

Annual Report and Accounts **2025**

Pennant

Maximizing Operational Efficiency

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Glossary

| | |
|----------|---|
| AGM | Annual General Meeting |
| ARR | Annual Recurring Revenue (existing monthly contracted revenues, annualised) |
| EASA | European Union Aviation Safety Agency |
| EBITDA | earnings before interest, taxation, depreciation and amortisation |
| EMAR | European Military Aviation Requirements |
| H1 | the six months ended 30 June 2025 |
| H2 | the six months ended 31 December 2025 |
| IBP | Integrated Business Plan |
| IETMS | Interactive electronic technical manual |
| IPS | Integrated Product Support |
| ILS | Integrated Logistics Support |
| ITAR | International Traffic in Arms Regulations (US government regulation) |
| Net Debt | the result of deducting the company's interest-bearing debt from its cash position, excluding lease liabilities |
| OEM | Original Equipment Manufacturer |
| Q1 | the three months ended 31 March 2025 |
| Q2 | the three months ended 30 June 2025 |
| Q3 | the three months ended 30 September 2025 |
| Q4 | the three months ended 31 December 2025 |

Strategic Report

Maximizing Operational Efficiency

Our Vision

To be the leading systems support and training solutions company.

Our Mission

To ensure our customers' assets are available where they are needed, when they are needed and that they work.

Our Strategy

- Expand, and be first to market, with our end-to-end Auxilium Integrated Product Support ("IPS") software suite. Details of the Auxilium Investment Case can be found on page 28.
- Grow our technical services offering, through organic growth and acquisition
- Optimise the Training Systems business
- Deliver excellence in our customer experience

Details of the Group's Integrated Business Plan ("IBP") can be found on page 18.

Further details of the Group's 3 year strategic aspirations will be included in the full year 2025 results investor presentation, available on our website.

About Pennant

Pennant International Group plc (AIM: PEN) is a technology driven, leading global provider of system support software and services, technical services, and training systems.

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.

Pennant Overview

WHAT WE DO?

Provides systems support software, technical services and 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 capability

Global business

100+
EMPLOYEES



UK (HQ)



USA



CANADA



AUSTRALIA

Geographies (% REV)

39%
EMEA

26%
APAC

35%
NORTH AMERICA

Revenue

80%
DEFENCE

10%
RAIL

10%
AEROSPACE

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 divisions:

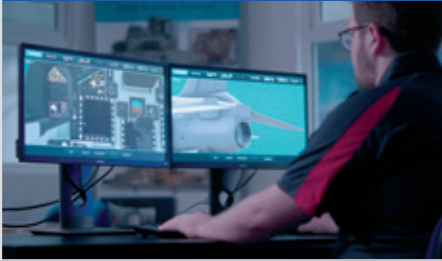
AUXILIUM SOFTWARE



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 and 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

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. Our IPS software and services equips customers with powerful market-leading toolsets to manage, model and utilise complex equipment data, replacing outdated, siloed toolsets with cloud enabled collaboration across multi-national programs.

IPS will be a major growth area as industries shift from selling products to delivering performance, availability, and outcomes over long life cycles. Auxilium's modular design and standards compliance position Pennant to capture significant growth as defence systems modernize and IPS demand increases.

Technical Services

Drives repeatable revenues through expert support for users of Pennant and third-party solutions including data conversion, consultancy, support and maintenance, training and bespoke development.

Training Systems

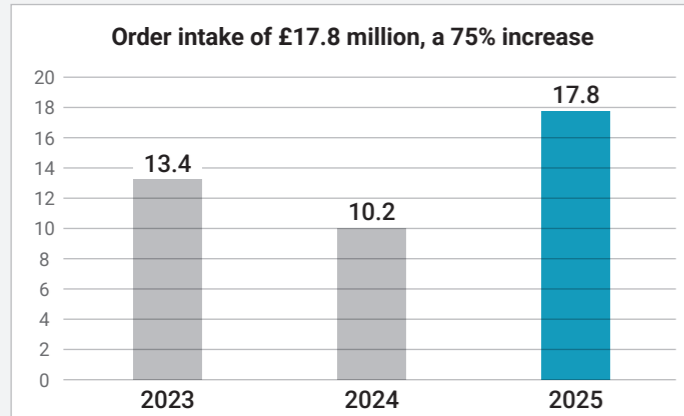
Project-based revenues relating to the design and build of hardware, software and virtual training solutions for maintainers and operators of aircraft, ships and land systems.

Following the completion of a significant restructuring exercise in 2024/25, the Training Systems business is now focused on delivering modifications, retrofits and overhauls to its installed base, and has an active order book and future pipeline of such opportunities.

