

SEPT 2025



INVESTOR BRIEFING

INTERIM RESULTS TO 30th JUNE 2025



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PRESENTATION TEAM



Philip Walker – Chief Executive Officer

- Originated and implemented strategy to transition Pennant from a project based, capital intensive operation to a high margin software and technical services business



Darren Wiggins – Chief Financial Officer

- Chartered accountant with significant financial and operational management experience
- Previously worked for Melrose plc and latterly Meggit Aerospace in the UK and Singapore
- Joined the company in November 2024



EXECUTIVE SUMMARY

- GenFly MOD contract slippage impacting FY25 performance
- Solid progress executing strategy:
 - Completed integration of GenS and Analyzer applications, released Q2
 - 50% of installed base transitioned to Auxilium
 - Implementation of 'go to market' plan, expanding partnership base and global reach
 - Auxilium sales with new customers in new territories and adjacent markets
 - Completed property disposal programme
- Growth in Auxilium software ARR to £2.3m
- Strong bid activity across the business – contract values exceeding £10m in advanced negotiation





PENNANT OVERVIEW

WHAT WE DO?

Provides systems support software, technical services & training solutions to highly regulated industries and major OEMS

WHY IT MATTERS?

- Improved mission capability/readiness
 - Enabling data driven decisions
 - Reduce total cost of ownership
- Ensuring data integrity and compliance



To **maximize operational efficiency**



GLOBAL BUSINESS
UK (HQ), Canada,
USA, Australia



100+
Employees



REVENUE
80% Defence, 10% Rail,
10% Aerospace



**GEOGRAPHIES
(% REV)**
35% EMEA, 30% APAC, 35% NA



HOW WE OPERATE

“We ensure mission critical systems are where they are needed, when they are needed and that they work.”

We address the market through three key segments:



AUXILIUM SOFTWARE

Our software tools are designed to help clients:

- manage and use complex data.
- ensure equipment availability at optimal cost.
- comply with industry standards.



TECHNICAL SERVICES

Our services support all our software and training solutions, including:

- consultancy
- support & maintenance
- training
- bespoke development



TRAINING SOLUTIONS

Our training solutions provide:

- hardware, software and virtual solutions.
- critical skills training for maintainers and operators of aircraft, ships and land systems.



PENNANT IS REPOSITIONING

Recurring, Repeatable & Predictable Revenue



Software

- Strategic shift towards highly scalable software and technical services model
- Better quality of earnings, gross margin 50%+
- Short working capital cycle



Technical Services

Project Based Revenue



Training Solutions

- Pennant's heritage
- Significant installed base
- Repositioning to support aftermarket - modifications, retrofits and overhauls (MRO)
- Long working capital cycle



WHAT WE HAVE DONE

Recurring, Repeatable & Predictable Revenue



Software

- Investment of over £7m in Auxilium software
- Acquired market leading publications software
- Developing reseller, agent and partner relationships to drive global expansion
- Regional operating model



Technical Services

Project Based Revenue



Training Solutions

- Restructured cost base
- Rationalised footprint
- Repositioning to agile business
- Outsourced production
- Key talent and skills retained

FINANCIALS





HIGHLIGHTS

	Adjusted ⁽¹⁾ results		Statutory results	
	H1 2025	H1 2024	H1 2025	H1 2024
	£m	£m	£m	£m
Revenue	4.5	7.4	4.5	7.4
EBITDA	(1.1)	0.6	(1.2)	0.6
Loss before tax	(1.8)	(0.2)	(2.2)	(0.4)
Net Assets			6.3	10.5
Net Debt (excluding lease liabilities)			(2.1)	(1.6)

- Year over year trends in line with budget expectation following completion of contracts at end of 2024 / beginning of 2025 – albeit amplified by Training contract award delays
- Annual recurring revenue from software sales are increasing - Auxilium sales with several new customers in new territories and adjacent markets
- Capitalised investment into Auxilium software of £0.6m - successfully completing GenS and Analyzer integration for Q2 release
- Completed property disposal programme, realising £3.1 million (£1.1 million post Period end), a net gain versus fair value
- Post Period-end, the Group has proposed actions to strengthen the balance sheet and ensure that ongoing operations are appropriately funded via £1.25 million equity raise

