and mid-teen EBITDA margins in the medium to long term, well below the company's targets. If we assume a higher rate of revenue growth (15% in FY28 trending down to 3% by FY35) and the EBITDA margin expanding to 30% by FY30, we arrive at a valuation of 141.6p/share.

Capital markets day

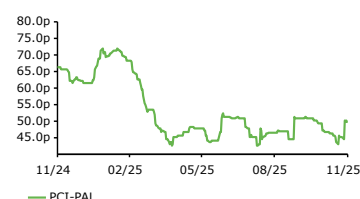
Software and comp services

17 November 2025

Price 50.50p
Market cap £37m

Net cash/(debt) at end FY25 £3.9m
Shares in issue 72.5m
Free float 89.4%
Code PCIP
Primary exchange AIM
Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	2.0	8.1	(24.4)
52-week high/low		73.0p	42.5p

Business description

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

Next events

H126 trading update January 2026

Analyst

Katherine Thompson +44 (0)20 3077 5700

tmt@edisongroup.com

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Capital markets day overview

Strategy to reach 'rule of 40'

CEO James Barham reiterated the company's strategy, highlighting that it is part-way through a transformation from a secure payment solutions leader to a multi-product secure engagement platform. As functionality is added to the platform, this supports higher potential revenue per existing customer, and supports the goal of achieving annual revenue of £50m in five years. The target is to become a 'rule of 40' company within three years (rule of 40 companies generate combined revenue growth and EBITDA margins of at least 40%). It intends to do this by doing the following:

- **More of the same:** continue to add partners and direct enterprise customers.
- **Achieve top quartile customer retention.**
- **Drive NRR above 110%** over the next two to three years, up from the most recently reported 104%.
- **Improve operational gearing.** This includes encouraging self-service solution adoption, growing digital-only sales and reducing the time to revenue (this has already come down to 4.5 months from nine months).
- **Grow the total addressable market** through a combination of geographic expansion and new product development.

Expanding market opportunity

The company outlined the current total addressable and serviceable addressable markets (TAM, SAM) based on its current secure payments solutions (Click to Pay, Key to Pay, Speak to Pay). This calculates market size based on an estimate of contact centre agents that can take payments on a global basis multiplied by an annual licence fee of just under £100 per agent.

On the assumption that there are roughly seven million such agents globally, this generates an ARR TAM of £660m. The SAM includes the geographies currently targeted (Europe, North America, Australia/New Zealand) and is nearer £450m. From this amount, the company estimates that secure payment solution providers generate c £70m in ARR with PCI Pal in the number one or two position at the most recently reported ARR of £19.3m. Management confirmed that the majority of tenders are for greenfield opportunities, as once adopted, the solutions are relatively sticky.

Through the introduction of adjacent products (discussed in more detail below), the company intends to address the wider global contact centre solutions market. According to iMarc (quoted in the presentation), the market was worth c \$30bn in 2024 and is forecast to grow to \$180bn by 2033.

Drivers of growth in this market include:

- the ongoing transition to cloud solutions;
- the availability of more solutions in the cloud;
- converged omni-channel customer experience (CX);
- hybrid working;
- SME adoption of CX solutions;
- conversational and agentic AI and automation; and
- regulatory and security evolution.

PCI Pal is currently integrated with partners that make up more than 70% of the contact centre-as-a-service (CCaaS)

market by revenue. The new products it is developing are designed to address additional parts of the customer journey, thereby expanding the opportunity beyond secure payments.

Partner-led sales process

Chief revenue officer Darren Gill outlined the sales process for PCI Pal, which is partner-driven. The company partners with resellers and introducers. Resellers are either integrated partners (including CCaaS, unified communications-as-a-service (UCaaS), communications platform-as-a-service (CPaaS) and conversational AI vendors) or solution providers (including value-added resellers, payment providers and business process outsourcers).

Partners generate c 80% of opportunities, with the company's direct sales effort, particularly focused on large enterprises, making up the remainder. The table below summarises the approach, showing the primary/secondary focus by contact centre size.

Exhibit 1: Go to market approach

Company size	Method	Number of agents
Enterprise	Direct/partner	1,000+
Mid-market	Partner/direct	100-999
Commercial	Partner	10-99

Source: PCI Pal

The company estimates that North America represents a market five times the size of the UK market and individual opportunities tend to be larger than those in the UK. Local government and healthcare are two areas where the company sees significant opportunity. Expansion across Europe is based on existing customer demand, with a partner manager and a pre-sales engineer based in Spain to spearhead growth in the region.

