



PCI Pal Results Presentation FY21 Interims

Half year ended 31 December 2020



PCI Pal Results Presentation FY21 Interims

Half year ended 31 December 2020



James Barham
CEO



William Good
CFO

Disclaimer

This Presentation has been prepared by, and is the sole responsibility of, PCI-PAL plc (the “Company”). The directors of the Company have taken all reasonable care to ensure that the facts stated herein are true to the best of their knowledge, information and belief. This Presentation does not constitute, or form part of, an admission document, listing particulars or a prospectus relating to the Company, nor does it constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the Company nor shall it or any part of it, or the fact of its distribution, form the basis of, or be relied upon in connection with, or act as any inducement to enter into any contract therefor.

No reliance may be placed for any purpose whatsoever on the information contained in this Presentation or on its completeness, accuracy or fairness thereof, nor is any responsibility accepted for any errors, misstatements in, or omission from, this Presentation or any direct or consequential loss however arising from any use of, or reliance on, this Presentation or otherwise in connection with it. This Presentation may not be reproduced or redistributed, in whole or in part, to any other person, or published, in whole or in part, for any purpose without the prior consent of the Company.

Neither this Presentation nor any copy of it should be distributed, directly or indirectly, by any means (including electronic transmission) to any persons with addresses in the United States of America (or any of its territories or possessions) (together, the “US”), Canada, Japan, Australia, the Republic of South Africa or the Republic of Ireland, or to any corporation, partnership or other entity created or organised under the laws thereof, or in any other country outside the United Kingdom where such distribution may lead to a breach of any legal or regulatory requirement. The recipients should inform themselves about and observe any such requirements or relationship.

Forward-looking Statements This Presentation or documents referred to in it contain forward-looking statements. These statements relate to the future prospects developments and business strategies of the Company and its subsidiaries (the “Group”). Forward-looking statements are identified by the use of such terms as “believe”, “could”, “envisage”, “estimate”, “potential”, “intend”, “may”, “plan”, “will” or the negative of those, variations or comparable expressions, including references to assumptions. The forward-looking statements contained in this Presentation are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group’s actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward looking statements speak only as at the date of this Presentation.

Our mission is to safeguard reputation and trust.

- 1 All business communications
- 2 Compliance without compromise
- 3 PCI Compliance
- 4 Global Secure Cloud Platform
- 5 AWS Hosted in NA, EMEA, and ANZ
- 6 Channel-first sales model

Our Solutions



Agent Assist 6



Digital 6



IVR 6

Our Partners

GENESYS™

8x8 Global Cloud Communications

VONAGE

iNet

Pay360 by Capita

talkdesk®

worldpay from FIS

ORACLE Communications

CALABRIO™

NICE inContact

PayPal

puzzel.

conn3ct

AVAYA

CIVICA ideas into action

Interims to December 2020



- Strong new business sales growth**
- Significant progress across key metrics**
- Well-positioned against COVID market impacts**
- Confidence in achieving market forecasts for year**

Financial Highlights



Revenue increased 56% YoY to £3.19m (2019: £2.04m). 86% recurring revenues.



Gross margin improved to 73% (2019: 67%)



Loss before tax in line with expectations at £2.25m (2019: £2.32m)



EMEA and US adjusted EBITDA loss (excluding central costs) improved 41% at £0.88m (2019: £1.50m)



New ACV signed increased 44% YoY to £1.68m (2019: £1.17m)



Total Contracted ACV ("TACV") increased 59% YoY to £8.28m (2019: £5.21m)

