

FOR IMMEDIATE RELEASE

20 January 2022

## PENNANT INTERNATIONAL GROUP PLC

### Trading Update

Pennant International Group plc (AIM:PEN) ("**Pennant**", the "**Group**" or "**Company**"), a leading global provider of training technology and integrated product support solutions, issues the following trading update for the year ended 31 December 2021 ("**FY21**"). The Company expects to publish its full-year results during May 2022.

A preliminary unaudited assessment of the Group's trading for FY21 indicates:

- revenues of circa £16 million;
- loss before interest, taxation and amortisation of circa £0.6 million;
- net debt at year-end of £3.6 million;
- three-year order book at year-end of £22 million, of which £10 million is scheduled for delivery in 2022.

As expected, trading improved in the second half of FY21 (with the Group generating positive EBITA of circa £0.4 million for the period 1 July to 31 December) albeit the improvement was lower than budgeted as a result of two material factors, detailed below.

#### MTE Programme

The challenges associated with the MTE programme were previously highlighted in the Interim Results announcement of 22 September 2021 (and included supply chain issues, residual Covid impacts, global shortages and engineering complexity).

The build of the MTE devices is now largely complete, with customer acceptance testing having commenced in November 2021.

The testing process was temporarily paused before year-end, however, testing has now re-commenced, with two of the four training devices scheduled for delivery to site in February 2022.

The programme will, accordingly, be marginally extended; management anticipates that all devices will be delivered during the first half of 2022. Delivery of the devices will enable Pennant to invoice remaining cash milestones totalling circa £2 million.

In light of this extension, and to ensure the necessary resources to deliver and finally 'close off' this contract, the Board has prudently increased internal programme budgets (including a cost allowance to deal with any remaining risks) which is fully taken into account within the year-end position.

#### Contract award timing

Pipeline conversion in the second half of FY21 proceeded in line with the Group's expectations with one exception: a software and services contract with a new customer in the commercial aviation sector was slightly delayed. The contract had been expected to be awarded to Pennant before year-end but will now fall into the current year.

The contract is worth USD\$1.1 million in the first year (and USD\$1.8 million overall); the sale of software licences under the contract had been budgeted to contribute to the Group's performance for FY21. The terms of the contract have now been agreed and it is in the process of being finalised and signed.

**Commenting on the Outlook for 2022, Pennant Group CEO, Phil Walker said:**

“2021 was a challenging year for Pennant given the continued impact of the Covid-19 pandemic on our business sector and the wider global economy.

It is therefore pleasing that momentum has started to build again in our core product offerings and pipeline of new business. The Group continues to focus on its strategic objective of increasing the proportion of revenues which derive from software and services which is intended to deliver significant growth over the medium-term.

Bid activity is increasing across the Group, and the Board remains very confident of the award of the ‘Major Programme’ within the first quarter of the year.

The Group remains well placed to capture the many opportunities which lie ahead and accordingly, the Board views prospects for 2022 with increasing confidence and looks forward to reporting a significantly improved performance for the current year.”

*Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014 ("MAR") prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

**Enquiries:**

**Pennant International Group plc**

Philip Walker, CEO

David Clements, Commercial & Risk Director

[www.pennantplc.co.uk](http://www.pennantplc.co.uk)

+44 (0) 1452 714 914

**WH Ireland Limited (Nomad and Broker)**

Mike Coe

Sarah Mather

[www.whirelandcb.com](http://www.whirelandcb.com)

+44 (0) 20 7220 1666

**Walbrook PR (Financial PR)**

Paul Vann

Tom Cooper

[paul.vann@walbrookpr.com](mailto:paul.vann@walbrookpr.com)

+44 (0)20 7933 8780

Mob: +44 (0)7768 807631