

Pennant

The logo features a stylized pennant or star shape composed of overlapping triangles in shades of blue and teal, with a thin orange outline. A large, thin orange line starts from the top right and extends diagonally across the page.

Company Briefing
August 2022

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Pennant International Group was established over 60 years ago. The company has evolved over the past six decades to become a market-leading, technology-led business with a truly global customer base.

Our capabilities encompass the conversion of full-size aircraft into training tools, immersive virtual reality experiences, small devices to improve hand skills, interactive 3D courseware and LPD and S1000D software tools to create, manage and publish vast amounts of technical data.

Pennant is listed on AIM, working to a set of core values, defining the way we act as individuals and as a business.

We focus on Innovation, Performance, Quality, Respect and Teamwork.



Landscape

- Entering a period of expansion in defence spending not seen for some time
- Russian-Ukraine war has highlighted the importance of national security and strategic investment in capability
- Expectation of budget expansion, including:
 - Investment in equipment and upgrades
 - Replenishment of stocks
 - Significant maintenance and upgrade spend
 - Investments in next generation equipment and associated training systems
- Significant investment in rail sector across the globe
- Markets returning to pre-pandemic levels, including aviation
- **The Integrated Product Support process and management of the data to support these complex programmes is becoming critical**

Strategy

Our vision:

“Our vision is to be the leading provider of world-class integrated training technologies and product support for the defence, rail, and other safety critical industries.”

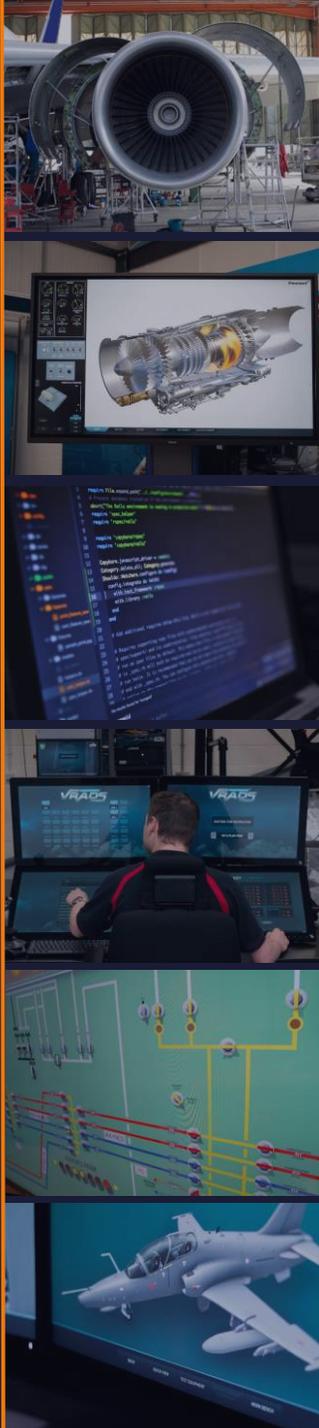
Our mission:

“To deliver sustainable growth in shareholder value through innovation, diversification, the execution of delivery excellence and corporate expansion.”



Implementing our strategy:

- Repositioned business – following acquisition of R4i software suite
- Mix shift towards higher margin software-linked activities
- Increasing recurring revenue, diversifying global revenues
- Investing in the future:
 - New GenS software
 - Completion of the Engine Systems Start Trainer (ESST) – modular software training solution
 - Loadmaster virtual software training System developed for US market
- Strategic partnerships and teaming agreements to accelerate
- Complementary acquisitions – focus on software and services

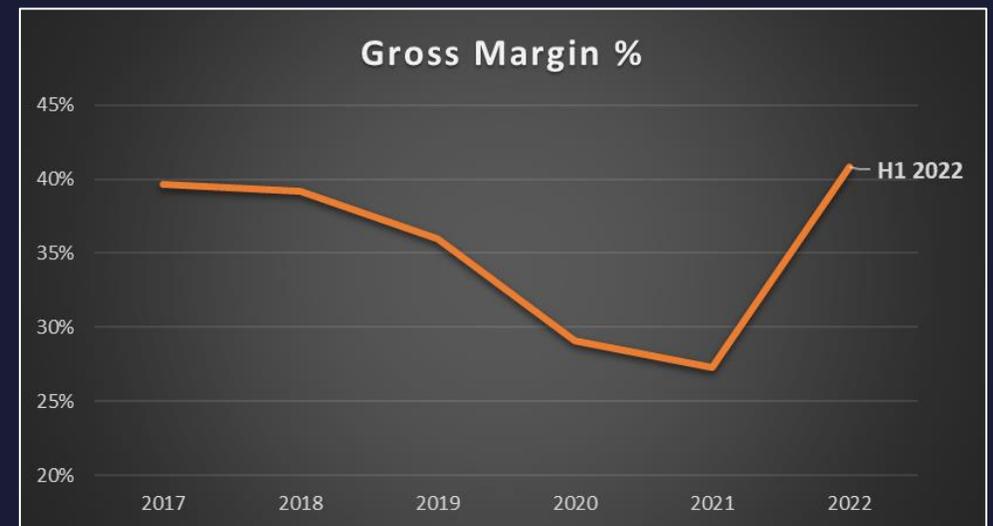


Financials

Return to positive EBITA; business mix transformed; significant gross margin improvement:

- First half revenues of £6.9 million of which circa 65% are recurring
- 52% of revenues generated from software licensing and associated activities (H1 2021: 35%)
- Record gross margin of 41% (H1 2021: 21%)
- Earnings before interest, taxation and amortisation of £0.1 million (H1 2021: EBITA loss of £1.0 million)
- Net debt at period end of £4.1 million (H1 2021: £1.9 million)
- Group rightsized for profitability at lower revenue levels
- Diversified global revenue spread

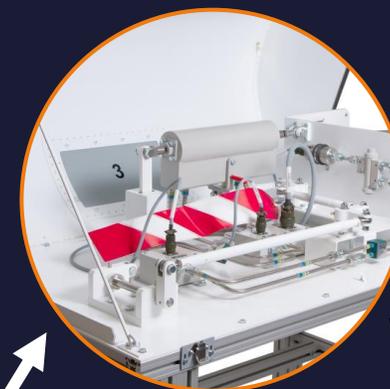
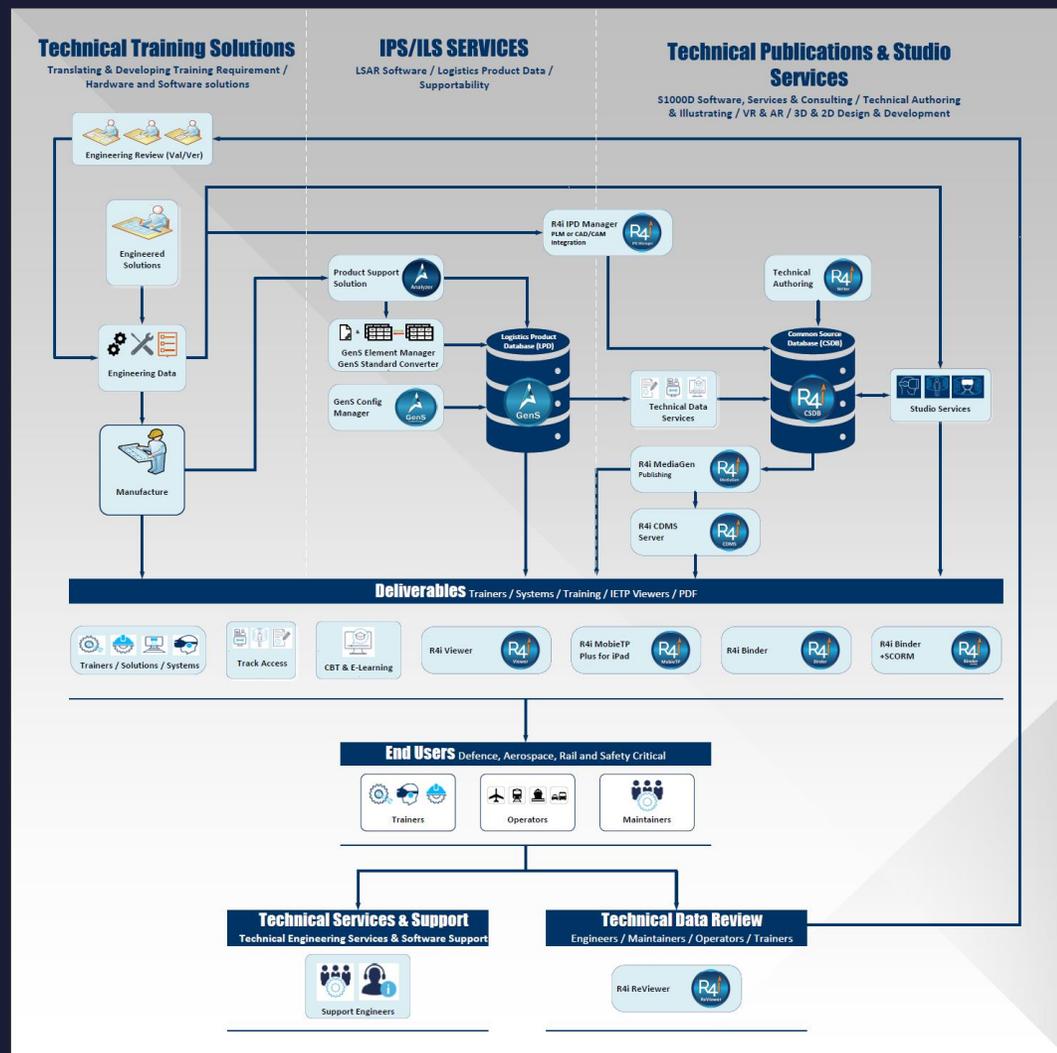
Revenue by region	£m
UK, Europe & Middle East	2.7
North America	2.4
Australasia	1.8
Total	6.9