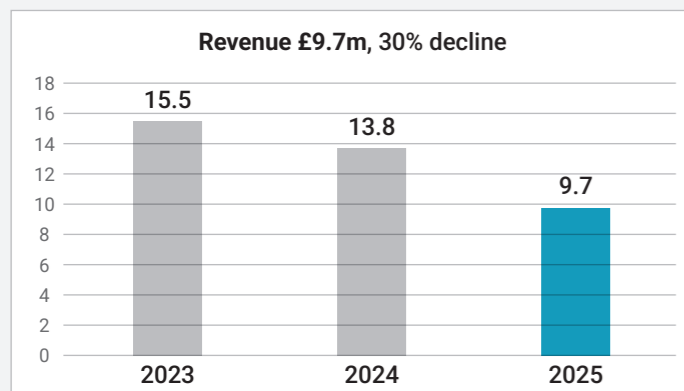
Pennant is strategically focused on sustainable recurring and repeatable revenues and profitability growth, shifting its model towards high margin software and services. Against a climate of rising defence budgets and the burgeoning technological complexity of military, aviation and rail platforms, the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



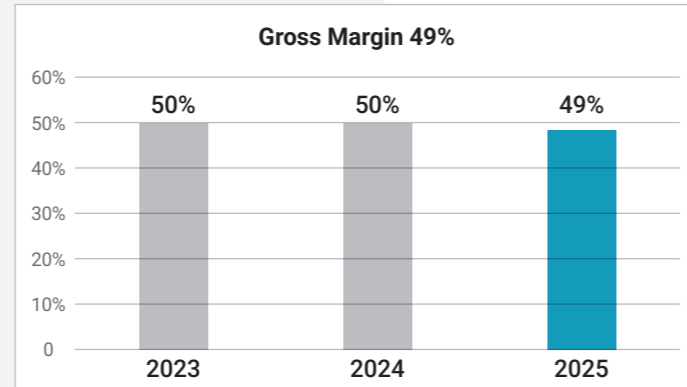
Group Key Financials (KPIs)



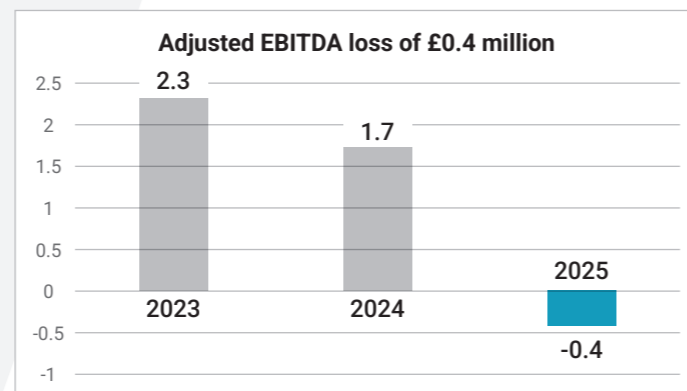
Order intake increased significantly year on year, driven by multi-year program awards in the Training Systems segment as well as growth in demand for Auxilium software products and services. Current order book that is deliverable in FY26 of approximately £10 million, giving high confidence of meeting market expectations for FY26 revenue.



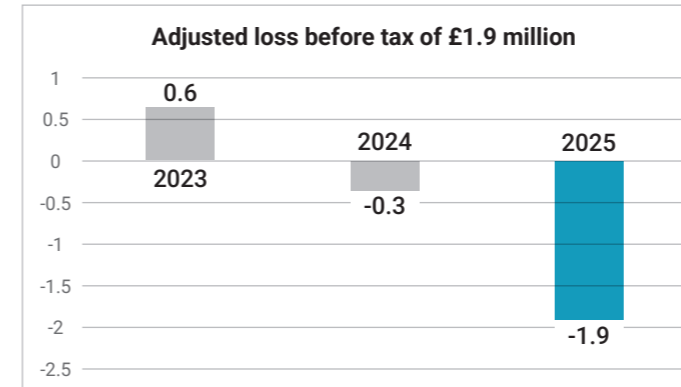
Revenue reduced year on year primarily due to delays in Training System contract awards as well as the completion of projects in the Technical Services division during H1. Revenues from Auxilium software increased, ending the year at a record ARR of £2.4 million (2024: £1.9 million).



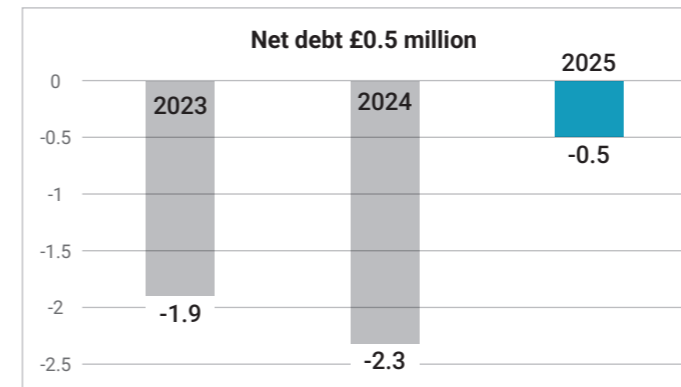
Gross margins were maintained at a consistently strong level despite lower Training and Technical Services sales volumes due to the cost reductions realized in the 2024/25 restructuring exercise as well as the growth in software revenues.