Customer and partner experience

An enterprise customer and several partners provided testimonials.

Enterprise point of view

The customer is European commercial systems director for a global logistics provider. He is responsible for 60 contact centres across 38 European countries, all staffed by company employees. The initial driver of adopting PCI Pal solutions more than 10 years ago was the need to reduce the risk of payment-related fraud. PCI Pal's cloud-based solution was attractive compared to competitor solutions, which required substantial amounts of hardware in each contract centre. The customer started with Key to Pay in several countries, before adopting Click to Pay. There is an ongoing roll-out to additional countries in Europe. So far, using PCI Pal has helped with the customer's revenue generation, and this metric is used to decide whether to implement solutions in additional countries. As an interesting aside, the US tariffs situation has driven increased demand for licences in the US, as customer support interactions have significantly increased with the removal of de minimis limits.

The customer commented that it had never had to raise a support ticket and has experienced good support from the company over the life of the relationship. As it is migrating its own contact centre systems from on-premise to the cloud, PCI Pal's cloud solution easily fits into the new set-up.

Partner point of view

Factors highlighted by partners included PCI Pal's alignment with their sales and marketing efforts, the pace of innovation of products, and the importance of security to their end customers.

Product roadmap

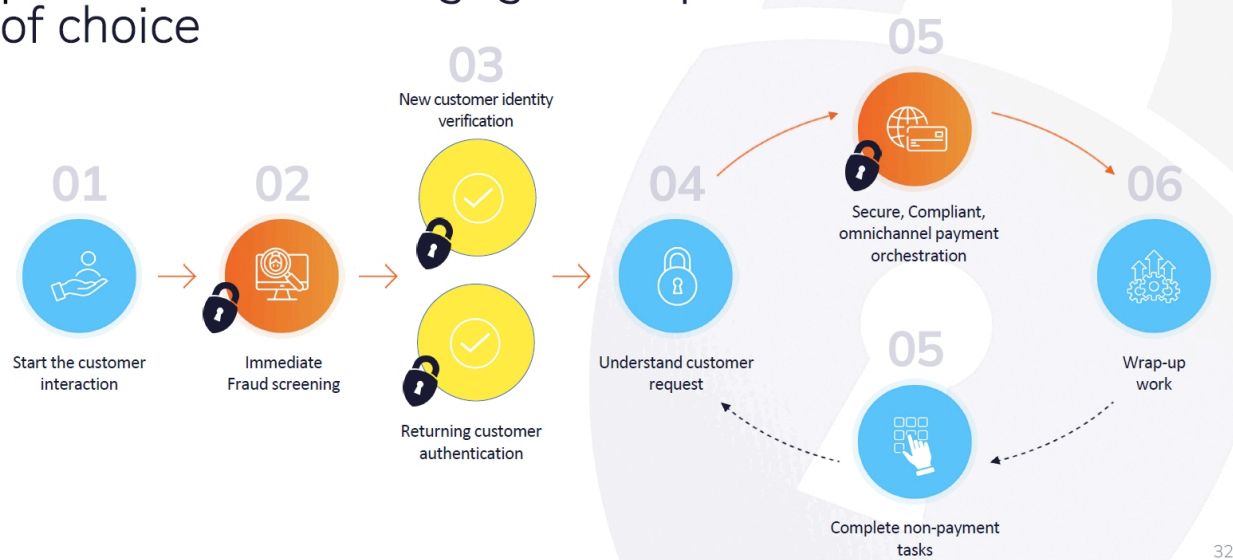
Alessandro Dalla Volta, VP products, outlined plans to develop adjacent products to capture value within a customer engagement (see Exhibit 2). The goal is to provide partners and direct customers with a single integration to PCI Pal's platform to access different functionalities, governed by one platform contract.

Functions that the company believes it is well-placed to offer include fraud screening (a product was launched in July), customer authentication and data analysis. Fraud screening could take place as soon as a contact is initiated or just prior to a payment being made. Customer authentication includes verifying a new customer's identity or authenticating an existing customer when they make contact. By providing data analytics for each function provided, PCI Pal and its

partners and customers should be able to assess how each of these functions is being used and adjust contract prices accordingly. For some of these functions, PCI Pal would expect to partner with third party providers. For example, its fraud screening product is offered in conjunction with Telesign and identity verification is likely to make use of one of the many existing providers such as Onfido or Jumio. We highlight that these additional functions are not just restricted to customer interactions that result in a payment, widening the use cases for PCI Pal's platform.