(1) The loss before taxation is stated prior to £0.2 million of exceptional costs associated with the restructuring exercise initiated in H2 2024, £0.3m of acquired intangible amortisation charge, and a profit relating to the sale of freehold property of £0.1 million. The Pennant Board considers the adjusted results to be an important measure to exclude non-trading or non-recurring items and therefore better monitor and compare performance between reporting periods



STATUTORY INCOME STATEMENT

Income Statement			
£m		H1 2025	H1 2024
Revenue		4.5	7.4
Cost of sales		(2.5)	(3.9)
Gross Profit		2.0	3.5
	Exceptional costs	(0.2)	(0.2)
	Profit on sale of Land & Buildings	0.1	0.2
	Acquired Intangible Amortisation	(0.3)	(0.3)
	Other administrative expenses	(3.7)	(3.5)
Administrative expenses		(4.1)	(3.8)
Other income		0.1	0.1
Operating Loss		(2.0)	(0.2)
Net Finance costs		(0.2)	(0.2)
Loss before taxation		(2.2)	(0.4)
Tax credit / (charge)		-	-
Loss for the year		(2.2)	(1.0)

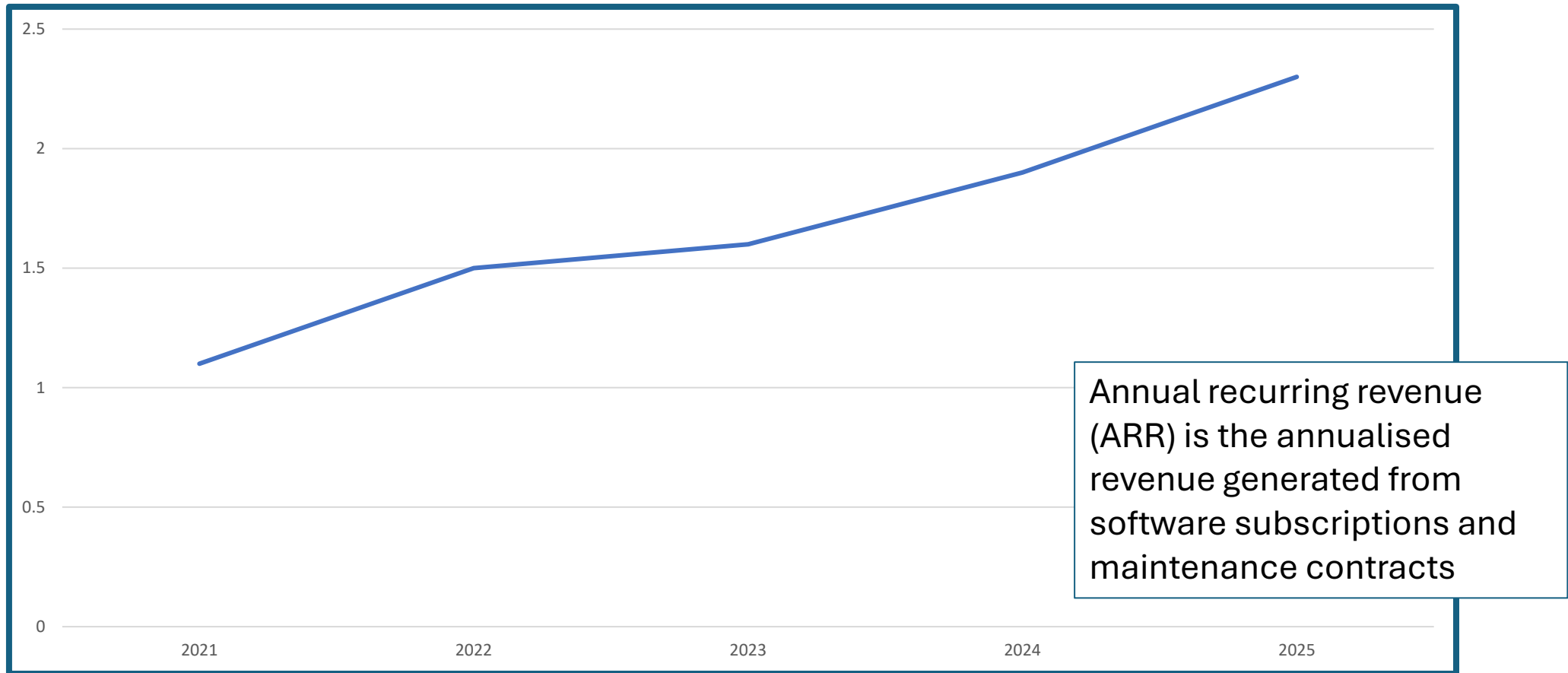


SEGMENTAL REVENUE PERFORMANCE

Revenue			
£m	H1 2025	H1 2024	Movement
Systems Support Software	1.2	1.2	-
Technical services	2.7	3.7	(1.0)
Software & Services	3.9	4.9	(1.0)
Engineered solutions	0.4	2.4	(2.0)
Generic products	0.2	0.1	0.1
Training Systems	0.6	2.5	(1.9)
Total Revenue	4.5	7.4	(2.9)



SOFTWARE – ANNUAL RECURRING REVENUE (“ARR”)



- Annual recurring revenues (“ARR”) of £2.3 million (2024: £1.9 million), a new high for the Group



STATEMENT OF FINANCIAL POSITION

£m	H1 2025	H1 2024