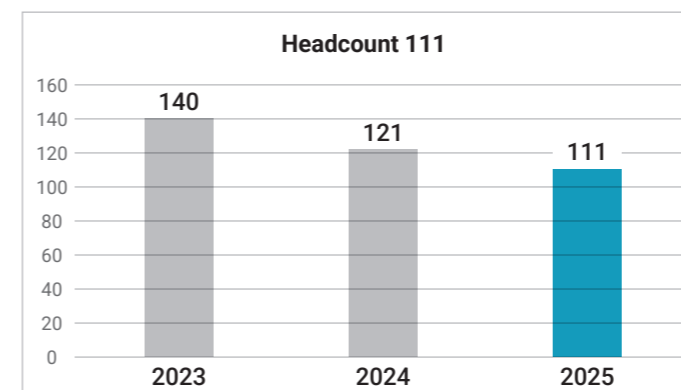
The reduction in adjusted⁽¹⁾ EBITDA resulting from the lower sales year over year (via delayed program awards) has been partially offset by a controlled cost base, resulting in an adjusted loss before interest, taxation, depreciation and amortisation of £0.4 million (2024: profit £1.7 million) and an adjusted loss before tax of £1.9 million (2024: loss £0.3 million).



Adjusted⁽¹⁾ Profit before Tax, a key measure of performance, will be our profitability measure going forwards as this factors in the amortised cost of our investments into R&D and specifically our core software platform – Auxilium.



The Group had net borrowings at the year-end of £0.5 million (2024: £2.3 million) excluding lease liabilities, the sale of surplus properties as well as funds raised from existing shareholders contributing to the net cash inflow during the year.



The Training Systems division restructuring exercise led to the reduction in global workforce from 140 at the end of 2023 to 111 at the end of 2025.

⁽¹⁾ Various adjusted measures of performance are used throughout the annual report and are reconciled to statutory figures within the CFO Review on page 14.

⁽¹⁾ Various adjusted measures of performance are used throughout the annual report and are reconciled to statutory figures within the CFO Review on page 14.

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). Further details can be found in the Chief Financial Officer's Review on page 14.

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.



Ian Dighé, Chair

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 (set out in detail on page 43). 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. Further details are provided in the Principal Risks and Uncertainties section of this Annual Report.

The Board remains committed to maintaining its strong record of robust, proportionate corporate governance.

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.

Further details on the Board members can be found in the Governance & Risks section of this document.

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.

Approved by the Board on 20 March 2026 and signed on its behalf.

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.

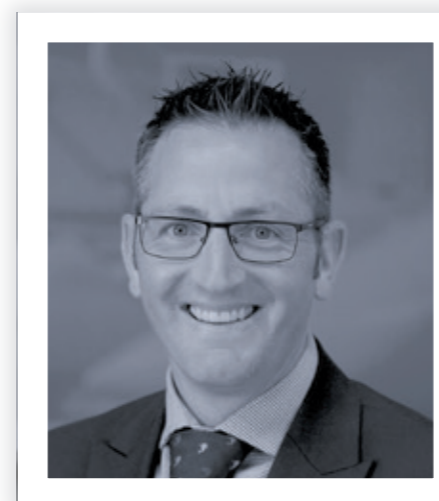
Go-to market and indirect channels

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.



Philip Walker, Chief Executive Officer

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.



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



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.

Approved by the Board on 20 March 2026 and signed on its behalf.

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.



Darren Wiggins, Chief Financial Officer

Pennant enters 2026 with a stronger order book, giving us confidence in our objective to return the Group to a sustainable net cash and net profit performance.

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 |
| Gross profit % | 49% | - | - | 49% | 50% |
| 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 AND 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 | (213) |
| Shareholder loan | (323) |
| Net Debt at 31 December 2025 | (536) |

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).



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.



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 brought forward losses. 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.

More detail can be found in notes 4 and 27 to the financial statements.

