EDISON

Spotlight — flash

Cordel Group

Software and comp services

28 January 2026

Pipeline expands by 133% despite H1 delays

While Cordel Group's H126 results reflect the impact of drawn-out procurement cycles, these deals have either closed or are expected to close in Q3 and management is confident of catching up with FY26 consensus in H2. Notably, the company's pipeline has expanded significantly and now totals c £70m, up 133% y-o-y, indicating that Cordel's investment in business development capability, new products and growing market presence is substantially enhancing long-term growth prospects.

Procurement cycles hurt H1, catch-up expected by Q3

H126 revenue fell 24% to £1.7m (-22% cc) due to delayed purchase orders from new engagements, particularly in the US and UK. The combination of operational leverage and higher operating expenses (partly due to new commercial hires) meant the EBITDA loss widened to £0.89m (H125: £0.16m loss), with loss before tax increasing to £1.00m (H125: £0.25m). Management's visibility on Q3 deal closure and a growing pipeline give confidence this is largely timing-related and prospects remain good. Cordel expects revenues to exceed FY25's £4.8m level by Q326, broadly in line with the run rate implied by the £6.2m consensus forecast (which management is confident of achieving). Cash stood at £1.0m at 31 December 2025 (30 June: £1.5m) but a stronger second half should improve H2 cash performance.

Step change in pipeline to £70m

The company's pipeline has expanded to £70m from £30m in FY25, reflecting the progress over the past 12 months and reinforcing Cordel's platform for accelerated growth. With its product set and commercial capability in place, management is prioritising larger multi-year contracts over near-term revenue. Investment in the positive train control product and the US sales team are likely to yield significant returns, with advanced discussions under way with several Class 1 railroads and meaningful FY26 revenue expected. In the UK, prospects are supported by increased track-data capture and strong delivery of the railway gauging data solution for Network Rail, while proof-of-concept work with TfL and a similar trial with Amtrak could enable expansion into metro and underground environments.

Valuation: Strategic and growth upside potential

Cordel's strategic positioning within the global rail infrastructure industry continues to strengthen. While decision cycles are protracted, investment in digitisation and safety will remain a priority, and the company's base of reference clients and deployments continues to grow. We believe Cordel's FY26 EV/sales multiple of 2.0x does not fully reflect its strategic positioning or its growth prospects.

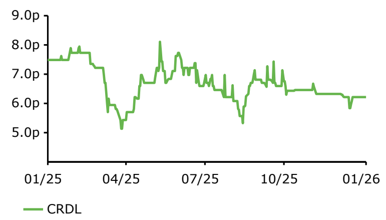
Consensus estimates

Year end	Revenue (£m)	EBITDA (£m)	PBT (£m)	EPS (p)	EV/sales (x)
6/23	3.0	(0.3)	(0.4)	(0.30)	4.2
6/24	4.4	(1.1)	(1.2)	(0.60)	2.8
6/25	4.8	(0.2)	(0.4)	(0.17)	2.6
6/26e	6.2	0.2	0.0	0.02	2.0

Source: Cordel Group, LSEG Data & Analytics

Price	6.25p
Market cap	£14m

Share price performance



Share details

Code	CRDL
Listing	AIM
Shares in issue	216.9m
Net cash/(debt) at 31 December 2025	£1.0m

Business description

Cordel Group is a technology company specialising in the automation of railway infrastructure inspections using AI and big data. Its platform integrates LiDAR, video and positioning data to provide precise, unattended sensing systems and intelligent analysis, enhancing safety, efficiency and sustainability in rail asset management.

Bull points

- Strong product and market fit.
- Growing reference customer base across geographies and use cases.
- Breakthrough multimodal AI technology expanding the market opportunity.
- Operational leverage emerging as the business scales.

Bear points

- Limited resources to invest in growth opportunity.
- Large deals are prone to slippage and the economic and political environment is slowing decision-making cycles in some geographies.
- Small in scale.

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