



# PCI Pal Interim Results Presentation

H1 FY24  
Period to 31 December 2023

# H1FY2024 Highlights

*Pathway to profitability clear, strong growth maintained*

**£8.7m**

20% INCREASE  
IN REVENUE IN  
PERIOD

**£14.7m**

EXIT ARR  
INCREASED  
23% YOY

**£17.5m**

TACV - FUTURE  
ARR INDICATOR  
UP 18%

**96%**

GROSS  
REVENUE  
RETENTION

**102%**

NET REVENUE  
RETENTION



Revenue for H1 up 20% YoY to £8.7m  
Exit run rate ARR increased 23% YoY to £14.7m  
Recurring revenue up YoY to 90% (2022: 85%)



First reporting period of adjusted EBITDA profit  
Cashflow positive exc. litigation costs  
Pathway to profit clear



Gross margins increased further to 89%  
emphasising high quality revenue streams  
(2022: 87%)



TACV up 18% YoY, with new business ACV (licenses)  
contributing £1.6m in the period, a 9% increase YoY  
(2022: £1.46m).

Strong momentum in US maintained



Customer retention up YoY to 96%;  
NRR inline with mgnt expectations at 102%



Product roadmap progress in line with expectations,  
broadening of product offering on track to be realised  
across H2.

# A Fast Growing SaaS Business

## What we do

- 1 Facilitating Secure Payments
- 2 Across All Business Communications
- 3 Voice, Chat, Social, Email, Contact Centre
- 4 Enabling Compliance: PCI DSS, GDPR & More
- 5 Cloud-only, SaaS Product-set