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

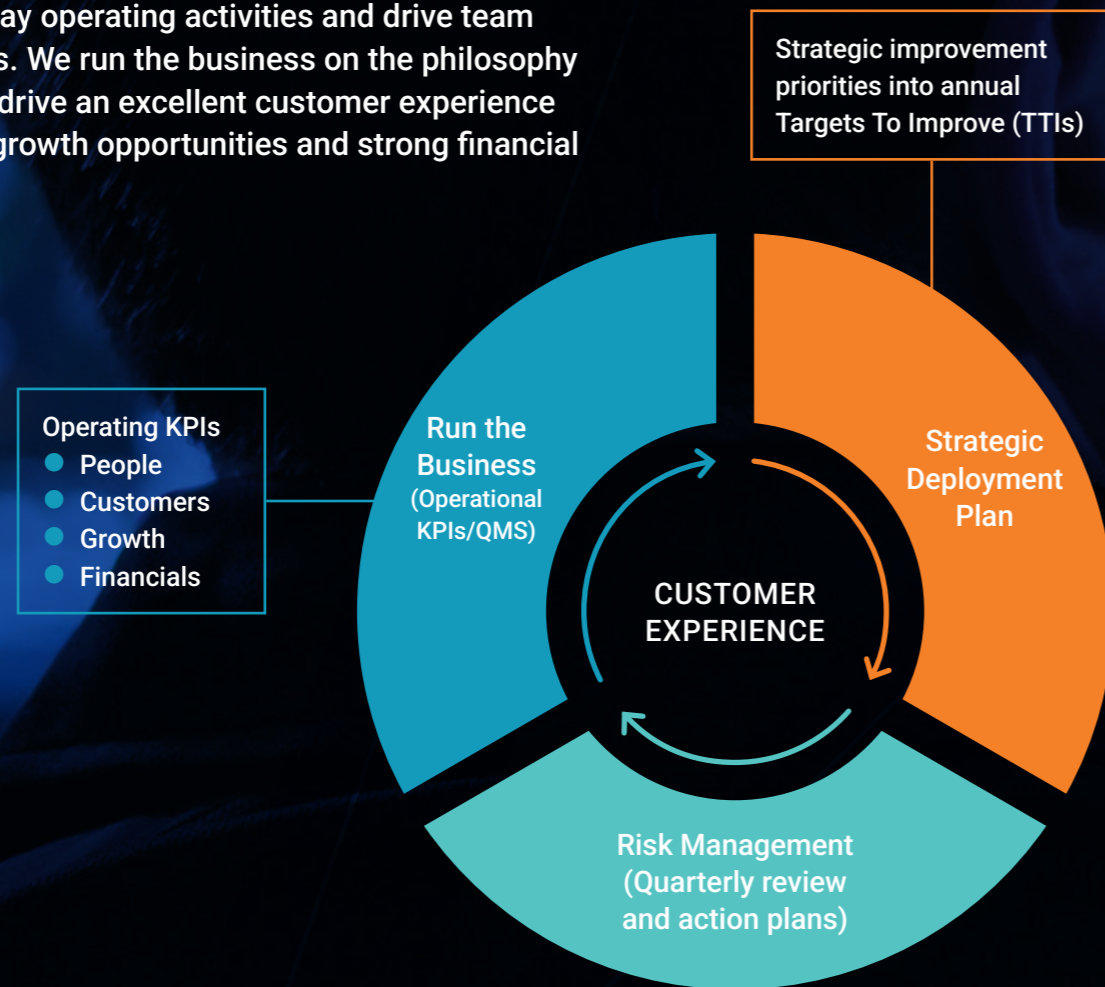
Pennant enters 2026 with a stronger order book – £23.3 million of contract value for delivery across the next 3 years, including circa £10 million that is scheduled for delivery in FY26 – giving us confidence in our objective to return the Group to a sustainable net cash and net profit before tax performance,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

Darren Wiggins
Director

Integrated Business Plan

Integrated Business Planning is a holistic approach that integrates strategic planning, operational planning, and financial planning within an organisation. IBP brings together various functions, including sales, marketing, finance, supply chain, human resources, IT and beyond to collaborate across business units and make informed decisions that drive overall business success.

At Pennant we use IBP to ensure that the customer experience is at the heart of everything we do. Our annual strategic planning process ensures that our long-term objectives are understood, aligned to our day-to-day operating activities and drive team members' annual goals. We run the business on the philosophy that motivated people drive an excellent customer experience which in turn leads to growth opportunities and strong financial performance.



Our Strategic Framework

Our strategy is comprised of four key areas of focus that will help us achieve our long-term objectives and generate meaningful shareholder value. It is centred on maintaining and growing our core capabilities and securing growth opportunities through advancing our strategic directives.

Our Strategy

- Expand, and be first to market, with our end-to-end IPS software suite
- Grow our technical services offering, through organic growth and acquisition
- Optimise the Training Systems business
- Deliver excellence in our customer experience

Three-Year Strategic Objectives

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

Principal risks and uncertainties

Risk Management Review

Group-wide risk management is ultimately the responsibility of the Board (supported by the Audit & Risk Committee) with an operational framework overseen by the Chief Financial Officer.

Operational risk management is embedded in the Group's business processes, which are set down in writing and compliance with which is monitored and audited by the Group's internal Quality function (and periodically reviewed by external quality compliance auditors).

Each live programme has a risk and opportunities register which is maintained by the relevant Programme Manager and reviewed regularly, in particular at standing monthly programme review meetings.

The Group's key risks (operational and otherwise) are recorded in a Group Risk Register and those risks together with their respective mitigants, controls and corrective actions are regularly monitored by executive management and reviewed by the Audit & Risk Committee (and the Board as appropriate).

Key Risks

Key risks to the Group (and the relevant mitigants and controls employed by the Group) are explained below.

These are the risks which the Board considers, as at the date of this report, to be the most critical to the continued operation of the Group and the achievement of its strategic objectives. The risks described do not represent the totality of the risks facing the Group and should not be relied on as such by any person considering any investment decision in relation to the Company's ordinary shares.

The 'Risk Trend' stated below represents management's view as to whether the overall risk profile of each risk increased, decreased or remained the same during the period. The mitigation and control measures reflect management's response to any perceived changes in risk profile.

