

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.

23 March 2026



PENNANT INTERNATIONAL GROUP PLC

("Pennant", the "Company" and together with its subsidiaries the "Group")

Final Results

Notice of Investor Presentation

Well Positioned for Global Market Opportunity with Strengthened Order Book

Pennant International Group plc (AIM: PEN), the systems support software and training solutions company, announces its final results for the year ended 31 December 2025 ("FY25" or the "Period").

Commenting on the Period, Chairman, Ian Dighé, said:

"2025 was a challenging year in which the Group successfully completed a major restructure of the Group's Training Systems business but as was previously announced, the Company experienced unexpected delays in the award of certain Defence contracts along with the wider market.

"Notwithstanding these headwinds and the impact on the Group's performance, the Board considers 2025 to have been a reset year and believes that the business embarks on 2026 with strong fundamentals and order momentum.

"I would like to thank our employees for their determination in achieving significant progress in the Period and look forward to reporting more favorably in the forthcoming year."

Financial Highlights:

- Revenues of £9.7 million (2024: £13.8 million)
- Order intake of £18 million substantially strengthened the Group's contracted three-year order book of £23.3 million (2024: £15.9 million), of which £9.7 million is scheduled for delivery in 2026
 - Contract wins within the Training Systems segment during the Period totaling up to £9.5 million across the next three years
- Software Annual Recurring Revenue⁽¹⁾ ("ARR") of £2.4 million (2024: £1.9 million) from Auxilium software products, a record for the Group and representing 26% year on year growth
- 60% of Group revenues are now recurring in nature
- Gross margin levels remain strong at 49% (2024: 50%)
- Adjusted EBITDA loss of £0.4 million (2024: £1.7 million profit)
- Adjusted loss before tax of £1.9 million (2024: £0.3 million loss)
- Statutory loss before tax of £2.5 million (2024: £3.0 million loss)
- Positive operating cash flow during the year via continued working capital discipline
- Tax receipts of £0.7 million supported by R&D (UK) claim proceeds
- Net debt of £0.5 million (2024: £2.3 million) inclusive of shareholder loan but excluding lease liabilities
- Capitalised investment into Auxilium software of £1.5 million (2024: £1.3 million), continuing to build on the strong investment case

Strategic & Operational Highlights:

- Completion of streamlining of Training Systems business
- Solid progress executing product development and growth strategy

- Progress with the Auxilium Development Programme - completed integration of GenS and Analyzer applications, released Q2
- Signed global OEM partnership agreement with Siemens Digital Industries Software, and appointed sales representatives in South Korea, Japan and India, all key long-term priority markets
- Auxilium sales with new customers in Czech Republic, Denmark, Germany and Finland, and adjacent markets including Shipping, Robotics and Space

Post Period end:

- Training Systems contract signed in the nuclear sector

Commenting on the outlook, Chief Executive Officer, Phil Walker, said:

“As we look ahead to 2026, the Group enters the year with increasing momentum and a clearer pathway to sustainable performance and profitability. Software ARR is expected to exceed £3.0 million by the end of FY26, further strengthening margins and reinforcing the benefits of our strategic shift toward higher value, scalable software solutions.

“With over 25 years of experience developing software for blue-chip defence customers, Pennant benefits from attractive barriers to entry in its markets, a strong delivery record, and a flexible subscription model that supports recurring, higher margin revenue growth.

“Supported by the structural savings delivered through the FY24–FY25 restructuring programme, we anticipate a return to a break-even adjusted PBT in FY26 and have confidence in delivering on market expectations for the year.”

(1) Annual Recurring Revenue (ARR) is the annualised revenue generated from software subscriptions and maintenance contracts.

Three-Year Strategy

Pennant provides systems support software, technical services & training solutions to highly regulated industries and major OEMs. Our solutions are designed to optimize and extend the lifecycle and mission readiness of critical assets via:

- Maximizing asset availability and end user capability
- Enablement of data driven decisions
- Ensuring data integrity and compliance

The Group’s principal strategic objectives over the next three years are to:

- Grow software ARR, via organic strategies, to exceed £4 million by the end of 2028
- Return Technical Service revenues to >£7.0 million by 2028
- Maintain the deliverable Training Systems order book at >£5.0 million
- Achieve adjusted EBITDA margin of 20% and adjusted PBT margin of 10% by 2028

With a growing proportion of the Group’s trading coming from the higher margin Software and Technical Services segment, together with the cost savings from the restructuring program carried out in FY24 and FY25, management is confident of achieving profitable growth over the next three years in line with the strategic plan.

Investor Presentation: 11.00am on Tuesday 24 March 2026

Management will hold an investor presentation to cover the results at 11.00am on Tuesday 24 March 2026.

The presentation will be hosted through the digital platform Investor Meet Company. Investors can sign up to Investor Meet Company and add to meet Pennant via the following link <https://www.investormeetcompany.com/pennant-international-group-plc/register-investor>. For those investors who have already registered and added to meet the Company, they will automatically be invited.