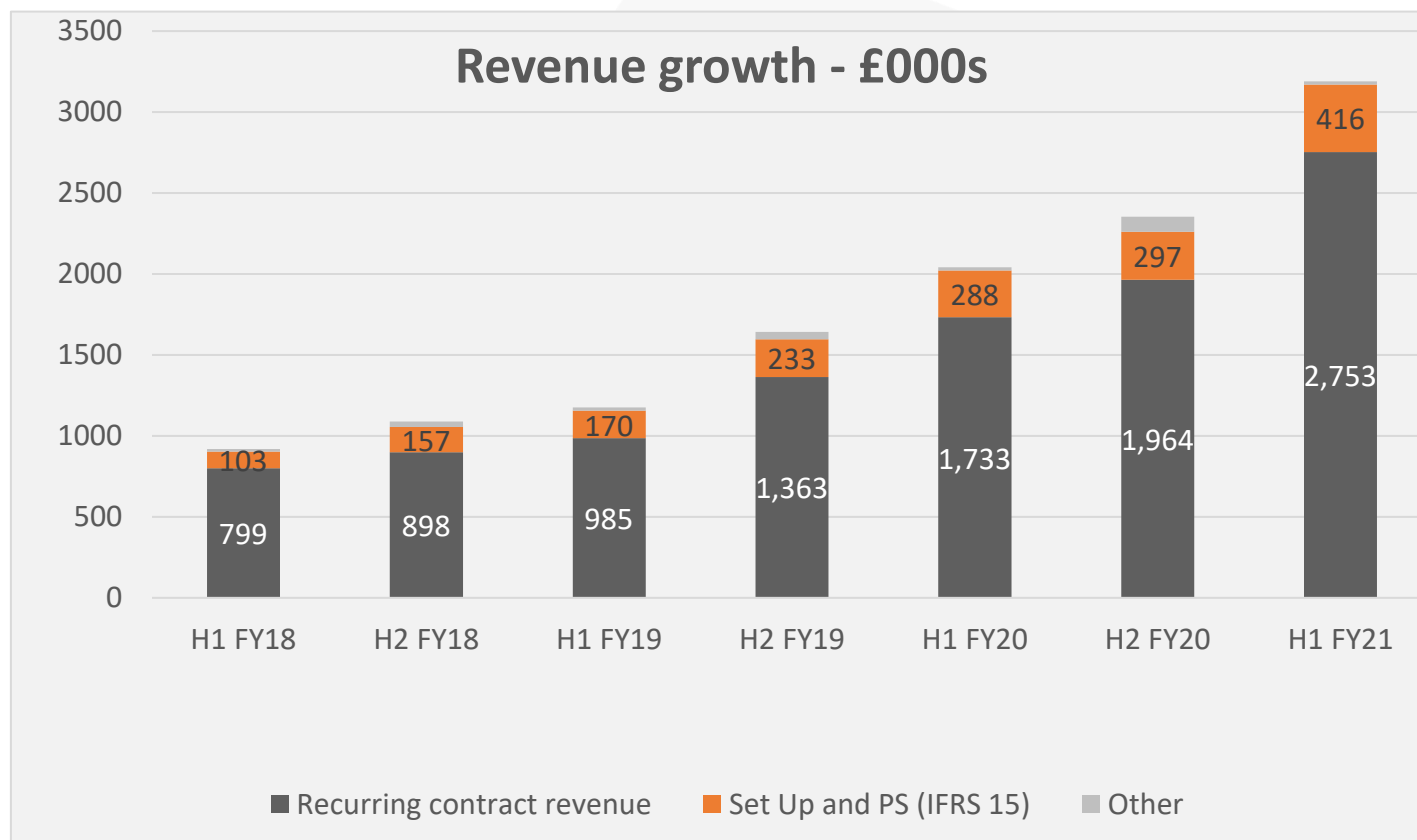


Cash of £4.23m (June 2020: £4.30m)
Net Cash £2.11m (June 2020: £3.03m)



Deferred income increased 59% to £6.36m (2019: £4.00m)