Exhibit 2: PCI Pal's product positioning within a customer interaction

Transforming into the unified, AI powered, secure engagement platform of choice



Source: PCI Pal

The company was keen to emphasise that it aims not to compete with partners' product development. In some cases, partners already provide some of the functionality that PCI Pal is proposing, but offer it via additional solutions, whereas PCI Pal's offering would be integrated into the partner's solution. Management noted that some partners had historically undertaken the secure payments function themselves, but were happy to outsource it to PCI Pal in order to focus on their core product.

The fraud screening product launched in the summer has a number of customers that have just started using it and several partners have signed up to onboard it. The company sees a potential 20–25% uplift to licence values, but obviously the overall impact on NRR will depend on the rate of adoption of the product. Adjacent products are not considered for development unless they can drive at least a 10% uplift to customer licence fees.

Exhibit 3: 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	24.0	27.2
EBITDA	(3.6)	(2.6)	(1.9)	(1.1)	0.9	2.3	0.7	2.2
Normalised operating profit	(4.1)	(3.3)	(2.9)	(2.3)	(0.5)	0.8	(1.2)	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)	0.0	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)	(1.5)	(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	(1.2)	0.1
Profit Before Tax (reported)	(4.4)	(4.2)	(3.1)	(4.9)	(1.7)	(0.2)	(1.5)	(0.2)
Reported tax	0.2	0.2	0.2	(0.0)	0.5	0.2	0.5	0.1
Profit After Tax (norm)	(4.0)	(3.4)	(2.7)	(2.3)	(0.7)	0.6	(0.8)	0.1
Profit After Tax (reported)	(4.1)	(4.0)	(2.9)	(4.9)	(1.2)	0.0	(1.1)	(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	(0.8)	0.1
Net income (reported)	(4.1)	(4.0)	(2.9)	(4.9)	(1.2)	0.0	(1.1)	(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	(1.16)	0.10
EPS - normalised fully diluted (p)	(8.64)	(5.54)	(4.18)	(3.53)	(1.10)	0.69	(1.16)	0.09
EPS - basic reported (p)	(8.84)	(6.64)	(4.50)	(7.47)	(1.74)	0.06	(1.45)	(0.19)
Dividend (p)	0	0	0	0	0	0	0	0
Revenue growth (%)		67.5	62.1	25.2	20.2	25.2	6.6	13.6
EBITDA Margin (%)	(81.3)	(34.7)	(15.7)	(7.4)	4.8	10.3	2.8	8.2
Normalised Operating Margin (%)	(93.7)	(44.8)	(23.9)	(15.2)	(2.9)	3.4	(5.1)	0.3
BALANCE SHEET								
Fixed Assets	2.6	3.2	3.9	5.0	5.7	5.9	6.3	6.7
Intangible Assets	2.1	2.4	2.7	3.2	4.1	4.4	4.9	5.2
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	10.2	11.8
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	4.1	4.7
Cash & cash equivalents	4.3	7.5	4.9	1.2	4.3	3.9	3.9	5.0
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)	(17.0)	(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)	(1.9)	(1.8)
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)	(1.9)	(1.8)
CASH FLOW								
Op Cash Flow before WC and tax	(3.6)	(2.6)	(1.9)	(1.1)	0.9	2.3	0.7	2.2
Working capital	1.9	2.7	1.5	1.1	1.3	(0.3)	1.2	1.3
Exceptional & other	(0.0)	0.1	(1.1)	(2.0)	(0.8)	(0.7)	0.0	0.0
Tax	0.2	0.2	0.2	(0.0)	0.5	(0.0)	0.5	0.1
Net operating cash flow	(1.5)	0.4	(1.3)	(2.0)	1.9	1.2	2.3	3.6
Capex	(1.3)	(1.0)	(1.3)	(1.7)	(2.0)	(1.8)	(2.3)	(2.5)
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)	(0.0)	1.1
Opening net debt/(cash)	(1.5)	(3.0)	(7.5)	(4.8)	(1.1)	(4.3)	(3.9)	(3.9)
FX	0.0	0.0	0.0	0.0	0.0	0.1	0.0	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)	(3.9)	(5.0)
Closing net debt/(cash) excluding leases	(3.0)	(7.5)	(4.9)	(1.2)	(4.3)	(3.9)	(3.9)	(5.0)

Source: PCI Pal, Edison Investment Research

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