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|--|--|------------|--|
| <p>Realising the investment in Auxilium</p> <p>With the significant investment made by the Group in the Auxilium software suite, it is critical to ensure that, over time, this investment is realised through the successful commercialisation of the suite.</p> <p>This commercialisation could be sub-optimally executed due to one or more of the following (or other) factors: inadequate product functionality; misjudging the market need; ineffective sales and marketing; under or over pricing.</p> | <p>Disappointing sales revenues lead to an impairment of the related intangible asset, causing financial losses to the Group.</p> <p>The Group's credibility in the IPS field is damaged as a result, leading to the loss of ancillary professional services work.</p> | Stable | <p>Auxilium conforms to various industry standards and comprises products with a long history in their respective niches, so it is unlikely that the underlying customer need has been seriously misjudged. Data standardisation and exchangeability is a growing trend across defence and other industries.</p> <p>The development of the Auxilium suite has been performed by skilled software architects and engineers in accordance with industry-recognised development processes, including in relation to progressive testing.</p> <p>The Sales team is focused on establishing effective distribution channels through selected agents and re-sellers to maximise indirect sales.</p> <p>Detailed financial and pricing models are in place.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|--|---|------------|---|
| <p>Liquidity risk</p> <p>Liquidity risk is the risk that the Group does not have sufficient cash to meet its financial obligations as they fall due, particularly due to timing challenges described in the 'Order Intake Cycle' risk and the 'Cashflow Profiles' risk below.</p> | <p>The Group may not be able to meet its contractual obligations to customers or make payments when due to suppliers, employees, tax authorities and other stakeholders. Ultimately, this could jeopardise the Group's long-term viability.</p> | Stable | <p>The Directors regularly review the Group's forecast working capital requirements, cash flow, current borrowing facilities and other funding options available to the Group.</p> <p>Following the additional equity financing in FY25 (via a direct subscription) and the improved order intake during the year the Directors have assessed that the risk has stabilised.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|---|---|------------|---|
| <p>Order Intake cycle</p> <p>With a customer base of major defence contractors and government departments, the acquisition of Pennant's products and services can be a lengthy process.</p> <p>On larger 'engineered-to-order' programmes, it can take years from the initial customer request for a proposal to the award of a contract to Pennant. Such lengthy timelines can be a product of the prescribed procurement process itself and/or delays 'up stream' on a prime contract.</p> | <p>With such long timelines to win major contracts (and related risks of delays within that timeline), it can be difficult to win sufficient work within a particular period, meaning challenges on revenue expectations and the management of resources.</p> | Decreasing | <p>The Group secured significant new orders during the final quarter of the year, closing the year with a total order intake of £18 million.</p> <p>Over the longer term, the most important mitigant is the Group's efforts to build up a solid base of recurring and repeatable software and services revenues. The launch of the Auxilium suite is a key pillar of this strategy, and during the year, the Group achieved ARR of £2.4 million.</p> <p>The restructuring of the Training Systems commenced in late 2024 was completed to reduce fixed costs in that unit, thereby reducing the impact of delays in order intake, while retaining core skills and the ability to scale up as and when orders are received.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|--|---|------------|--|
| <p>Contract risk: cashflow profiles</p> <p>The Group's cashflow profile, particularly in the Training Systems segment, can become significantly dependent on the timely delivery of a small number of high-value contracts.</p> | <p>If delivery of such contracts is delayed, it can cause significant financial effects on the Group (particularly when judged by annual reporting).</p> <p>Delays on delivery lead to a negative perception amongst stakeholders that the Group's business is inconsistent and prone to 'lumpy' revenues.</p> <p>Large contracts generate significant working capital demands which, if they cannot be met, can jeopardise delivery of the contract (and continuance of the business generally).</p> | Stable | <p>The Group always seeks to negotiate cash-neutral or cash-positive payment milestones such that contractual programmes of work are largely self-funding.</p> <p>Where this is not possible, the Group has access to overdraft facilities with its bankers to fund working capital requirements.</p> <p>The Group is constantly seeking ways to enhance its recurring revenues (to increase profitable turnover generally and to mitigate the effects of 'lumpy' contracts).</p> <p>The Group employs qualified and experienced programme managers to manage delivery (including cost and risk) on all projects supported by a dedicated Commercial function. A clear reporting and escalation framework is in place.</p> |