Questions can be submitted pre-event to Pennant@walbrookpr.com or in real time during the presentation via the "Ask a Question" function.

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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 offerings:

- **Auxilium 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 equip 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 the UK, North America and Asia-Pacific, serving markets with high barriers to entry often in regulated industries.

CHAIR'S STATEMENT

Results in line with expectations; strengthened order book

The Group delivered results in line with expectations for the year ending 31 December 2025. While the timing of certain contract awards affected the in-year revenue profile, the Group concluded the Period with a substantially strengthened contracted three-year order book of £23.3 million (2024: £15.9 million), of which £9.7 million is scheduled for delivery in 2026.

During the year, Pennant advanced its strategic plan to deliver a software-driven and increasingly scalable business, underpinned by an enhanced financial and operating structure. This plan has positioned the Group with market-leading technology, improved organisational efficiency, and a more focused go-to-market strategy aligned to long-term growth.

Key Financials

For the year ending 31 December 2025, the Group recorded consolidated revenues of £9.7 million (2024: £13.8 million).

The Group has maintained its gross margin for 2025 at 49% (2024: 50%) supporting the continuing strategic shift towards software and higher value services. The Group posted a consolidated adjusted loss before tax of £1.9 million (2024: £0.3 million), which is in line with market expectations.

The Group's net debt (including shareholder loans) at the year-end was £0.5 million (2024: net debt of £2.3 million) which reflects, amongst other things, the continued investment in the integrated software suite, the successful completion of the property disposal programme and the external funding provided by the equity subscription and shareholder loan.

Dividend

The Directors believe that it continues to be both prudent, and in the Company's and shareholders' best interests, to retain cash for working capital and concentrate resources on execution of the current growth opportunities.

The Board will therefore not be recommending the payment of a final dividend for the year ended 31 December 2025.

Our People

Delivering sustained high performance depends on a committed and motivated workforce who are appropriately supported and incentivised.

2025 has been a reset year for the organisation following the significant restructuring of the Training Systems business, and I would like to express my sincere thanks to all employees for their dedication and support throughout this period of transition.

Their contribution has underpinned the progress outlined in this report and positions Pennant strongly to meet the evolving requirements of its global customer base. Ensuring our people remain motivated and properly incentivised will continue to be a core priority for the Board.

Our Culture

The Board is committed to ensuring that every employee across the Group understands and embodies Pennant's Core Values. These values sit at the heart of the organisation and define how we work and shape the policies and behaviours that guide the organisation.

They underpin our compliance with legal obligations – including anti-bribery or anti-counterfeiting requirements – as well as our ethical commitment to fairness, respect and equality of opportunity.

Living these values requires consistent, visible leadership, and the Board remains focused on fostering a culture where our people feel respected, supported and able to contribute to their full potential.

Governance

The Board remains committed to maintaining its strong record of robust, proportionate corporate governance. Working closely with its advisors, the Board conducts regular reviews of its governance frameworks to ensure they remain effective, proportionate, and aligned with the needs of a growing international business.

The Board has implemented appropriate risk-management procedures and undertakes regular and rigorous reviews of the Group's principal risks and uncertainties.

Board Changes

There have been changes to the composition of the Board.

At the 2025 AGM, Deborah Wilkinson chose not to stand for re-election and retired from the Board.

Post-period end, David Clements resigned as a director and as Company Secretary. David is remaining with the business for a short handover period before leaving on 31 March 2026. On behalf of the Board, I would like to thank David for his valuable contribution and support during his time with the Group, and we wish him every success for the future.

Current Trading and Outlook

Against a backdrop of rising defence budgets, increasing governance and compliance requirements, and escalating technological complexity, demand for advanced IPS and supportability software continues to increase.

Pennant's integrated software capability positions the Group strongly to meet these requirements - offering defence forces, governments, and OEMs the ability to manage complexity, improving operational availability and reducing through-life costs.

The launch of the fully integrated Auxilium product suite in April 2026, combines Pennant's long-standing customer relationships with governments and major OEMs, specialist technical services, and reputation for quality and reliability, providing a strong platform for future sustainable growth.

Ian Dighé
Chair

CHIEF EXECUTIVE'S REVIEW

Confidence in the Strategic Plan

2025 was a reset year for Pennant. Following the major restructuring of the Training Systems business in late 2024, we entered the year focused on execution and advancing our transition towards higher-margin software and services. Delays to certain contract awards created challenges and affected the timing of revenues and general trading performance.

We exit FY25 with a strengthened contracted order book, a clear operating model and growing momentum in our Auxilium software.

2025 Strategic Priorities

In 2025 we concentrated on four priorities, each aimed at strengthening our foundations and accelerating Pennant's transition toward a software-led, services-scaled business.

- Advance the Auxilium Development Programme
- Launch the go-to-market and indirect channels strategy
- Simplify the operating model – completed the Training Systems restructure
- Improve the customer experience

We made solid progress on each. The restructuring benefits are now embedded; governance and operating rhythms are clearer; and the software roadmap and services propositions are increasingly aligned to customer requirements and our revenue model.