## Solutions Today



*Agent Assist* 6



*Digital* 6



*IVR* 6

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## Solutions Today



## Partnerships



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## Solutions Today



## Partnerships



>600 customers worldwide, including many leading brands



# Three Pillars of Strategic Growth



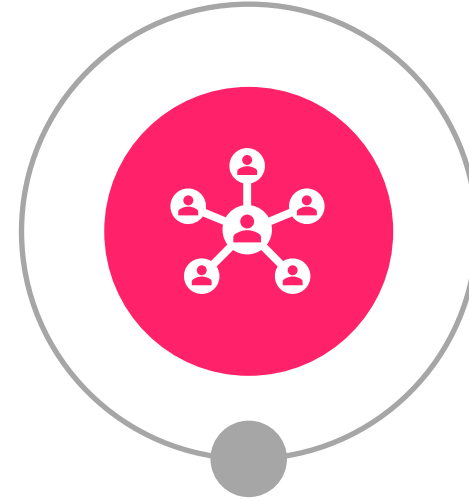
## Cloud

To lead our market in cloud-only solutions



## Global

For our solutions to be available to customers anywhere in the world



## Channel

Leveraging a sales model that by majority sells through channel partners



# Global Cloud Coverage



100% Uptime across H1FY24



## Holistic Global Approach

Holistic global view

Strongholds in UK, US, AUS

Remote-first workforce >120 across the globe

24/7 support availability

Geographic expansion opportunity to drive TAM

Product roadmap with international appeal

Delivering value to global partner eco-system

## AWS Cloud Platform

Single global platform for all services

Can deliver services anywhere in the world

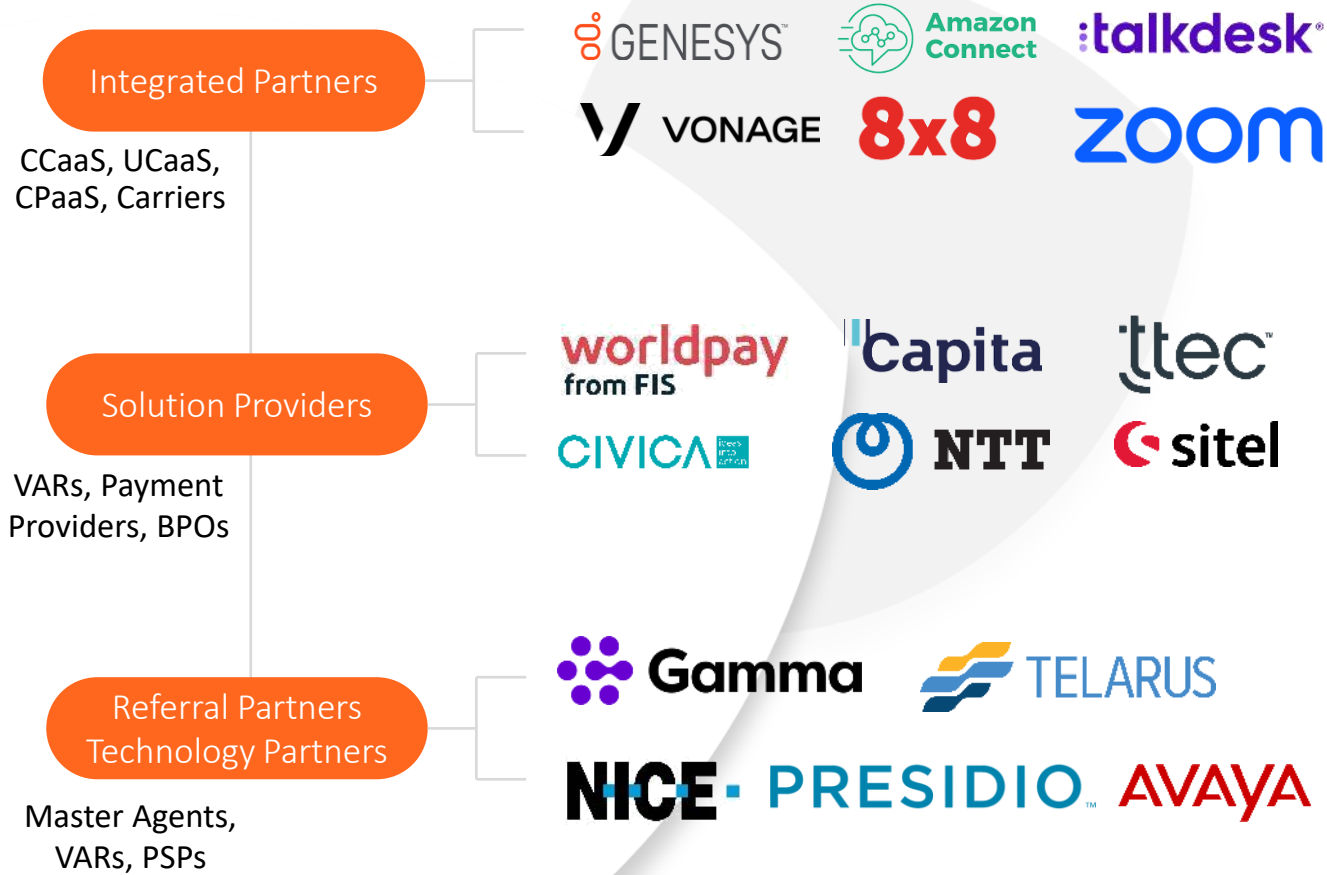
Pioneers in cloud in our market

The leaders in cloud-to-cloud integration methods

Internationally patented methods

100% uptime across H1FY24

# Partner Ecosystem Update



## The Numbers

**84% contracts through partners**  
(2022: 87%)



**87% ACV value through partners**  
(2022: 65%)



## FY24 Highlights

- Big increase in ACV value from partners YoY to 87%
- New major partnership signed with Zoom
- Zoom expected to launch in H2 across CC, UC & Video
- 100% retention of global partners for all time
- Majority of enterprise pipeline opportunities sourced through partners
- >50 partners actively contributing to sales pipeline globally
- Roll out commenced of new product enhancements



# Patent Litigation Update

## ***Substantial risk reduction from success at trial in UK***



Patent litigation with competitor, Sycurio Ltd, for last 2.5yrs. Substantial cash drain (>£3.5m to date funded from cashflow) and completely unfounded.



### ***UK victory, ruling in October 2023:***

Judge ruled that even if patent had been valid, PCI Pal's Agent Assist solution did not infringe.

PCI Pal variants, submitted to mitigate risk, also ruled as to not infringe.



Sycurio have appealed hearing scheduled for May 2024.

Trial judge awarded PCI Pal part payment of costs, £1.1 million, which is to be held on account with PCIP solicitors until appeal is heard and PCI Pal successful



PCI Pal Board remains confident of success given comprehensive victory at UK trial. Downside risk substantially reduced.