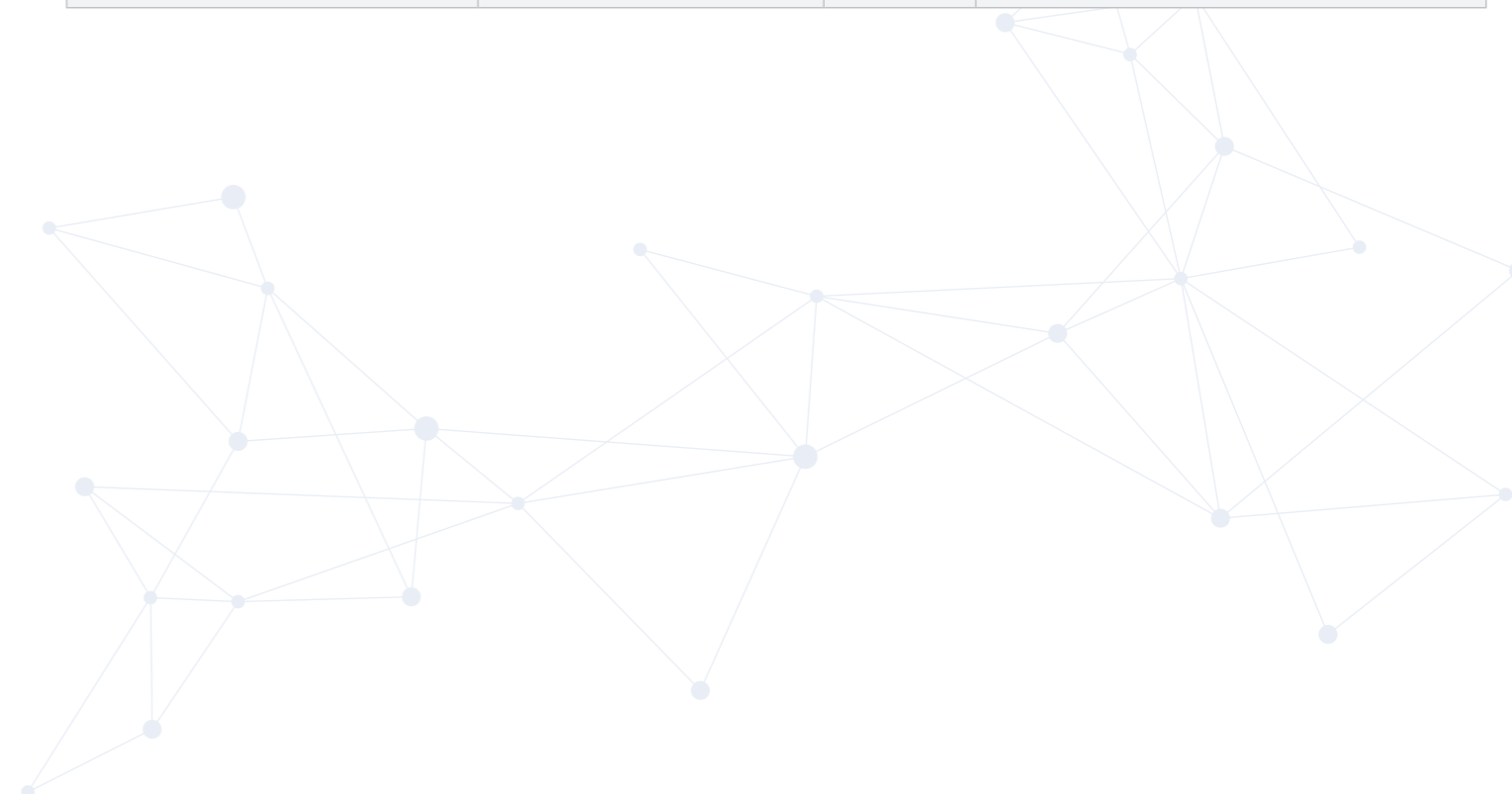
| Description of risk | Potential impact | Risk trend | Mitigation and control |
|---|---|------------|---|
| <p>Contract risk: pricing and delivery</p> <p>The Group's key contracts are often on a fixed price with a fixed delivery timeline.</p> <p>The Group will contract on fixed prices on 'engineered-to-order' projects (e.g. for a platform-specific training aid or bespoke software development), where it has not previously designed and delivered the required product before. This creates a risk of mispricing a contract.</p> | <p>A mispriced contract, even if delivered in compliance with its terms and timeline, can result in the Group failing to realise the desired profit on carrying out such work, with an associated negative impact on the Group's overall financial performance.</p> <p>A delay or failure to deliver a contract may result in reputational damage to the Group and entitle the customer to claim compensation (including, on some contracts, liquidated damages).</p> | Stable | <p>Considerable analysis and effort is applied in pricing each 'engineered-to-order' contract to ensure that all likely work and costs required to deliver that contract are reflected in the price. High-value contract bids are only released once approved through a 'gated' bid management process in accordance with written delegated authority framework.</p> <p>The Group employs qualified and experienced programme managers to manage delivery (including cost and risk) on all projects supported by a dedicated Commercial function. The programme managers, in turn, regularly report to the Group's senior management.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|--|---|------------|---|
| <p>Customer dependencies</p> <p>In delivering its 'engineered-to-order' programmes, the Group is often dependent on the provision of data from its customers and, in some cases, third parties.</p> <p>The required data may not be available (because it has not yet been created or distilled into writing) or a third-party data owner may be unwilling to release the data.</p> | <p>If data is not received when required, and a programme is delayed, it may impact the Group's ability to progress the programme, render invoices and recognise revenue. Data delays may lead to inefficient working and unbudgeted costs. In very serious cases, the delivery of the programme itself may be jeopardised.</p> | Stable | <p>This can be a difficult risk to manage.</p> <p>The importance of timely data flow to the Group is advised to customers at an early stage. The risk is always flagged to the customer in pre-contract negotiations, with a contractual dependency then placed on the customer to ensure the provision of the necessary data.</p> <p>The Group monitors the provision of data during the programme and is always alive to the risk of data flows drying up. The Group will negotiate the right to extensions of time and/or compensation where its contract delivery is impacted by data delays.</p> <p>If a programme ultimately terminates due to this risk eventuating, the Group will claim payment for work done until termination.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|---|---|------------|---|
| <p>Legal and compliance risk</p> <p>Due to the sectors in which it operates, the Group is subject to considerable legislation and regulation. In operating globally, the Group is subject to the laws of relevant foreign jurisdictions.</p> <p>For example: the Group must comply with UK export control laws; in receiving and using certain data, it must comply with the US ITAR regulations; in designing its hardware trainers, it must comply with various EU and UK safety laws.</p> | <p>Failure to comply with relevant legislation and regulation may result in the Group being unable to sell its products.</p> <p>The Group and its officers may be found criminally liable for breaches of foreign legislation and/or face civil penalties.</p> <p>Serious breaches of health and safety law may result in the Group's operations being suspended.</p> | Stable | <p>The Group has an experienced Commercial team with considerable export expertise.</p> <p>External legal counsel (both UK and overseas) are retained, together with safety and compliance advisers to augment its internal quality and health & safety team.</p> <p>Internal programmes for training and awareness of key risks areas are in place (e.g. health & safety legislation; cyber security and data protection).</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|---|---|------------|---|
| <p>Information systems and security</p> <p>The Group's operations are heavily dependent on the security and availability of its IT systems.</p> <p>Operating in defence and regulated sectors, the Group sometimes has custody of sensitive information.</p> | <p>A successful cyber-attack against the Company's systems could lead to serious negative reputational and contractual consequences, as well as regulatory breaches.</p> <p>If key systems are unavailable, the Group's delivery of customer contracts may be delayed or prevented, with consequent potential adverse effects on revenue.</p> | Increasing | <p>Generally, cyber risk is increasing across industry (including through AI-powered attacks).</p> <p>The Group carefully follows prescribed customer and government security standards, deploying dedicated IT personnel in all regions tasked with ensuring the security and availability of the systems.</p> <p>During the period, the Group initiated an internal project to obtain the highly regarded ISO27001 certification.</p> |