Auxilium Development Programme

Pennant made strong progress in the development of its Auxilium product suite during the Period. The integration of GenS and Analyzer - released to market in H1 2025 - was successfully completed, enabling the next phase of our programme: combining GenS, Analyzer and R4i into a single, fully integrated IPS solution under the Auxilium brand and due for launch in April 2026.

Auxilium is designed to provide customers with a powerful, unified toolset to manage, model and exploit complex systems data at scale. It supports compliance with international standards and specifications while enabling intelligent, data-driven decision-making across the asset lifecycle.

In line with our strategy, Pennant invested £1.5 million in Auxilium software development during the Period, strengthening our customer proposition and broadening our capability. This investment underpins our ambition to grow software revenues, expand higher-value technical services and secure additional recurring contracts.

Looking ahead, development expenditure is expected to remain in the range of £1.2 million to £1.4 million per annum, reflecting our commitment to ensuring Auxilium remains a market-leading IPS solution that delivers lasting value to both new and existing customers via addressing new data standards and enhancing predictive analytics.

Go-to Market and indirect channels

FY25 saw encouraging expansion of Auxilium into several new territories - including the Czech Republic, Denmark, Germany and Finland - and into adjacent sectors such as shipping, robotics and space. As a result, the number of users increased by 8%, and Annual Recurring Revenue ("ARR") rose to £2.4 million (2024: £1.9 million), the highest level in the Group's history. Importantly, this growth has been achieved organically, with further opportunities emerging from the refreshed go-to-market strategy.

As part of its organic growth plan, the Group has made significant progress with its go-to-market strategy, focusing on strategic partnerships to extend its reach into new territories, industries and customer segments. Notably, in FY25 the Company signed a global OEM partnership agreement with Siemens Digital Industries Software, and appointed sales representatives in South Korea, Japan and India, all key long-term priority markets.

With defence organisations worldwide placing increasing emphasis on robust IPS processes, Pennant is well positioned to meet rising demand. We continue to build on decades of trusted delivery to the Canadian and Australian defence forces.

The Board believes Auxilium is uniquely placed within the market as the only fully integrated product-support toolset combining the breadth of capability required by operators with the security standards demanded by our end markets. Supported by over 25 years of experience developing software for blue-chip defence customers, Pennant benefits from attractive barriers to entry, a strong delivery record, and a flexible subscription model that supports recurring, higher-margin revenue growth.

Simplifying the Operating Model

During the year, we continued to streamline the operating model with the completion of the Training Systems restructure, including the completion of the property rationalisation programme. We also advanced the implementation of the Group's regional operating structure with the appointment of an MD EMEA, complementing the established leadership roles in APAC and the Americas.

The regional structure, with redesigned roles aligned to the Group's strategy, ensures that a single leader in each region holds clear responsibility, authority and accountability for key business functions. This model enhances the customer experience by deploying operational teams directly within each region, while also creating a more efficient, agile organisation aligned with our strategic objectives.

Improving Customer Experience

Customer experience has been identified as the Group's sustainable competitive advantage, and we have therefore maintained a sharp focus on strengthening customer engagement, delivery quality and support responsiveness.

As a strategic priority, a series of initiatives were launched to enhance our software customer support capabilities, including:

- Upgrades to the software licensing system to simplify activation and improve reliability.
- Investment in the customer support portal and associated tools to provide faster access to help, knowledge, and issue tracking.
- Development of improved training materials and investment in a Learning Management System, ensuring customers can quickly build proficiency in Auxilium and related products.

To drive this agenda, we have created and appointed a new role: Head of Customer Support & Service, responsible for leading the end-to-end customer experience across the Group.

Improved programme controls, clearer communication pathways and enhancements to onboarding and customer success—particularly for Auxilium—have already contributed to stronger customer outcomes. These improvements are reinforcing relationships across our UK, Canadian and Australian customer base and provide a solid foundation for future growth.

Looking forward

As we look ahead to 2026, the Group enters the year with increasing momentum and a clearer pathway to sustainable performance. Software ARR is expected to exceed £3.0 million by the end of FY26, further strengthening margins and reinforcing the benefits of our strategic shift toward higher-value, scalable software solutions. Supported by the structural savings delivered through the FY24–FY25 restructuring programme, we anticipate a return to a break-even adjusted PBT position in FY26.

Disciplined programme management and continued focus on milestone delivery are expected to deliver a positive operating cash-flow position, enabling the Group to fund ongoing investment in Auxilium from internal resources. This self-sustaining funding model reflects the growing resilience of the business.

Our sustained investment in Auxilium and the enhancement of our technical services capability remain central to our strategy. With a favourable market backdrop and rising global demand for advanced IPS solutions, the Group is well positioned to capitalise on its strengthened product offering, expanding software footprint and improved operational model.

These priorities provide a strong foundation for further progress in the year ahead, as we continue to transition Pennant into a more predictable, software-led business delivering long-term value for all stakeholders.

P H Walker
Director

CHIEF FINANCIAL OFFICER'S REVIEW

The Pennant Group consists of two segments:

- Software & Services which comprises of our Systems Support Software (Auxilium) and Technical Services operations; and
- Training Systems comprising of our highly engineered Training hardware operations.

During 2025 the restructuring exercise within the Training Systems segment, which was largely undertaken in the 2024 financial year, was completed via the successful sale of UK based facilities deemed surplus to operating requirements. Net sales proceeds of £3.0 million (excluding VAT) have been used to reduce the Group's borrowings with the transactions realising a small gain against book value as at 31 December 2024.

The statutory financial performance of the Group has been materially impacted by the restructuring including the classification of certain UK properties as 'held for sale' current assets in the opening balance sheet in accordance with IFRS 5. Where appropriate, reconciliations of statutory to 'adjusted' income statement performance have been provided to aid understanding of our recurring trade and operations.

Financial review

The results and a review of the key financial performance indicators of revenue and profitability are set out below.

Performance

Group revenue of £9.7m represents a 30% year over year reduction (2024: £13.8m) which reflects the hiatus in large, engineered project revenue generating work within the Training Systems segment during the year – in prior year we recognised £3.5m of revenue from the successful delivery to program milestones under a 3-year contract with Boeing Defence UK for updates to AH Mk1 Apache training equipment ("Apache"). The year over year revenue performance can be better understood via the segmental revenue analysis on the next page.

The gross profit margin for the year remained strong at 49% (2024: 50%) despite the lower revenue. This augurs well for future profitable growth as we continue the strategic shift of the Group towards software-related products and higher value services.

Administrative costs benefitted from realised savings from the 2024 restructuring exercise, at £6.6 million (2024: £7.0 million) after adjusting items of £0.4 million comprising exceptional costs (£0.4 million), share based payment expense (£0.03 million) and gains on disposal of assets (£0.1 million).

Despite disciplined pricing and cost control, the sales volume reductions resulted in an adjusted loss before interest, depreciation and amortisation of £0.4 million (2024: positive EBITDA £1.7 million) and an adjusted loss before tax of £1.9 million (2024: £0.3 million).

The statutory loss before tax for the year of £2.6 million (2024: loss £3.0 million) includes £0.4 million of exceptional costs (2024: £2.3 million) and £1.0 million of intangible asset amortisation (2024: £1.6 million). The 'adjusted' income statement performance excludes exceptional items (including share-based payment charges and gains on disposal of land & buildings), as well as acquired intangible amortisation, and has been presented to aid understanding of our recurring trade and operations.

Adjusted numbers

£m	2025 Statutory	Acquired Intangible Amortisation	Adjusted Items ⁽¹⁾	2025 Adjusted	2024
Revenue	9.7	-	-	9.7	13.8
Gross profit	4.8	-	-	4.8	6.9
<i>Gross profit %</i>	<i>49%</i>	-	-	<i>49%</i>	<i>50%</i>
Other income	0.2	-	-	0.2	0.2
Admin costs	(7.2)	0.2	0.4	(6.6)	(7.0)
Interest costs	(0.3)	-	-	(0.3)	(0.4)
Loss before tax	(2.5)	0.2	0.4	(1.9)	(0.3)
Amortisation	1.0	(0.2)	-	0.8	1.1
Depreciation	0.4	-	-	0.4	0.5
Interest costs	0.3	-	-	0.3	0.4
EBITDA	(0.8)	-	0.4	(0.4)	1.7

(1) Adjusted Items comprise exceptional costs £0.4 million, £0.03m of shared based payment expense, and a £0.1 million gain on disposal of land & buildings (all recognised within administrative expenses).

Adjusting items to statutory operating loss in the year are consistent with prior years and include:

- Costs associated with the restructuring of the Training Systems division in the year totaling £0.3 million (2024: £2.1 million). These are shown as adjusting items due to their size and non-trading nature.
- Other 'one off' expenses totaling £0.1 million (2024: £0.1 million)
- Gains on sale of land & buildings (related to the restructuring exercise) totaling £0.1 million
- An expense of £0.03 million in accordance with IFRS 2 and associated with outstanding employee share option awards

Revenue analysis

An analysis of the Group's revenue by operating segment and CGU is as follows:

	2025 £000s	2024 £000s
Software licences and products*	2,544	2,290
Technical services	5,101	7,276
Sub-total Software and Services	7,645	9,566
Engineered solutions	1,342	3,554
Generic products	675	655
Sub-total Training Solutions	2,017	4,209
Total Group Revenue	9,662	13,775

*Includes revenue from software maintenance contracts

Software and Services

Software licences & products

Revenue from software products more than doubled in 2025 to £1.1 million (2024: £0.4 million) – driven by an increase of 8% in licensed users of the Auxilium suite of products arising from sales to 15 new customers across the defence, maritime and space sectors. Sales were under a mix of perpetual and subscription contracts (mostly subscription). Revenues, where perpetual licenses are sold, are recognised upon installation of the software and tend to be non-recurring in nature. Where products are sold on a subscription basis revenue recognition is split between installation and maintenance services, with the element relating to maintenance services spread over the duration of the subscription period depending on the term of the subscription contract which currently range from 1 to 3 years – subscription revenues are seen as recurring in nature. The software is used to support the lifecycle of complex assets which can span decades.

Software maintenance revenues reduced to £1.5 million (2024: £1.9 million) reflecting the customer preference for subscription contracts in 2025 (subscription contracts include the license and the maintenance performance obligations). Software maintenance revenues are recurring by nature; the revenue is recognised over the duration of the maintenance period for each customer which can range from annual renewals to multi-year agreements.

In the Software as a Service sector, ARR is generally seen as a better forward looking performance indicator. ARR measures the annualised monthly contracted income from software contracts at a point in time. The Group exited 2025 with an ARR of £2.4 million with a pipeline of opportunities expected to realise a growth to £3.0 million by the end of 2026.

Technical services

Our technical services segment is diversified across circa 50 contracts and although we see the revenue arising from the segment as largely repeatable there will, from time to time, be occasions where certain service contracts come to an end. During 2025 the segment was challenged with the cessation of two contracts – in the UK, our longstanding HMRC PAYE services contract was lost to competition, and in Australia, we completed the statement of work on technical publications conversion services for the Australian Land Services Division of the DOD.

We are working hard to win new work from a healthy global pipeline that will recover our technical services revenues back to 2024 levels within our three-year growth plan and expect to make further announcements during the first half of 2026.

Revenues from technical services contracts are typically recognised on a consumption of benefit basis over time.

Training Systems

Engineered solutions

In line with management expectations, revenues associated with engineered solutions have decreased from £3.6 million in 2024 to £1.3 million in 2025. This is reflective of the operational stage of completion on the programmes which form the basis of this revenue stream which is recognised over time under IFRS 15. During the year, the team were working on several smaller programs with less work performed under contractual milestones when compared with the Apache contract in 2024, for which the delivery across a 3-year period was completed.

Generic products

The revenue recognition for generic products is at a point in time (typically on delivery) under IFRS 15. Revenues for these 'off the shelf' products in 2025 were £0.7 million (2024: £0.7 million).

At the time of writing, the order book within the training systems segment has grown to £10.3 million (2024: nil) giving confidence to near term Group revenue growth targets.

Cashflow / Net debt

The movement in net debt (as defined in the glossary to the annual report) is summarised as follows:

	£000s
Net Debt at 31 December 2024	(2,285)
Net cash generated from operations	101
Net cash generated from investing activities	1,122
Net cash generated from financing activities	942
Effect of foreign exchange rates	(93)
Net cash/(overdraft) at 31 December 2025	<u>(213)</u>
Shareholder loan	<u>(323)</u>
Net Debt at 31 December 2025	<u>(536)</u>

In July we completed the final phase of the sale of surplus land & buildings at Staverton, Cheltenham, UK that realised total gross cash proceeds in 2025 of £3.2 million in line with the programme's objective. The Company has remained in occupation of two units under a full repairing lease, entered for a five-year term, with a three-year 'tenant' only break clause.

The UK properties disposed of during 2025 acted as security in relation to the Group's HSBC overdraft facility (2024: £3.5 million). Following the sale of the properties, and the 2025 renewal process, the Group is, at 31 December 2025, operating with a £1 million facility with HSBC.

During the second half of the year and to support the continued capital investment in the integrated software suite the Group utilised its 10% placing authority to raise circa £0.9 million after fees. In October 2025, additional funds were raised via a £0.3m shareholder loan with Brett Gordon. The interest rate under the Loan Agreement is fixed at 9.75% (payable at 90-day intervals), with the principal being repayable in full through one bullet repayment 180 days after drawing (April 2026).

Included within investing activities was the final payment £0.3 million (2024: £0.3 million) relating to the 2020 acquisition of ADG, a critical component of our integrated software offering. Consideration was structured to include five 'earn out' payments attached to qualifying trading performance.

The Group had net borrowings at the year-end of £0.5 million (2024: net borrowings of £2.3 million) excluding lease liabilities but including the remaining liability on the shareholder loan.

Post Period-end, the Group has taken actions to ensure that ongoing operations are appropriately funded via the renewal of the existing HSBC overdraft facility up to an available limit of £1.0 million for a further 12-month period.

Furthermore, the Group has an active pipeline of opportunities spanning the entire spectrum of products and services. Securing these pipeline orders will underpin the cashflows of the Group in 2026 and beyond.

Research & development

Research and development repayable tax credits expected to be claimed (for cash) in the UK for the Period amount to £0.1 million (2024: £0.2 million) on qualifying expenditure of £0.7 million (2024: £1.4 million). The claims relate to the development of innovative new hardware products within the Training Systems segment as well as software products for which IP is held in the UK within the Software & Services segment.

During the year, retrospective 'optimisation' claims were made in respect of the 2024 and 2023 financial year R&D qualifying activities leading to a cash credit of £0.3 million and £0.2 million of other income on the face of the consolidated income statement.

Taxation

The Group's tax position shows a tax credit of £0.3 million (2024: credit of £0.5 million) consisting of a current tax credit of £0.25 million (2024: £0.3 million) and a deferred tax credit of £0.05 million (2024: credit of £0.2 million). The current tax credit arises largely from R&D claims submitted with HMRC under UK government incentive plans. The deferred tax credit is largely due to the release of deferred tax liabilities following the sale of UK land & buildings. We continue to build up a 'tax shield' from trading losses but also continue to take a prudent view on deferred tax asset recognition, particularly as it relates to losses brought forward. The Group has total unrelieved UK tax losses carried forward of £7.8 million (2024: £7.0 million) and continues to benefit from R&D related tax credits in overseas tax jurisdictions limiting the likelihood of cash tax charges in the near future.

Going concern

As part of their consideration of going concern, the Directors have reviewed the Group's future cash forecasts and projections, which are based on both market and internal data as well as recent experience.

The Directors have concluded that there are scenarios whereby the levels of forecast new business converted, or the timings of conversion are delayed which represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern.

Considering the Group's current committed bank facility headroom, its access to liquidity, and the strength of its pipeline, the Directors consider it appropriate that the Group can manage its business risks successfully and adopt a going concern basis in preparing these Consolidated Financial Statements.

Outlook

Pennant enters 2026 with a stronger order book – £23.3 million of contract value for delivery across the next 3 years, including circa £10 million that is scheduled for delivery in FY26 - giving us confidence in our objective to return the Group to a sustainable net cash and net profit before tax performance, delivering on the trust placed by our investors.

Darren Wiggins
Director

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Notes	2025	2024
Continuing operations		£'000s	£'000s
Revenue	2	9,662	13,775
Cost of sales		(4,898)	(6,875)
Gross profit		4,764	6,900
Exceptional costs	3	(414)	(2,322)
Share based payments		(30)	(70)
Profit on sale of land and buildings		86	231
Other administration expenses		(6,845)	(7,526)
Administrative expenses		(7,203)	(9,687)
Other income		199	185
Operating loss		(2,240)	(2,602)
Finance costs		(325)	(444)
Finance income		1	5
Loss before taxation		(2,564)	(3,041)
Taxation		310	466
Loss for the year attributable to the equity holders of the parent		(2,254)	(2,575)
Loss per share			
Basic		(5.04p)	(6.37p)
Diluted		(5.04p)	(6.37p)

**CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

Notes	2025	2024
	£'000s	£'000s
Loss for the year attributable to the equity holders of the parent	(2,254)	(2,575)
<i>Items that may be reclassified to profit or loss</i>		
Exchange rate differences on translation of foreign operations	(87)	(300)
<i>Items that will not be reclassified to profit or loss</i>		
Impairment on property, plant and equipment	-	(80)
Deferred tax credit - property, plant and equipment	-	20
Total comprehensive loss for the period attributable to the equity holders of the parent	(2,341)	(2,935)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Notes	2025	2024
		£'000s	£'000s
Non-current assets			
Goodwill	4	2,481	2,530
Other intangible assets	5	4,861	4,218
Property, plant and equipment		346	470
Right-of-use assets		845	543
Deferred tax assets		644	591
Total non-current assets		9,177	8,352
Current assets			
Inventories		686	617
Trade and other receivables		1,454	2,355
Current tax receivable		377	593
Assets held for sale		-	2,974
Cash and cash equivalents		466	1,045
Total current assets		2,983	7,584
Total assets		12,160	15,936
Current liabilities			
Trade and other payables		3,335	3,251
Bank overdraft	6	679	3,330
Loans	6	323	-
Current tax payable		6	3
Lease liabilities		228	137
Deferred consideration on acquisition		-	311
Total current liabilities		4,571	7,032
Net current (liabilities)/assets		(1,588)	552
Non-current liabilities			
Lease liabilities		675	468
Warranty provisions		5	92
Total non-current liabilities		680	560
Total liabilities		5,251	7,592
Net assets		6,909	8,344
Equity			
Share capital		2,378	2,162
Share premium account		7,117	6,457
Capital redemption reserve		200	200
Retained earnings		(2,614)	(495)
Translation reserve		(172)	(85)
Revaluation reserve		-	105
Total equity		6,909	8,344

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	SHARE CAPITAL	SHARE PREMIUM	CAPITAL REDEMP- TION RESERVE	RETAINED EARNINGS	TRANSLA- TION RESERVE	REVALUA- TION RESERVE	TOTAL EQUITY
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
At 1 January 2024	1,844	5,383	200	1,990	215	185	9,817
Loss for the year	-	-	-	(2,575)	-	-	(2,575)
Other comprehensive losses	-	-	-	-	(300)	(60)	(360)
Total comprehensive loss	-	-	-	(2,575)	(300)	(60)	(2,935)
Issue of new ordinary shares	318	1,252	-	-	-	-	1,570
Issue costs	-	(178)	-	-	-	-	(178)
Recognition of share-based payment	-	-	-	70	-	-	70
Transfer from revaluation reserve	-	-	-	20	-	(20)	-
At 31 December 2024	2,162	6,457	200	(495)	(85)	105	8,344
Loss for the year	-	-	-	(2,254)	-	-	(2,254)
Other comprehensive losses	-	-	-	-	(87)	-	(87)
Total comprehensive loss	-	-	-	(2,254)	(87)	-	(2,341)
Issue of new ordinary shares	216	714	-	-	-	-	930
Issue costs	-	(54)	-	-	-	-	(54)
Recognition of share-based payment	-	-	-	30	-	-	30
Transfer from revaluation reserve	-	-	-	105	-	(105)	-
At 31 December 2025	2,378	7,117	200	(2,614)	(172)	-	6,909

**CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025**

NOTES	2025	2024
	£'000s	£'000s
Net cash from operations	101	176
Investing activities		
Interest received	1	5
Deferred consideration paid in respect of prior year acquisition	(318)	(511)
Investment in intangible assets	(1,681)	(1,371)
Purchase of property, plant and equipment	(43)	(223)
Proceeds from disposal of property, plant and equipment	3,163	484
Net cash from/(used in) investing activities	1,122	(1,616)
Financing activities		
Proceeds from issue of ordinary shares less issue costs	876	1,392
Proceeds from shareholder loan	320	-
Repayment of lease liabilities	(254)	(251)
Net cash from financing activities	942	1,141
Net increase/(decrease) in cash and cash equivalents	2,165	(299)
Cash and cash equivalents at beginning of year	(2,285)	(1,879)
Effect of foreign exchange rates	(93)	(107)
Cash and cash equivalents at end of year	(213)	(2,285)

ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

1. Basis of Preparation

Pennant International Group plc is a public company incorporated in England and Wales under the Companies Act 2006. The company is listed on AIM, part of the London Stock Exchange. The address of the registered office is Unit D1, Staverton Connection, Staverton, Cheltenham, GL51 0TF.

The principal activity of the Group during the year was the delivery of integrated training and support solutions, products and services, principally to the defence, rail, aerospace and naval sectors and to Government Departments.

The financial information set out in this preliminary results announcement does not constitute the Group's statutory financial statements, as defined in section 435 of the Companies Act 2006, but is derived from those financial statements. Statutory financial statements for 2024 have been delivered to the Registrar of Companies. The audit report was unqualified, did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006 and drew attention by way of emphasis to a material uncertainty relating to going concern. Those for 2025 have not yet been delivered to the Registrar of Companies. The audit report is unqualified, does not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006 and draws attention by way of emphasis to a material uncertainty relating to going concern. The 2025 accounts will be delivered to the Registrar of Companies shortly.

Accounting policies have been applied consistently with those set out in the 2024 financial statements, as amended when relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year. During 2025 no new standards, amendments or interpretations had a significant impact on the financial statements.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted international Accounting Standards, this announcement does not itself contain sufficient financial information to comply with UK-adopted international Accounting Standards. The Group will be publishing full financial statements that comply with UK-adopted international Accounting Standards in March 2026.

Going Concern

Accounting standards require that the Directors satisfy themselves that it is reasonable for them to conclude whether it is appropriate to prepare the financial statements on a going concern basis.

The Directors have undertaken an assessment of the prospects of the Company and its subsidiary undertakings (the 'Group'), taking into account the Group's current position and principal risks. This review considered both the Group's prospects and its ability to continue in operation and to meet its liabilities as they fall due over the eighteen-month period ('review period') following approval of these financial statements.

The Directors have prepared cash flow projections to 31 December 2027 to support their decision to use the going concern basis and these projections rely on future cash flows from new business which is not yet secured and for which timings are uncertain. The Directors have concluded that there are scenarios whereby the levels of forecast new business converted, or the timings of conversion are delayed which represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern – scenarios under which the Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Should the Group not achieve budgeted revenue

ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

Basis of Preparation (continued)

projections, management would look to address its cash costs and/or raise capital from several different funding options.

For these reasons, we continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Were the company no longer a going concern, adjustments may be required to the carrying value of assets, provisions would be required for the future liabilities arising because of the company ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

2. Segment information

The operating segments that are regularly reviewed by Executive Management in order to allocate resources to segments and to assess performance are aligned to the Training and Software & Services CGUs and the three regions, UK & Europe, North America and Asia-Pacific as these represent the way the Group reports financial performance and position internally.

2.1 *Segment revenues and results*

	Segment Turnover		Segment Profit	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Training				
UK & Europe	1,528	4,209	(474)	(879)
North America	246	-	94	-
Asia Pacific	243	-	102	-
Subtotal Training	2,017	4,209	(278)	(879)
Software & Services				
UK & Europe	2,205	3,142	985	1,042
North America	3,190	2,743	776	(483)
Asia Pacific	2,250	3,681	(656)	727
Subtotal Software & Services	7,645	9,566	1,105	1,286
Total Revenue	9,662	13,775	827	407
Management charges and licence fees			(3,066)	(3,009)
Net finance costs			(325)	(439)
Loss before tax			(2,564)	(3,041)

ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

2 Segment information (continued)

2.2 Segment assets and liabilities

	2025	2024
	£000s	£000s
Training		
UK & Europe	3,601	7,036
Consolidated assets	3,601	7,036
UK & Europe	2,419	4,143
Consolidated liabilities	2,419	4,143

	2025	2024
	£000s	£000s
Software & Services		
UK & Europe	5,252	4,635
North America	2,320	3,021
Asia Pacific	987	1,244
Consolidated assets	8,559	8,900
UK & Europe	1,156	1,099
North America	525	933
Asia Pacific	1,151	1,417
Consolidated liabilities	2,832	3,449

3 Exceptional items

The following expenses have been recognised as exceptional items on the face of the Group income statement due to them being considered non-recurring transactions or one-off in nature

	2025	2024
	£'000s	£'000s
Inventory impairment	-	407
Restructuring costs	295	1,697
Aborted acquisition costs	-	218
Legal, professional & advisory costs	119	-
	414	2,322

Legal, professional & advisory costs largely relate to fees paid in respect of the R&D optimisation claims filed for prior years (2023 and 2024) and as such are seen as one off in nature.

ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

4 Goodwill

The Group tests goodwill annually for impairment. The recoverable amounts of the CGU's are determined from value in use calculations. The Group prepares cash flow forecasts for the following twelve months derived from the most recent annual financial budgets approved by the Board of Directors and extrapolates cash flows as follows:

Software & Services CGU:

Cashflows derive from the board approved 3-year financial plan (inclusive of 12-month annual budget) and are extrapolated for a further two years at a growth rate of 3% (2024: 5%). The forecast includes a terminal value at a terminal growth rate of 3%.

Training CGU:

Cashflows derive from the board approved 3-year financial plan (inclusive of 12-month annual budget) and are extrapolated for an additional two years at a growth rate of 3% per annum (2024: 3%). The forecast includes a terminal value based off an average income from the 5-year period forecast – this is done to factor in the cyclical nature experienced in the Training CGU due to long order to delivery gestation periods.

The forecast cash flows of each CGU are discounted at the following pre-tax rates to provide the value in use for each CGU:

Training CGU: 11.79% (2024: 13.47%)

Software & Services CGU: 11.32% (2024: 13.12%)

The rates have been calculated to reflect the working capital structure of the Group as each CGU utilises the optimal capital structure, being both debt and equity.

The discounted cash flows provide headroom for the goodwill carrying values in excess of their respective assets in the case of each CGU with the Training headroom being £7 million and Software headroom of £5 million both after considering terminal values.

Key assumptions are based on past experience and external sources. No impairment of goodwill has been recorded in either the year ending 31 December 2025 or 31 December 2024. The Directors have assessed the sensitivity of the assumptions detailed above and consider that it would require significant adverse variance in any of the assumptions to reduce fair value to a level where it matched the carrying value

5 Other intangible assets

During the year the Group capitalised £1,517k (2024: £1,349k) of costs in relation to the ongoing development of the Auxilium software suite of solutions including enhancements to existing software related assets. More information can be found in the CEO's report.

No impairments have been identified in 2025 (2024: £831k) An impairment review was performed as at 31 December 2025 and following sensitivity analysis performed on the key assumptions, no impairment to other intangible assets was deemed necessary.

ABBREVIATED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

6 Borrowings

The Group has cash and cash equivalents of £466k (2024: £1,045k) and a bank overdraft of £679k (2024: £3,330k).

On 31 December 2025 the Group had available bank overdraft facilities, for use by its UK trading entities and provided by HSBC UK, of £1.0 million (2024: £3.5 million) which have reduced on the sale of freehold property.

Any overdraft arising from the facility is repayable on demand and carries interest at 2.75% (2024: 2.50%) plus the bank's base rate. Any facilities used are secured by fixed and floating charges over the assets of Pennant International Group plc, Pennant International Limited and by cross-guarantees between those companies.

Post Period-end, the Group has taken actions to ensure that ongoing operations are appropriately funded via the renewal of the existing HSBC overdraft facility up to an available limit of £1.0 million for a further 12-month period.

On 23 October 2025 the group received a loan of £320,000 from Brett Gordon, a shareholder of the company. The transaction is treated as a related party transaction for the purposes of AIM Rule 13 and is disclosed on that basis. The loan is unsecured, bears an interest rate of 9.75% per annum, and is repayable on 23rd April 2026. As the loan is due within twelve months after the reporting date, it is classified as a current financial liability in accordance with IAS 1.69(d). The carrying amount of the loan, including accrued interest, at year-end was £323k (2025: £nil). The loan is measured at amortised cost in accordance with IFRS 9 Financial instruments. No breach of covenants or defaults occurred during the reporting period.