US proceedings for similar patents on-going, trial Feb-25  
Risk mitigation strong in US case due to variant options  
Even worst case scenario perceived manageable



# H1 FY24 Financials



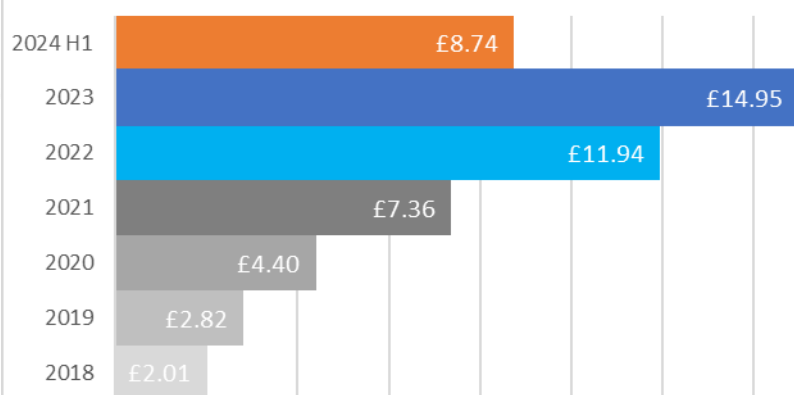
# Summary Financials

£000s	H1 FY24	H1 FY23	Change
Recurring Revenue	7,820	6,170	27%
Non-recurring revenue	920	1,090	-16%
<b>Total Revenue</b>	<b>8,740</b>	<b>7,260</b>	<b>20%</b>
Gross Profit	7,796	6,309	24%
Gross profit Margin	89.2%	86.9%	230bp
<b>Adjusted EBITDA<sup>1</sup></b>	<b>247</b>	<b>(574)</b>	<b>143%</b>
Adjusted Operating Loss <sup>1</sup>	(418)	(1,142)	63%
New ACV signed	1,600	1,470	9%
Exit TACV	17,460	14,740	18%
Exit ARR	14,690	11,920	23%
Exit Cash balance	795	1,176	-32%
Net Cash balance	545	1,176	-54%

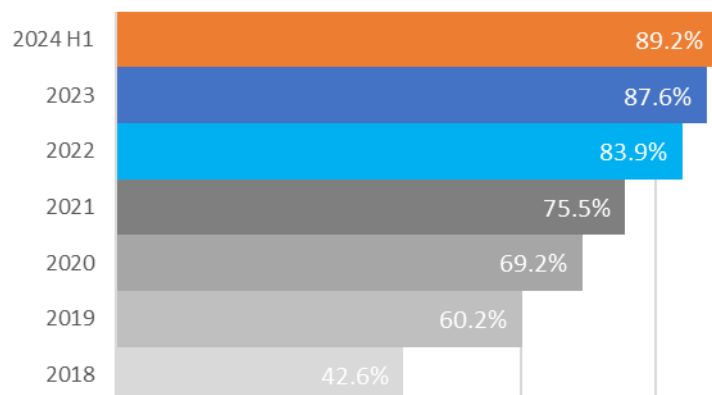
<sup>1</sup> Adjusted for exchange losses/gains recorded in the profit and loss, exceptional items and share option charges

# Financial Highlights

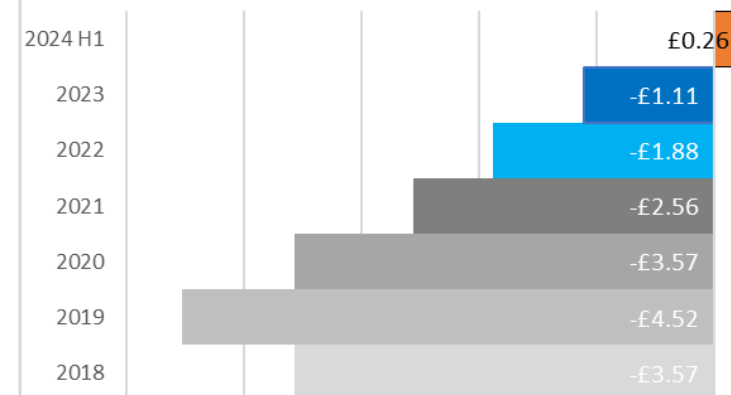
Revenue £m



Gross Margin %



Adjusted EBITDA £m



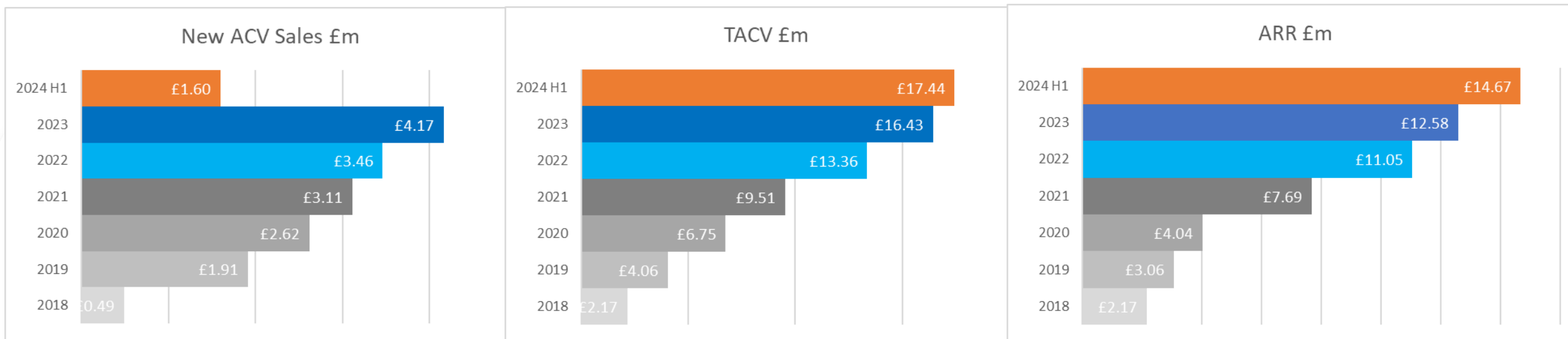
☐ Revenues continue to grow strongly up 20% as we continue to sell and deploy our solutions.

- EMEA £5.44m (+ 11%) - North America £3.07m (+ 38%) - ANZ £0.19m (+ 85%)
- Revenue from recurring contracts was 90% (H1 FY23: 85%)
- Non-recurring professional services was stable at £0.92m (H1 FY23: £1.09m)

☐ Margins continue to progress towards expected 90% level.

☐ Adjusted EBITDA now moved into profit, the first since the relaunch in 2016.

# Financial Highlights – Sales



- ❑ New ACV sales grew 9% to £1.60m (H1 FY23: £1.47m) - North America region largest contributor
- ❑ TACV grew 18% to £17.44m
  - Transactional revenues now make up only 12.8% of TACV (H1 FY23: 18.4%) as licence revenues continue to grow
- ❑ Exit ARR now at £14.67m
  - To be added are contracts in deployment of £2.06m (30 June 2023: £3.08m)
  - Positive reduction in contracts on hold reduced to £0.70m (30 June 2023: £0.77m) which is 4.0% of TACV
- ❑ Customer retention rates remain excellent at 96% (H1 FY23: 95%)
- ❑ NRR remains positive at 102% as expected (H1 FY23: 106%)

# Other Highlights

## ❑ Continued investment in people, processes and technology

- Headcount has grown from 71 (FY21) to 103 (FY22) to 114 (FY23) to 121 (H1 FY24) reflecting :
  - Increased investment in key US region, and new territories of Canada and Australia
  - Investment in product and engineering functions to drive near term retention and grow addressable market long term
  - Investment in customer success and partner management resources to drive tighter relationships with our partners and customers
- Personnel related costs now account for 76% of overheads (H1 2023: 79%)

## ❑ Patent case

- Continued unwelcomed financial distraction which due to cash drain limited our plans to expand into other geographic regions
- Total spend to date £3.4m – new total spend estimate £4.5m - £4.7m before any recovery of costs due to appeal hearing.
- Cash spend in H1 FY24 £1.0m

## ❑ Underlying cashflows

- Underlying cashflow in H1 FY24 was positive £0.38m – adjusted for the £1.00m cash cost of the patent case
- Current positive cashflow from operations is being used to pay on-going patent case fees
- Finished period with £0.80m of cash and £0.25m drawn on HSBC facility.
- Maximum HSBC facility is £3m and is currently undrawn. The availability of the facility fluctuates based on the level of assets and liabilities at the time of drawing.





# PCI Pal Product Update



# Product Update



Numerous existing and new customers using enhanced speech recognition solution launched end FY23



Roadmap progress in period on track with various product enhancements now in the market at MVP stage or going through partner enablement. These include:



- New user interface now live and due for GA in H2
- Substantial upgrade to payment service provider integration capabilities, expected to reduce TTGL and effort required to on-board new PSPs
- Availability of digital payment methods in new UI, such as ApplePay and GooglePay to new UI
- Improved data analytics, launched internally for customer success usage tracking of accounts. Due for launch to customer side in H2. Improved reporting and data analytics.



Artificial Intelligence roadmap has progressed with anticipation of launches in FY25 across:

- ☐ Improved data analytics around CX and payments touch points
- ☐ New data insights to increase customers' revenue & reduce costs
- ☐ Customer journey tracking to automate improvements to flows, and drive CC efficiencies.

# Outlook



FY24 expected to be milestone year for PCI Pal, with strong progress so far on path to profitability



First cashflow positive year expected in FY24



Driving deeper, strong relationships across our growing partner eco-system to enhance growth opportunity



Full launch of new product enhancements and features that will begin to transform PCI Pal offerings



Successful completion of UK side of patent case expected



# Appendices

# Disclaimer

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# Income Statement

	H1 FY24	H1 FY23	Change	Comment
	£000s	£000s	%	
Revenue from recurring contracts	7,817	6,172	27%	
Other revenue	919	1,087	15%	
Total revenue	8,736	7,259	20%	
Cost of sales	(940)	(950)	-1%	
Gross Profit	7,796	6,309	24%	
Gross Staff Costs	(6,269)	(5,854)	-7%	Head count from 108 to 121
Staff costs capitalised	874	698	25%	
Other Expenses	(2,995)	(2,470)	-21%	includes exchange movements, exceptional costs and options – see below
EBITDA	(594)	(1,317)	55%	
Depreciation and Amortisation	(665)	(568)	-17%	
Loss from Operations	(1,259)	(1,885)	33%	
Exchange losses/(gains) recognised	67	182		
Exceptional costs	635	433		
Expenses relating to share options	139	128		
Adjusted Operating loss	(418)	(1,142)	63%	
Depreciation and Amortisation	665	568		
Adjusted EBITDA	247	(574)	143%	



# Cashflow

	H1 FY24	H1 FY23
	£000s	£000s
EBITDA	(594)	(1,317)
Other non cash movements	201	260
Decrease/(increase) in trade and other receivables	514	(1,855)
Decrease in trade and other payables	(1,445)	(224)
Increase in deferred income	1,122	911
Cash used in operating activities	(202)	(2,225)
Income tax received	535	-
Net interest (paid)/received	(37)	(1)
Purchase of property plant and equipment	(30)	(34)
Development expenditure capitalised	(874)	(732)
Gross cash used in business before financing	(608)	(2,992)
Cash used in defence of patent case	1,001	347
Underlying cash used in business before financing and patent case	393	(2,645)
Cash at start	1,169	4,888
Used in business - per above	(608)	(2,992)
Lease repayment	(22)	(20)
Net equity fundraise	6	-
Net borrowing drawn/(repaid)	250	-
Cash at end	795	1,876
Maximum debt facility <sup>1</sup>	3,000	-
Cash and debt facility	3,795	1,876

<sup>1</sup> Subject to asset ratio test covenant limits and cap on the facility.

# Balance Sheet

	H1 FY24	H1 FY23	
	£000s	£000s	
Fixed assets	3,639	3,060	
Trade Debtors	3,691	4,651	
Other receivables	2,737	2,371	Primarily deferred contract commissions
Cash and cash equivalents	795	1,876	
Total Assets	10,862	11,958	
Deferred revenue	(12,942)	(11,527)	
Trade and other payables	(2,335)	(1,908)	Including patent case fee invoices
Bank Borrowing	(250)	-	
Net Assets	(4,665)	(1,477)	
Share capital and premium	14,943	14,937	
Share based payment reserve	1,061	778	
Currency reserve	(222)	(507)	
Retained losses	(20,447)	(16,685)	
Equity attributable to shareholders	(4,665)	(1,477)	

# PCI Pal Advisory Committee



**Emilia D'Anzica - Advisor**

**Appointment Date: 1<sup>st</sup> September 2021**

With more than twenty years of customer success experience, Emilia is Managing Director of Growth Molecules, a management consulting firm focused on customer success. Previously, Emilia has held senior positions, and has been an early-stage employee, at several successful high-growth SaaS companies including WalkMe, the Forbes Cloud 100 unicorn, where she was VP of Customer Engagement. Emilia is based in the San Francisco Bay area, US.



**Jay Patel - Advisor**

**Appointment Date: 1<sup>st</sup> September 2021**

Jay Patel is a results-driven global executive with more than 25 years experience developing and executing growth strategies and developing innovative products and technology. Most recently Jay served as Chief Product Officer for Vonage Inc, a leading global cloud communications provider. Jay has also held various leadership roles with Motorola Mobility including leading engineering teams and leading the corporate strategy function. Jay is based in Chicago, US.



**Neira Jones – Advisor**

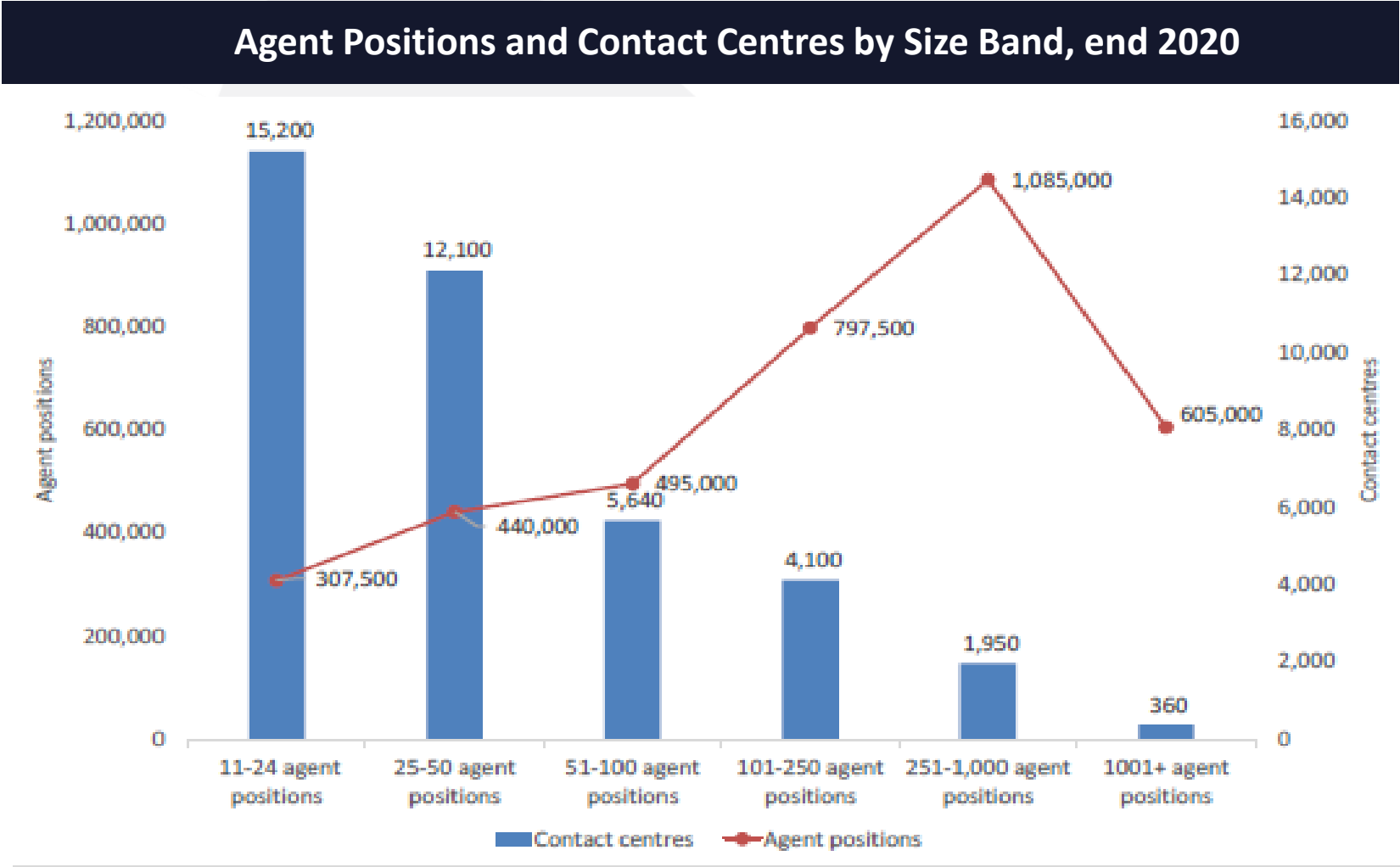
**Appointment Date: 1<sup>st</sup> September 2020**

With more than 20 years in financial services & technology, Neira advises organisations on payments, fintech, regtech, cyber & information security, regulations & digital innovation. She always strives to demystify the hype surrounding current issues and is a professional speaker and industry commentator. She holds a number of NED and advisory positions and has received numerous industry awards. She has previously worked for Barclaycard, Santander, Abbey National, Oracle Corp. and Unisys. Neira is UK based.