| Description of risk | Potential impact | Risk trend | Mitigation and control |
|--|---|------------|---|
| <p>Managing resources</p> <p>Given the 'Order Intake' risk described above, planning for and securing the right resources at the right time is a challenge.</p> <p>The Group needs staff with a wide range of specialist technical skills, including engineering and software design and programming. Subject matter expertise is required in various areas and the pool of people with the appropriate skills is inherently limited. Specialist skills and a relatively small workforce can give rise to 'single points of failure'.</p> | <p>If the Group is unable to secure the necessary human resources, the timely delivery of its contracts may be jeopardised, with potentially negative effects to revenue and profit.</p> <p>Conversely, resources may be over-provisioned or secured at the wrong time, incurring unnecessary costs/allocating capital which might be used elsewhere.</p> | Stable | <p>The Group carefully monitors resourcing plans and utilisation levels.</p> <p>Cross-skilling and sharing of internal resources is encouraged and actively managed (e.g. with software engineers from the Training Systems teams being deployed on Auxilium). This is intended to reduce and if possible, eliminate the risk of single points of failure.</p> <p>Specialist search and recruitment firms are used when needed (together with professional networks) to source niche skill sets.</p> <p>During the year, the Group actively de-risked the overprovision of facilities by disposing of all its freehold property in Staverton.</p> |



About Pennant

Founded in 1958, Pennant has grown from modest beginnings into a market-leading, technology-led software and services business with a global customer base.

The Group operates across civil and military aviation, defence, space and rail, supporting global defence primes, government departments, international aviation colleges and major rail operators.

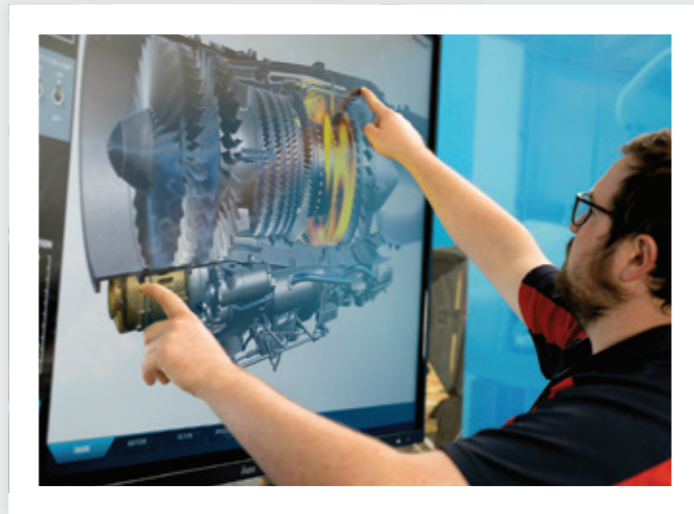
Pennant benefits from a highly supportive strategic backdrop, with strong long-term growth drivers for its products and services:

- **Limited end-to-end competition:** Few organisations can match Pennant's IPS software and services offering, creating significant opportunities to deepen relationships with existing customers and expand within established markets.
- **Alignment to international standards & specifications:** Increasing focus on ensuring compliance with complex quality and governance requirements.
- **Increasing platform complexity:** Growing global investment across land, naval, air and rail domains is driving demand for specialist technical training and IPS.
- **Shift away from 'real equipment' training:** Safety, cost, practicality and environmental considerations continue to accelerate the adoption of technology-based training solutions.
- **Trend towards outsourcing:** Defence forces and other organisations are increasingly outsourcing training, IPS services, device upgrades and data management.
- **Rise of performance-based contracting:** OEMs now bear greater responsibility for availability modelling and lifecycle costing, heightening the need for advanced IPS tools.
- **Growing importance of data:** As programs increase in cost and complexity, the quality, structure and management of technical data has become mission-critical.
- **Supportive global market environment:** Heightened geopolitical uncertainty is driving increased defence expenditure; commercial aviation activity is returning to pre-pandemic levels; and deferred investment in sectors such as rail is resuming.

With a diverse portfolio of software-led training solutions and IPS capabilities, Pennant is ideally positioned to address these trends and support both defence and regulated civilian markets.

The Group has an international footprint, with operations in the UK, Australia, Canada and the United States.

Pennant has been admitted to trading on the AIM market of the London Stock Exchange since 1998.



Products and Services

Pennant is a market leading provider of systems support and training solutions to defence departments and major OEMs worldwide to maximise operational and maintenance efficiency.

Technical Services

Pennant provides a comprehensive range of specialist services to support users of both Pennant and third-party solutions operating in regulated and safety-critical sectors.

From Training Needs Analysis through to in-service support and final disposal, Pennant can plan, deliver and manage every stage of the support lifecycle.

Our dedicated technical teams comprise highly qualified and experienced subject matter experts whose skills and industry knowledge underpin Pennant's reputation for delivering professional, reliable and cost-effective services.

With a proven track record across multiple sectors and global markets, Pennant continues to support customers worldwide in enhancing capability, improving availability and achieving best-practice IPS outcomes.

Technical services capabilities include:

- Training needs analysis (TNA) & Competency mapping to EASA, EMAR, City of Guilds etc.
- Courseware development
- Software development
- Technical publications, IETMS, S1000D etc.
- Data conversion, as it related to IETMS
- Studio services
- In service support
- Preventative and corrective maintenance
- Instruction and training delivery
- Consultancy, spares and obsolescence management
- Dismantling and disposal
- Integrated Logistic Support ("ILS") services and planning
- Rail network route mapping and driver briefing via our Track Access Productions UK business

Training Solutions

ENGINEERED SOLUTIONS & GENERIC PRODUCTS

An established supplier to the UK Ministry of Defence (MoD) and major global defence contractors, Pennant has a long-standing and proven capability in the design, development, manufacture and delivery of advanced training solutions.

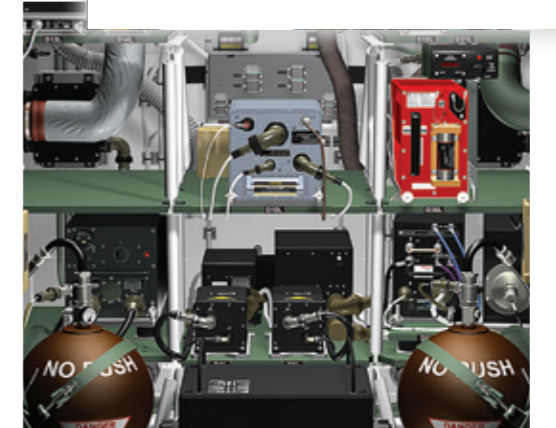
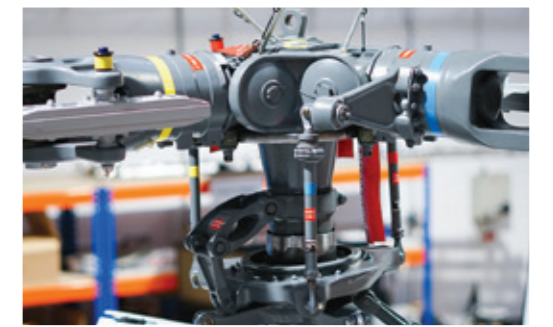
Our expertise covers the full spectrum of training system development, including:

- Training Requirements Translation – converting customer training needs into fully deliverable, high-quality training products.
- Specialist Subject Matter Expertise - access to experienced SMEs in technical disciplines, including Virtual Reality (VR), Augmented Reality (AR) and 3D visualization applications.
- Part Task Trainers (PTTs) – hardware- and software-based part-task trainers designed to develop specific operational or maintenance skills.
- Operator and Maintainer Simulators – hardware and software simulators that replicate real-world conditions for both operators and maintainers.

Pennant's training equipment portfolio delivers a modern, blended training experience. Ab-initio students benefit from a suite of generic and bespoke training aids that reduce reliance on real equipment, improve safety outcomes, and generate operational and maintenance efficiencies. These aids complement real-equipment training and include basic hand-skills devices, VR-based trainers and maintenance emulators designed for regulated sectors.

Pennant offers an extensive range of generic training products based on real or simulated equipment, integrated with software emulation and instructor control capabilities. Ranging from foundational hand-skills trainers to complex multi-function simulators, these systems provide comprehensive, end-to-end solutions for non-platform-specific training requirements.

Alongside our generic product suite, Pennant's experienced systems engineering teams design and manufacture bespoke engineering solutions tailored to specific customer training needs. These solutions may be platform-specific or entirely custom-built, encompassing simulators, part-task trainers and procedural trainers for customers in both defence and civilian markets.



Auxilium – Systems Support Software

Pennant owns a market leading suite of software products that integrate together to create an end-to-end solution – