

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.



PENNANT INTERNATIONAL GROUP PLC
("Pennant", the "Company" or the "Group")

Trading Statement

Business Update

Notice of Investor Presentation

Pennant International Group plc (AIM:PEN), the systems support software and training solutions company, is pleased to provide the following business update.

FY24 Trading

The Group expects to report trading results for the year ending 31 December 2024 ("**FY24**") in line with market expectations, with revenues of approximately £14 million and adjusted earnings before interest, taxation and amortisation of circa £1.2 million.

Re-positioning the business

During FY24, Pennant has taken significant steps to streamline its legacy Training Systems business segment and focus investment and resources on the growth of its Software and Technical Services segments which provide more predictable revenue streams, higher margins, greater scalability and have a shorter working capital cycle.

The workforce restructuring programme, as announced on 23 September 2024, has been completed, with a headcount reduction of circa 30 roles achieved, and three commercial units at the Staverton site have been sold subject to contract for consideration totalling £1.2 million (marketing of the remainder of the site continues).

The Training Systems business is now focused on delivering modifications, retrofits and overhauls to its installed base, and has an active pipeline of such opportunities. This pipeline includes the GenFly upgrade announced by the UK Ministry of Defence on 23 October 2024, which has an expected contract value of £5 million and is scheduled for award in April 2025.

The anticipated annualised cost savings resulting from the restructuring (comprising reductions in wage costs, operating expenditure relating to the properties, and finance costs) are expected to be in the region of £2.0 million. There is a one-off expense associated with implementing the restructuring which will include staff termination payments, the cost of exiting properties, and associated professional costs. The cash element of the one-off restructuring charge is circa £0.5 million; the potential charge to the profit and loss account (which management considers to be exceptional) is being quantified, and will include non-cash items such as the write-off of assets associated with the aspects of Training Systems which are no longer core.

The Group now has three clear business segments – Software; Technical Services; Training Systems – delivered through its three core regions – EMEA, Americas and Asia Pacific.

Auxilium Software

The fully-integrated Auxilium software suite is expected to be launched on 31 March 2025, bringing together Pennant's three proven proprietary applications – GenS, Analyzer and R4i – into one integrated solution.

Auxilium will build on Pennant's 25 year track record of developing and supporting trusted software products for the defence sector, delivering an updated, modern suite of applications to existing and new customers on a flexible, subscription basis. The Group has already received initial orders for the suite and is bidding on several key opportunities ahead of full launch.

Outlook

With a growing proportion of the Group's trading coming from the higher margin Software and Technical Services segments, together with the cost savings from the restructuring programme outlined above, management expects the Group to report a modest profit before tax (adjusted for acquired amortisation) for the financial year ending 31 December 2025 ("FY25") and for a strong conversion of operating profit to operating cash.

For FY25, revenues are expected to increase in the Software and Technical Services business segments (as a proportion, and in absolute terms). Turnover is anticipated to reduce in the Training Systems segment following successful completion of the Apache programme, which was a major contributor to revenues in that segment in FY24.

Order coverage for FY25 currently stands at £7 million, which management considers to be a strong position given that the full launch of Auxilium is still to come.

Investor Presentation – 11am on Thursday 12 December 2024

Pennant is pleased to announce that Phil Walker (CEO) and Darren Wiggins (CFO) will deliver a live presentation setting out the Group's growth strategy and prospects via Investor Meet Company at 11:00 am on 12 December 2024.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via the Investor Meet Company dashboard or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free (and add Pennant to participate in the update) via:

<https://www.investormeetcompany.com/pennant-international-group-plc/register-investor>

Investors who already follow Pennant on the Investor Meet Company platform will automatically be invited.

Enquiries:

Pennant International Group plc
David Clements, Company Secretary

www.pennantplc.com
+44 (0) 1452 714 914

Zeus (Nomad)
Mike Coe / Sarah Mather (Investment Banking)

www.zeuscapital.co.uk
+44 (0) 203 829 5000

Cavendish Capital Markets Limited (Broker)
Ben Jaynes / Callum Davidson / George Lawson
(Corporate Finance)
Michael Johnson / Dale Bellis / Sunila de Silva (Sales
and Corporate Broking)

www.cavendish.com
+44 (0) 207 220 0500

Walbrook PR (Financial PR)

Tom Cooper
Joe Walker

pennant@walbrookpr.com

+44 (0)20 7933 8780
Mob: +44 (0)7971 221 972

Notes to editors:

Pennant International Group plc (AIM: PEN) is a technology driven, leading global provider of system support software and services, technical services, and training solutions. It supports its global customer base in the design, development, operation, maintenance, and training of complex assets, to maximise operational and maintenance efficiency.

Its key markets include Aerospace, Defence and Rail, and adjacent safety-critical markets such as Shipping, Nuclear and Space.

The Group addresses the market through three key business segments:

- **Software:** a key generator of recurring revenues through the provision of a suite of software tools designed to help clients: manage and use complex data; ensure equipment availability at optimal cost; and comply with industry standards. Its Integrated Product Support (IPS) and Integrated Logistics Support (ILS) software and services equips customers with powerful market-leading toolsets to manage, model and utilise complex equipment data.
- **Technical Services:** drives repeatable revenues through expert support for users of Pennant and third party solutions including consultancy, support and maintenance, training and bespoke development.
- **Training Systems:** project-based revenues relating to the design and build of hardware, software and virtual training solutions for maintainers and operators of aircraft, ships and land systems.

Pennant is strategically focused on sustainable recurring and repeatable revenues and profitability growth, shifting its model towards high margin software and services. Against a climate of rising defence budgets and the burgeoning technological complexity of military, aviation and rail platforms, the demand for these solutions is expected to grow substantially.

Headquartered in Cheltenham, UK, the Group operates worldwide, with offices in Europe, North America and Asia-Pacific, serving markets with high barriers to entry often in regulated industries.