Capabilities & Customers

Pennant Ecosystem

End to end unique capability offered globally



Global Customers



IPS Software Solutions

GenS Product Suite

- Manages Logistics Support Analysis data
- Maintain detailed configuration of complex equipment
- Interfaces with ERP Systems
- Compatible with S1000D delivery standard for R4i and data-sharing with Analyzer



Analyzer

- Fast, accurate and user-friendly optimisation tool
- Identifies preferred product sustainment strategies through options analysis
- Supports operational readiness at an affordable life cycle cost



R4i Product Suite

- Creates, manages and leverages S1000D, ATA and MIL-STD information vital to the build, operation and maintenance of complex equipment
- Producing an end-to-end IPS solution, R4i Suite of tools is designed to be modular, easy to use and most importantly, robust



When are the IPS software tools used?

1. Have a Logistics Support Analysis requirement
2. Need to re-use data directly from design/engineering
3. Core data is duplicated at least 50% across Illustrated Parts Books, Operations Procedures, Repair/Maintenance and Test Procedures, slowing the delivery process every time there is one change to data
4. Multiple products or configurations of equipment then compounds the first problem (aircraft maintenance manuals range from 35,000 to 65,000 pages, depending on size of aircraft)
5. Their end customers expect to be able to have their documentation in different formats including iPad, Tuff Devices and PDF
6. Their end customers expect their equipment data to be only about the specific piece of equipment (configuration) they have purchased
7. Their end customer also may expect them to deliver data to specific industry specifications or standards
8. Requirement for automated output of training content delivery
9. Require a feedback loop from field / maintenance



Customer attributes:

The types of customers or industries that tend to have this type of pain normally tick 5 of the 7 below:

1. Build large equipment
2. Build complex equipment
3. The equipment has a lot of systems and parts
4. The equipment has a long life – minimum of 10 years
5. With heavy maintenance cycles
6. They often release multiple configurations of the equipment
7. Required to work to industry specifications and highly regulated

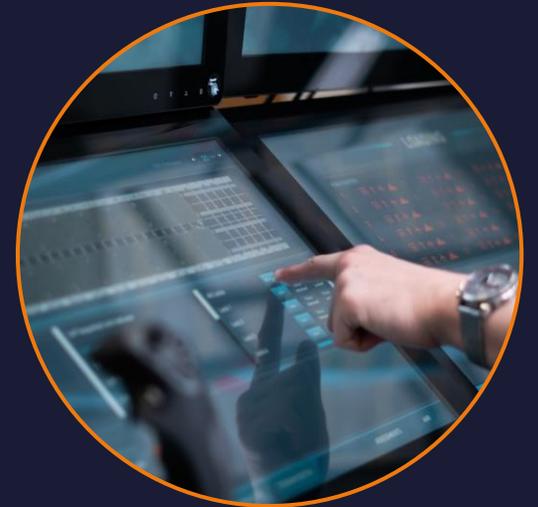
Sectors that commonly meet these criteria include defence, space, commercial aerospace, rail and shipping



Technical Training Solutions

Market Drivers

- Enhance quality
- Reduce training times
- Reduce cost
- Improve safety



Pennant Focus

- Software-based, cost-effective on repeat orders
- Modular, enables customer to buy add-ons and upgrades
- High quality, generates good engagement in trainers and students
- Targeted to specific training needs



Products

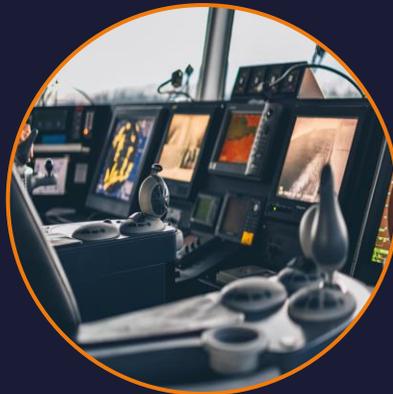
- ESST, powered by VATS
- Virtual Loadmaster
- GenSkills, Mks 1, 2 and 3
- Track Access Portal
- Adaptive Learning



Outlook

Pennant – the future

- Sustainable (recurring revenue) growth and profitability
- ‘Full spectrum’ of Pennant products and services offered and delivered in all three key regions
- Complementary / strategic acquisitions – focus on software and services
- Successful launch and cementing of GenS software solution as OmegaPS successor
- Development of next generation of training aids – modular, software / technology led



Pennant

The logo for Pennant, featuring a stylized star or pennant shape. The shape is filled with a gradient of blue and teal colors, outlined in orange, and is positioned behind the letter 'n' in the word 'Pennant'.

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