Current assets	4.6	5.1
Non-current assets	8.2	12.8
Total assets	12.8	17.9
Current liabilities	6.0	6.7
Non-current liabilities	0.5	0.7
Total liabilities	6.5	7.4
Net Assets	6.3	10.5

- As part of the restructuring exercise announced in 2024, certain UK-based facilities within the Training System segment were marketed for sale at a total fair value of £2.9m after estimated selling costs
- £3.1 million of gross sales proceeds had been contracted, of which £2.0m was realised as cash in H1
- £1.1 million of gross sales proceeds have since been received in cash in H2 2025



CASH GENERATION IN THE PERIOD

Operating Cash Flow	
£m	H1 2025
Operating cash before changes in working capital	(1.3)
Changes in working capital	0.5
Tax received	0.2
Interest paid	(0.2)
Net cash used in operating activities	(0.8)

Reconciliation of net debt	
£m	H1 2025
Opening net debt (1 January 2025)	(2.3)
Net cash used in operating activities	(0.8)
Net cash generated from investing activities	1.0
Net cash used in financing activities	-
FX	0.1
Closing net debt	(2.1)

- Continued management focus on working capital discipline
- Further investment in the development of our integrated Auxilium software £0.6m (2024: £0.7m)
- Operating within the HSBC overdraft facility limit of £2.5m as at Period end
- Post balance sheet events will strengthen the balance sheet
 - Completion of the sale of UK properties, £3m cash proceeds net of costs (profit on disposal of £0.1m)
 - Proposed fund raise from existing shareholders, £1.25m before fees

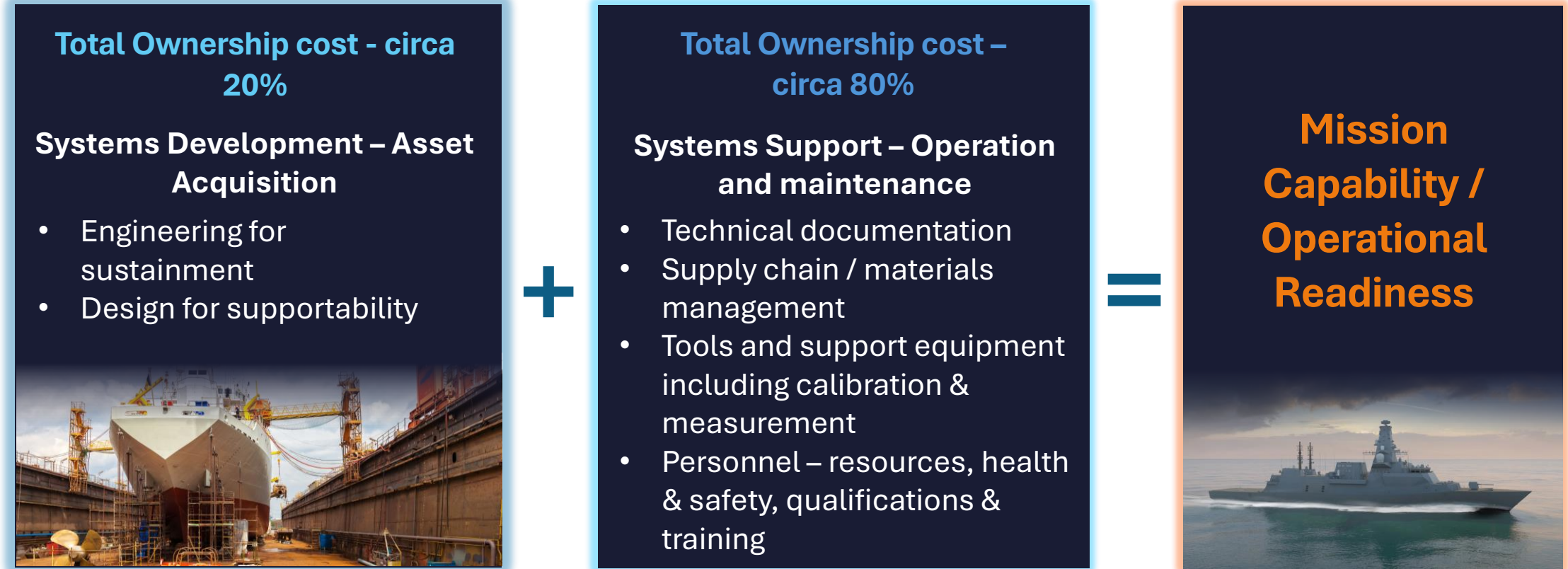
AUXILIUM





WHAT IS INTEGRATED PRODUCT SUPPORT (IPS)?

A strategy to ensure that systems are supported efficiently and effectively throughout its lifecycle.



OUR SOLUTIONS IN ACTION



INDUSTRY STATISTICS:

- **Maintenance Downtime Reduction: 20-30%**
- **Lifecycle Cost Savings: 10-25%**
- **System Availability Improvement: 15-40%**
- **Technical Documentation Time Saved: 30-50%**
- **Training Time Reduction: 20-35%**
- **Spare Parts Optimization: 15-25%**
- **Integration Reusability: Up to 98% across PLM, IETMs, LSAR**



Save Time. Reduce Cost. Data Driven Decisions.



WHY AUXILIUM?

IMPROVED MISSION CAPABILITY



Intelligent Data-Driven Decisions, make informed decisions to optimize your support strategies.

ENHANCED READINESS & RELIABILITY



Maximizing operational efficiency, reduce unexpected breakdowns and extend the lifespan of your assets.

REDUCE TOTAL OWNERSHIP COST



Reduced Costs, minimize downtime, reduce spare parts inventory costs and optimize resource allocation.

QUALITY & COMPLIANCE



Alignment to international standards and specifications, comply with industry regulations and standards.

LOOKING FORWARD



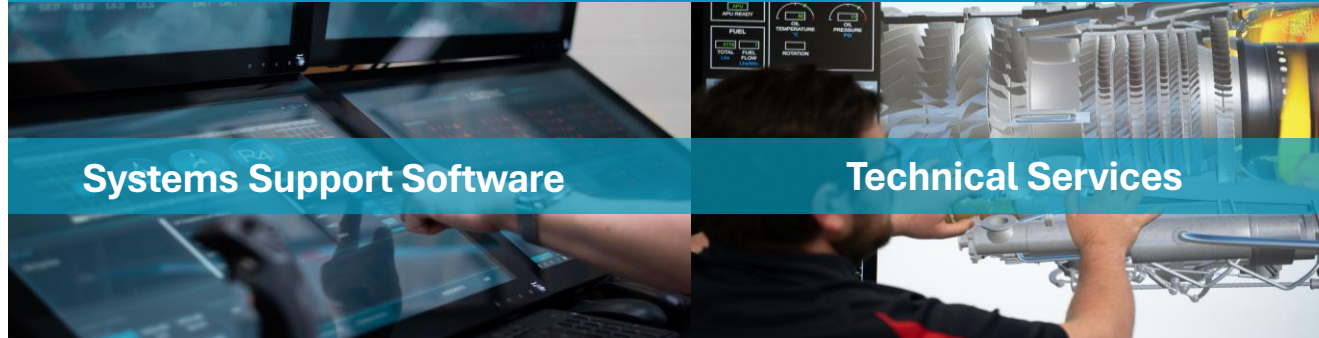
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STRATEGIC PRIORITIES

Recurring, Repeatable & Predictable Revenue



Systems Support Software

Technical Services

Organic

- Expanding reseller, agent and partnership relationships to globally expand market channel within and beyond existing jurisdictions
- Enhancing support software functionality, including upgrades to support portal and customer tools

Opportunities

- Adding coverage of the global standards
- Up and downstream software products capable of integration
- Accessing opportunities in adjacent territories and / or markets with embedded customers

Project Based Revenue



Training Systems

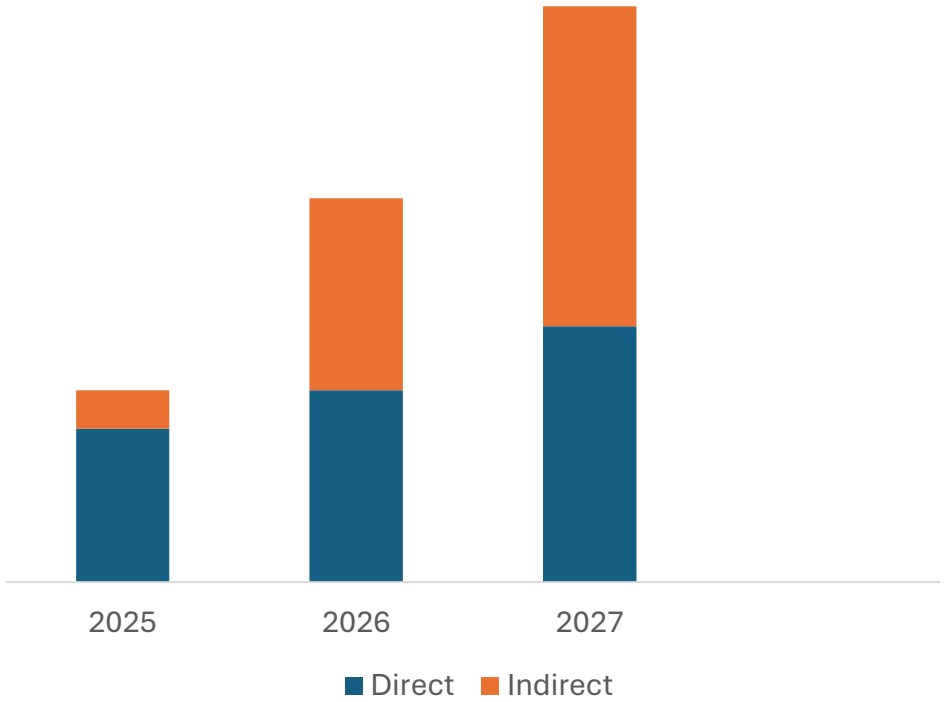
- Winning higher margin after market contracts - servicing installed base
- Diversify and expand customer base
- Evolve subcontracting model



SOFTWARE GROWTH TARGETS

23% CAGR 2024-2027

Cumulative Net New Users



Relies on Partnerships





OUTLOOK

- Full year 2025 - contracted revenue of £9 million = high confidence of >£10 million
- Accelerated growth in Auxilium software ARR via advancement of 'go to market' strategy
- Pipeline conversion - several Training Systems contracts at advanced bid stage; total contract value > £10m, gives confidence for beyond 2025
 - Includes GenFly Refresh (UK) - negotiations progressing to an estimated Q4 contract award
- 2026 market guidance returning to a positive adjusted PBT and cashflow (including £1.3m investment in Auxilium).