# Company History

- ❑ FY2011 – PCI Pal Concept Conceived within IPPlus PLC
- ❑ FY2013 – First Gen PCI Pal privately hosted platform launched in UK
- ❑ FY2016 – Commenced build of true-cloud AWS PCI Pal Platform
- ❑ FY2017 – Sold Group's call centre businesses raising £6.7 million, renamed group PCI-PAL PLC
- ❑ H1 FY2018 – Achieved PCI DSS compliance of true-cloud AWS platform across UK and Ireland
- ❑ H2 FY2018 – Raised £4.95 million for North America expansion
- ❑ H2 FY2018 – Extended PCI Pal's AWS Platform to US and Canada regions
- ❑ H1 FY2019 – First contract through reseller relationship with leading Canadian Telco
- ❑ H1 FY2019 – Signed first customers in Australia through existing global partners
- ❑ H2 FY2019 – Launched global Partner Program
- ❑ H2 FY2019 – Extended PCI Pal's AWS Platform to Germany and Australia regions
- ❑ H2 FY2020 – Launched PCI Pal Digital solution
- ❑ H2 FY2020 – Raised £5.0 million from existing institutions to fund working capital and expansion
- ❑ H1 FY2021 – Launched PCI Pal Speech solution
- ❑ H2 FY2021 – Raised £5.5 million from new and existing institutions to fund international expansion
- ❑ H1 FY2022 – Announced partnership with Amazon Connect, with availability of PCI Pal services on AWS Marketplace
- ❑ H2 FY2022 – US patent approved for innovative methods PCI Pal uses to seamlessly integrate to call flows and capture data securely
- ❑ H1 FY2023 – PCI Pal launches Pay By Bank Open Banking solution, the first of its kind in business communications
- ❑ H2 FY2023 – PCI Pal patents now granted in US, EU, UK, Australia, and New Zealand covering majority of its call integration methods

# US Contact Centres & Agent Positions



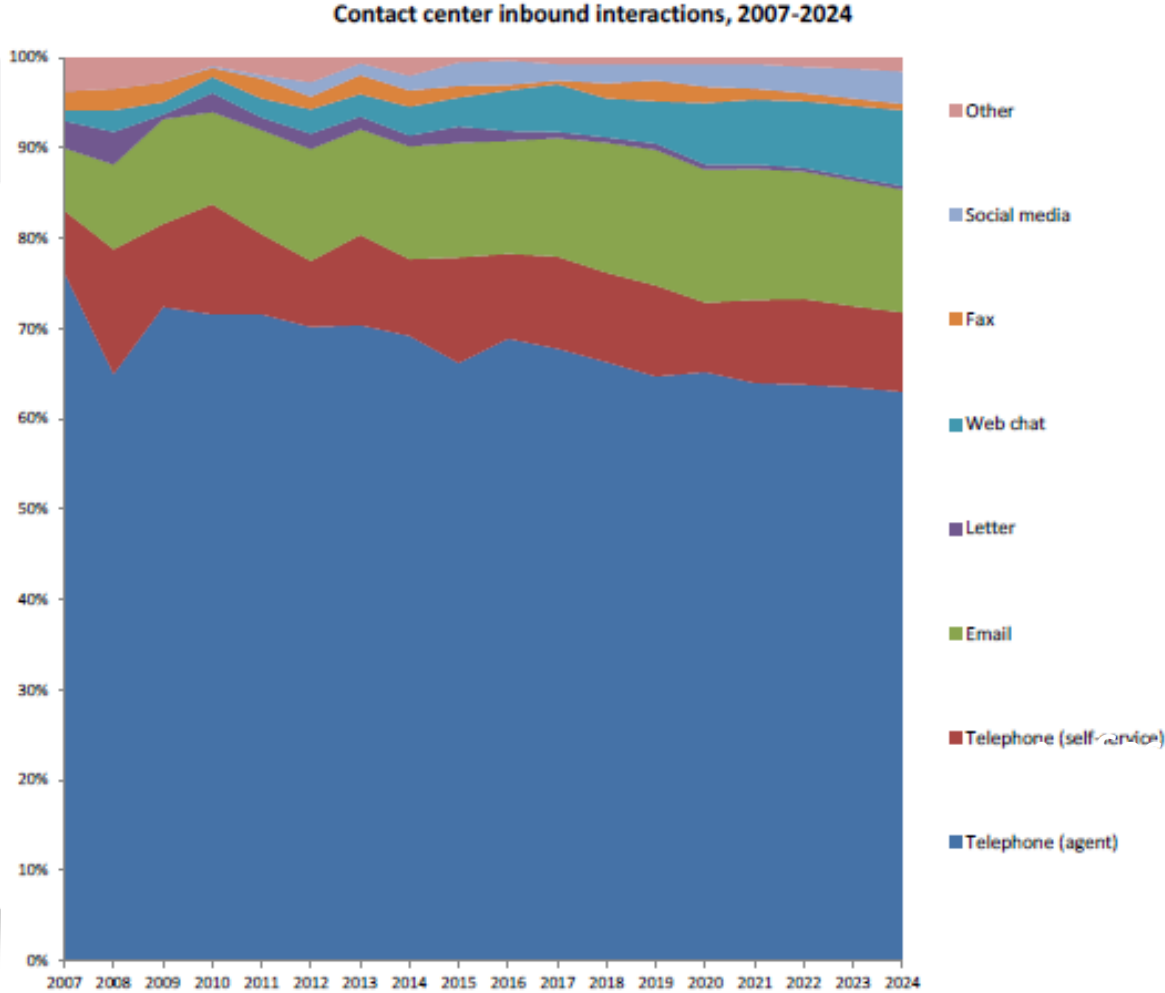
# US Contact Centre Agent Positions

## Agent Positions and Contact Centres by Size Band, end 2020

Year	Agent positions	Net annual change (APs)
2004	3,115,000	-
2005	3,090,000	- 25,000
2006	3,070,000	- 20,000
2007	3,146,750	76,750
2008	3,203,500	56,750
2009	3,100,000	- 103,500
2010	3,080,000	- 20,000
2011	3,125,000	45,000
2012	3,195,000	70,000
2013	3,315,000	120,000
2014	3,430,500	115,500
2015	3,485,000	54,500
2016	3,545,000	60,000
2017	3,595,000	50,000
2018	3,625,000	30,000
2019	3,660,000	35,000
2020	3,730,000	70,000
2021	3,710,000	- 20,000
2022	3,700,000	- 10,000
2023	3,685,000	- 15,000
2024	3,670,000	- 15,000



# US Contact Centres Channel Mix



# Digital Payment Growth

## Europe shows the highest growth in Digital Payments

Market sizes: regional comparison (1/2)

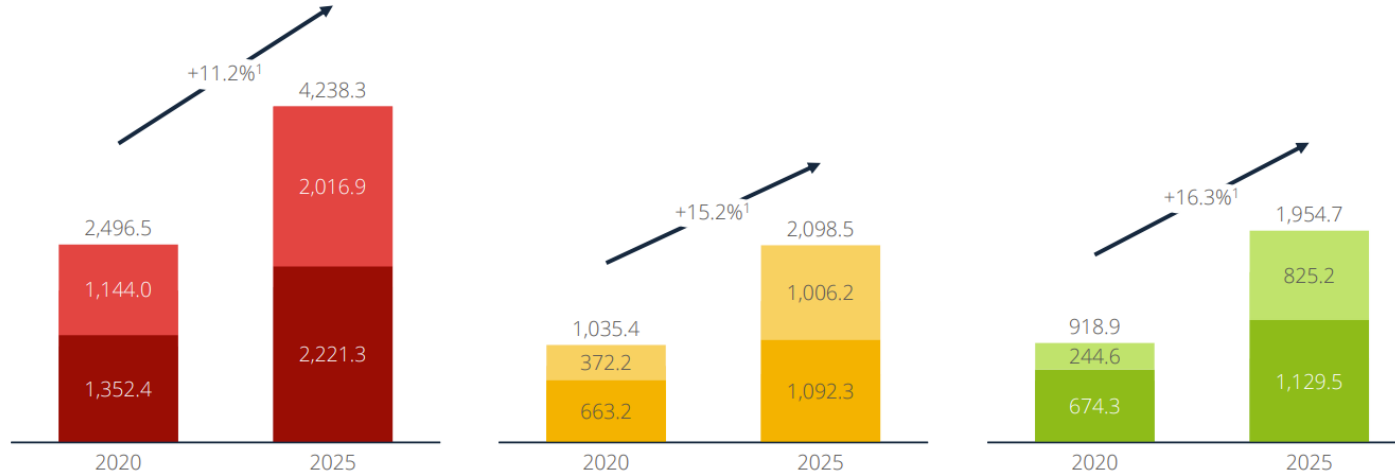
Transaction value forecast in billion US\$

■ Digital Commerce ■ Mobile POS Payments

China

United States

Europe



FinTech report 2021 - Statista