Recognised Revenue for Period

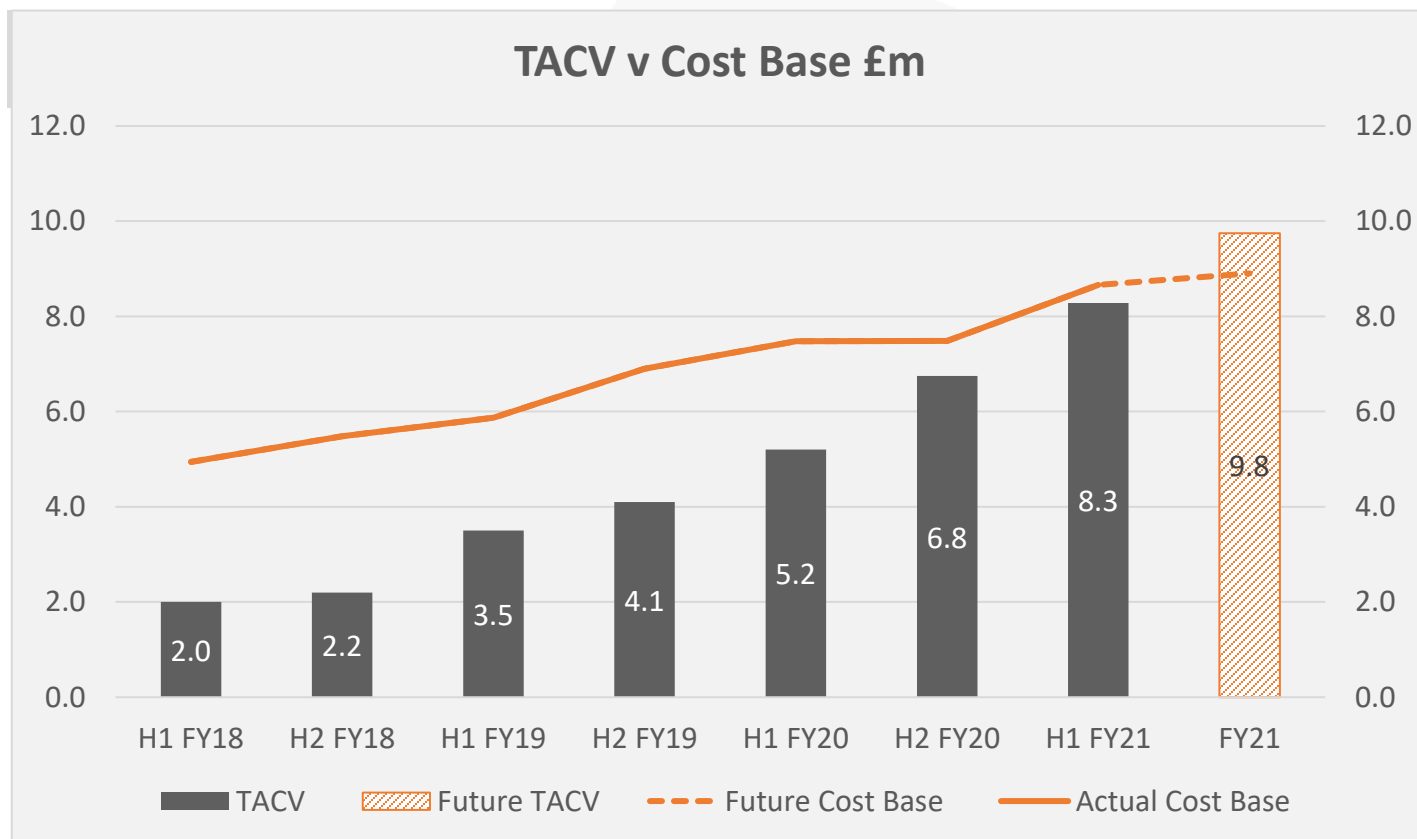


Revenue & Gross Profit

- Revenue up 35% H2 FY20 v H1 FY21 and 56% Yr v Yr
- Recurring revenue at 86% (2019: 85%)
- Professional Services release £416,000 (2019: £288,000) up 44% Yr v Yr
- New contract PS signed £0.79 m (2019: £0.65 m)
- Gross profit margin 73% (2019: 67%) reflecting growth in AWS contracts

Financial Highlights | Sales

Growth of TACV vs Cost



TACV Breakdown

- TACV: metric for sustained cash flow and profitability
- Underpins following years financial forecast revenue
- TACV of £4.1m at June 19 Vs £4.4m actual revenue to June 20 so £6.8m at June 20 equates to approximately market forecast for FY21.
- TACV up 22% since June 20 and 59% since December 19

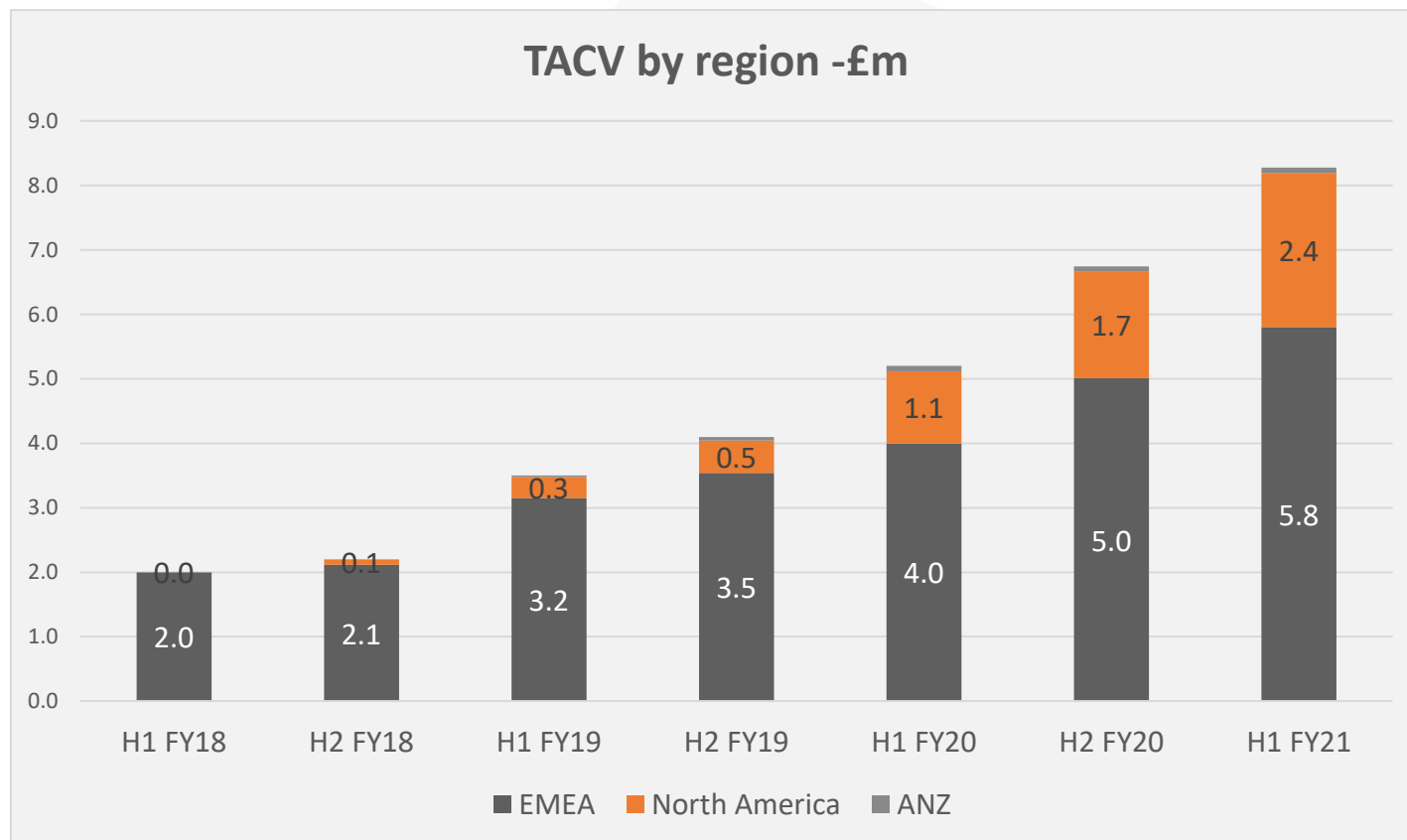
TACV is the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred revenue or still to be deployed and/or not yet invoiced

Cost base is the cost of sales plus total personnel costs and all overheads – excluding commission charged to the P & L and depreciation/amortisation

FY21 costs are calculated in reference to finnCap latest forecast while TACV for FY21 is based on FY20 finish plus underlying new expected contract and transaction sales in year

Financial Highlights | Sales

Group TACV by Region



TACV Breakdown by stage		
	Dec 20	Jun 20
Deployed and recognising revenue	£5.89m	£4.04m
In deployment	£2.12m	£2.19m
On Hold	£0.27m	£0.52m

Contracted ACV is the total annual recurring revenue of all signed contracts, whether invoiced and included in deferred revenue or still to be deployed and/or not yet invoiced

Income Statement

	H1 FY21	H1 FY20	Change
	£000s	£000s	%
Recurring revenue	2,753	1,733	59%
Other revenue	437	308	42%
Total revenue	3,190	2,041	56%
Cost of sales	(869)	(664)	-31%
Gross Profit	2,321	1,377	69%
Staff Costs	(2,946)	(2,660)	-11%
Other Expenses	(1,175)	(744)	-58%
EBITDA	(1,800)	(2,027)	11%
Depreciation and Amortisation	(346)	(249)	-39%
Loss from Operations	(2,146)	(2,276)	6%
Exchange movements	366	166	
Expenses relating to share options	71	24	
Adjusted Operating loss	(1,709)	(2,086)	18%

Highlights

- ❑ Recurring revenue continues to grow strongly making up 86% of total revenue
- ❑ Gross margin increased to 73% reflecting higher margin of AWS platform
- ❑ Underlying staff cost increase 11% reflecting full year impact of new headcount which increased from 55 to 65 employees.
- ❑ Adjusted underlying operating loss £1.71 m (2019: £2.09 m) in line with market expectation

Balance Sheet

	H1 FY21	H1 FY20
	£000s	£000s
Fixed assets	2,378	1,707
Trade Debtors	1,998	1,767
Other receivables	1,506	1,203
Cash and cash equivalents	4,228	1,478
Total Assets	10,110	6,155
Deferred revenue	(6,363)	(4,004)
Trade and other payables	(1,278)	(1,159)
Bank Borrowing	(2,120)	(1,500)
Net Assets	349	(508)
Share capital and premium	9,645	5,045
Share based payment reserve	360	205
Currency reserve	247	18
Retained losses	(9,903)	(5,776)
Equity attributable to shareholders	349	(508)

Highlights

- ❑ Fixed asset growth reflects development capitalisation
- ❑ Trade receivables:
 - 54% relate to new contract wins
 - No bad debts – 98% less than 120 days
- ❑ Deferred revenue growth reflects net new advanced billing
- ❑ Bank borrowing £2.12 million repaying at £0.1 million per month

Cash Flow

	H1 FY21 £000s	H2 FY20 £000s	H1 FY20 £000s
Operating loss	-2,146	-1,935	-2,276
Non cash movements - depreciation and amortisation	346	295	249
Non cash movements - exchange movements	433	-205	156
Non cash movements - share based payments	71	84	24
Cash Operating loss	-1,296	-1,761	-1,847
Increase in trade and other receivables	-793	238	-951
Increase in trade and other payables	-241	364	131
Increase in deferred income	1,830	529	1,551
Cash used in operating activities	-500	-630	-1,116
Income tax received	153	0	221
Bank charges and net interest (paid)/received	-108	-91	-48
Purchase of property plant and equipment	-13	-10	-23
Purchase of intangible assets	-75	-230	-66
Development expenditure capitalised	-394	-539	-465
Cash used in business before financing	-937	-1,500	-1,497
Cash at start	4,301	1,478	1,492
Used in business - per above	-937	-1,500	-1,497
Lease repayment	-16	-18	-17
Net equity fundraise	33	4,568	0
Net new borrowing	847	-227	1,500
Cash at end	4,228	4,301	1,478
Debt available to draw	0	1,250	1,250
Cash facility	4,228	5,551	2,728

Highlights

Business funded by:

- Advanced invoicing
- Cash reserve
- Debt & equity

Summary:

- ❑ Net £1.83 million of advance billing in period
- ❑ Cash used in business in period £0.94 million - including £0.15 million tax rebate
- ❑ Bank facility £1.25 million drawn £0.40 million repaid
- ❑ Period end cash of £4.23 million
- ❑ **As at 28 February 21 – cash has improved to £4.62 million**

PCI Pal Cloud



Cloud Update

- AWS Gen2 Platform launched October 2017
- Highly cost efficient
- Rapidly increasing gross margins
- Expand and scale at pace
- Cloud to cloud integration methods, and channel focused product approach
- Customers live across all PCI Pal regions
- Launched PCI Pal Digital in January 2020
- Gen1 Platform transition project commenced

Channel Update

Partner Type and Deployment Models

Integrated Partners

Platform Providers, CCaaS, UCaaS, Carriers
Highly repeatable integrations

Solution Providers

VARs, SIs, Payment Providers, BPOs
Some repeatability, some custom work

Referral Partners

Agents, Master Agents, VARs, PSPs
All deployment options, introduced deals

Technology Partners

Traditional platform providers
Accredited integrations and Interoperability

Channel Highlights

- 75% new customer contracts through channel partners (2019: 84%)
- 64% value new sales contracts through partners (2019: 47%)
- Reseller deal signed with major US IT services provider to US government (FED & SLED)
- New partnerships announced with Oracle, PayPal and Calabrio
- Expanded regional partnership to global reseller arrangement with major BPO
- Continued acceleration in new customer numbers in the period

North America Opportunity



- ❑ PCI Pal Launched in North America in Feb-18
- ❑ 37,000 contact centres with <250 agents (93% of all contact centres)
- ❑ 5 - 6 times size of UK contact centre market
- ❑ Agent numbers in region increased in 2020
- ❑ Majority of global partners and target partners HQ'd in US

North America Update

3rd financial year since
launching in region

35 New customer
logos signed
84% increase
YoY

Sales Highlights:

- 1,500+ seat, well-known NA headquartered fashion retailer (sold and live)
- Reseller agreement and first deal signed with one of largest IT Services providers to US Gov sector

TACV +106%

TACV for North America
increased YoY to
£2.47m (2019: £1.20m)

↑ Revenue for
region
represented 26%
of Group revenues
(2019: 7%)

ACV
+8% New business ACV signed increased YoY
(against strong comparator) to £0.72m
(2019: 0.67m)

74% new customers
signed through
channel partners

US HQ'd Partners
contributing globally

New partnerships
signed with
market leading
brands: Oracle
PayPal and
Calabrio

EMEA Update

ACV
+96%

New ACV sales increased YoY to £0.96m (2019: £0.49m)

Strong new business sales momentum, including major UK airline (now live) through global BPO partner

58 new customer contracts signed

Substantial 53% increase in contracts signed illustrating scale potential of our business model

Revenue up 24%

Recognised revenue for period increased YoY to £2.35m (£1.90m)

TACV
+45%

Significant YoY increase in future revenue indicator of TACV to £5.80m (2019: £3.47m)

↑50

Increased total number of public sector organisations contracted to use our services in the UK to 50

Strong sales pipeline going into H2FY21

Operations Update

Continued investment focus in People, Process, and Technology underpinning operations strategy

↑350%

Substantial increase in annual recurring revenue value of contracts live in the period to £1.80m (2019: £0.4m)

67

new customers live with PCI Pal services in the period

↑123%

YoY increase (2019: 30)

↑16%

TTGL Improved

Time To Go Live (TTGL) for customers signed in preceding 12 months at 3.7 months, a further 16% improvement on prior year (2019: 4.4 months)

High Satisfaction

NPS Score 163% of Global Benchmark

Award Winning

Highly successful project: Largest customer in US live in the period across more than 4,000 agents.

Outlook



Board confident of achieving market forecasts for the full year



Sales momentum continued since period, with 26 new customer signed to end Feb-21



New reseller partnership signed with major global IT services provider and a major Spanish telecommunications company



Go lives momentum continued with 10 customers live since period end to Feb 21



Second largest customer signed in company's history (H2FY20) now live across all contact centre locations



Successfully hosted first virtual conference, "*Payments: The future of security and CX*", Keynotes and sessions hosted by: 8x8, Vonage, Talkdesk, PayPal, Verizon, Worldpay, Civica and more.



OUR MISSION IS TO SAFEGUARD REPUTATION AND TRUST

Provide organisations globally with secure
content and data protection solutions for
communications environment
social, email, and contact



www.pcipal.com

Appendix

Mission & Vision



Mission

Our mission is to safeguard reputation and trust.

We provide organisations **globally** with secure **cloud** payment and data protection solutions for **any business communications** environment including voice, chat, social, email, and contact centre.



Vision

At PCI Pal, our vision is to be the preferred solutions provider **that technology vendors globally turn to** for achieving PCI compliance for **payments by phone**.

By dedicating ourselves to the focused pursuit of **easy to integrate and simple to deploy technology**, we will provide the most compelling **value proposition for our partners** to solve their customers' challenges in achieving compliance and safeguarding reputations.

It is our people, beyond the technology, that underpin our business. Creating an environment within which our employees can succeed ensures our **partners' success**.

www.pcipal.com/en/why-pci-pal

Company History

- ❑ Q1 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
- ❑ Q1 FY2017 – Sold Group's call centre businesses, 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
- ❑ June 2019 – Group TACV £2.17 million
- ❑ 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
- ❑ June 2019 – Transition to channel substantially complete with 84% of sales from partners
- ❑ June 2019 – Group TACV £4.06 million
- ❑ H1 FY2020 - £2.75 million of debt finance raised to fund expansion
- ❑ H2 FY2020 – Launched PCI Pal Digital solution
- ❑ H2 FY2020 – Raised £5.0 million from existing institutions to fund working capital and expansion
- ❑ June 2020 – Group TACV £6.75 million

Partner Testimonials

“As part of our mission to deliver the highest level of security and compliance to our customers we are pleased to extend our partnership with PCI Pal. 8x8 is helping to transform the way the world communicates, and we’ve worked hard to become the leading choice for businesses looking for powerful, seamless services to meet all of their communications, collaboration and customer experience needs.”

8x8

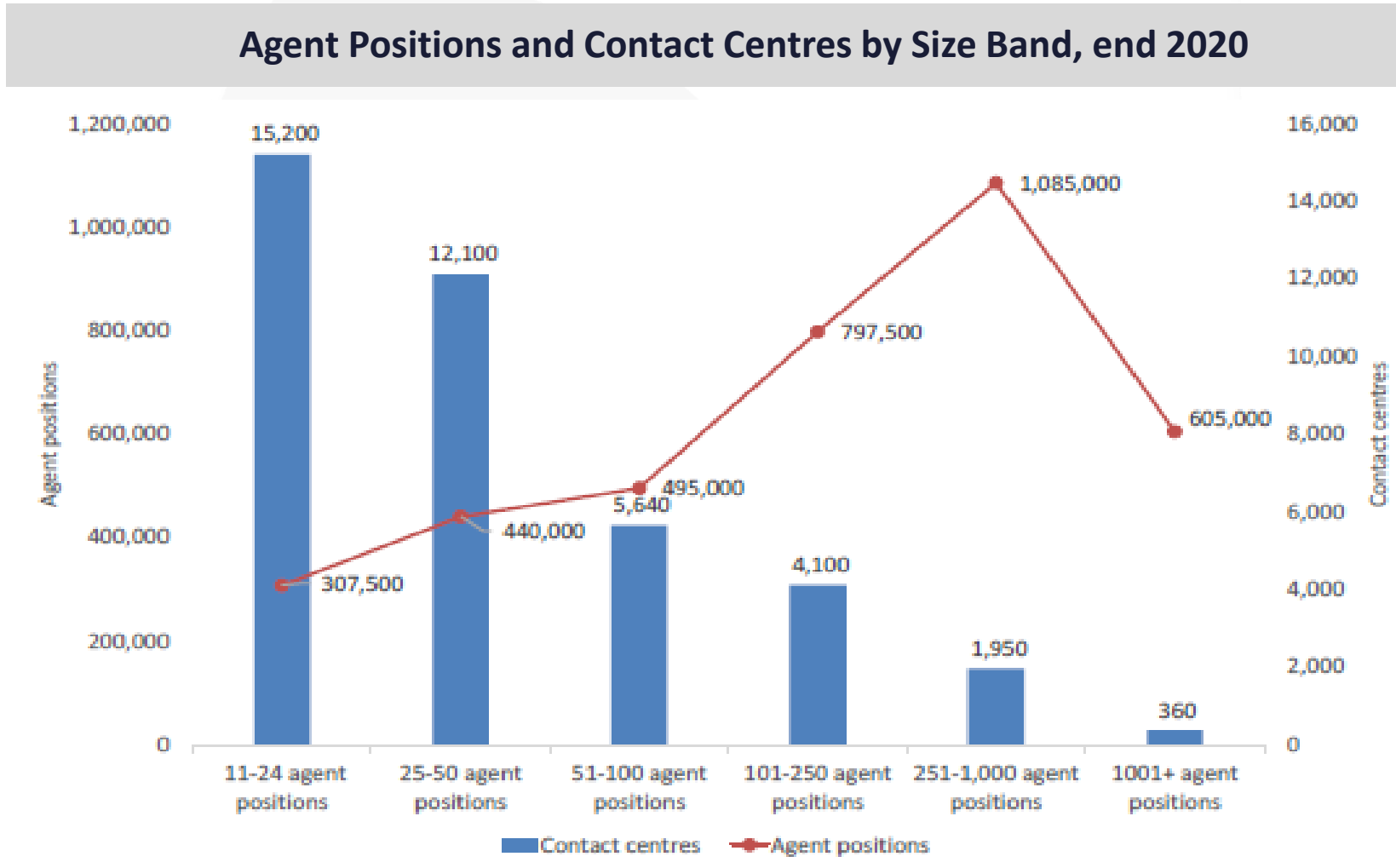
“Talkdesk understands the changing needs of today’s innovative enterprises and prides itself on creating contact centre solutions that continuously improve the customer experience, and result in increased productivity, customer satisfaction and higher cost savings. It is important to us that we also ensure the highest levels of security and compliance for our customers now more than ever, and PCI Pal allows us to do that.”

Talkdesk

“Working with PCI Pal, we are able to provide our customers with an extremely comprehensive payment solution – safe in the knowledge that they are adhering to the very latest PCI DSS compliance, with the backing of a knowledgeable, expert team.”

Civica

US Contact Centres and Agent Positions

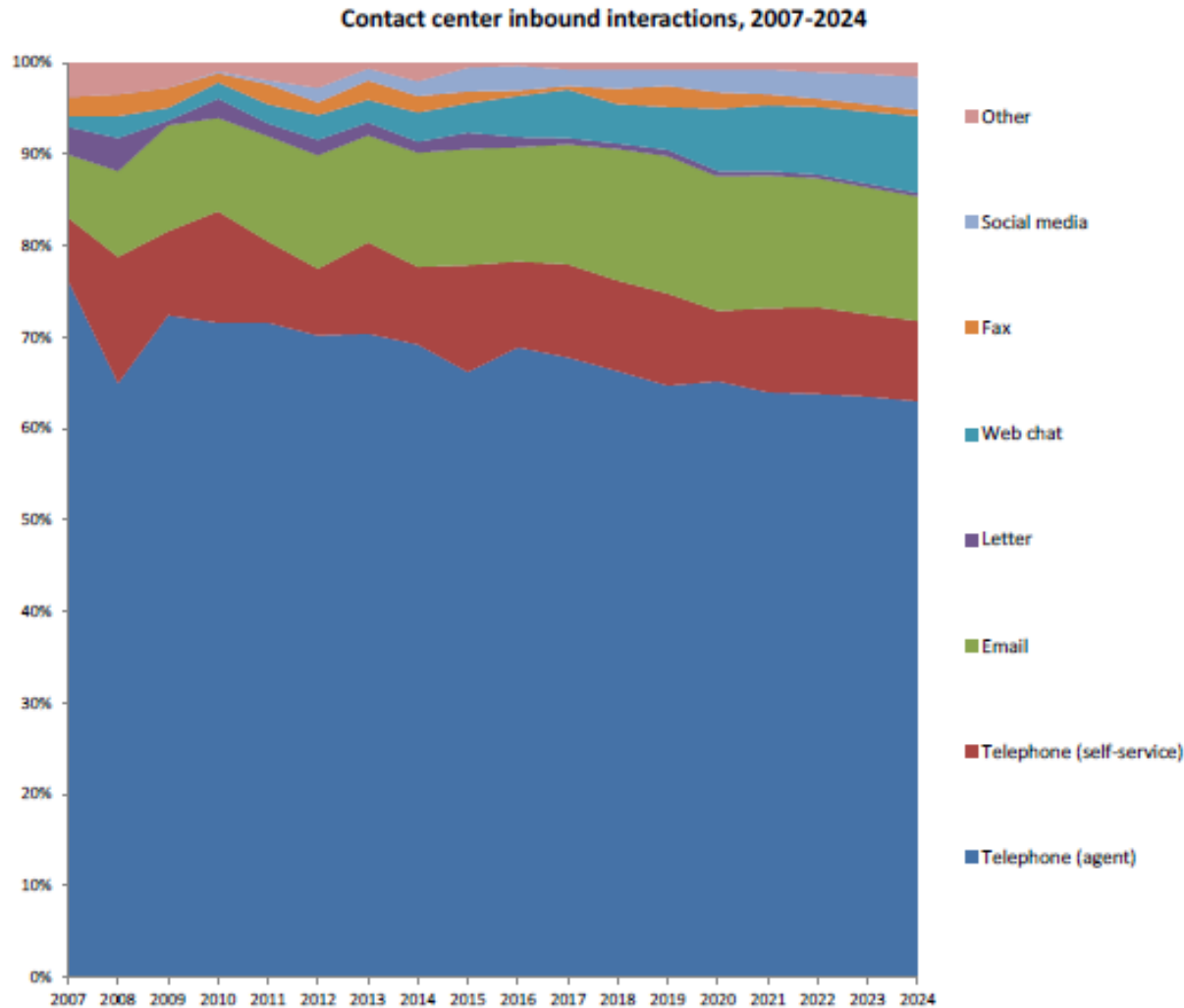


US Contact Centre Agent Positions

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



PCI Pal products secure payments across all channels where payments are handled in contact centres:

- *Telephone (agent)*
- *Telephone (self-service)*
- *Email*
- *Web chat*
- *Social Media*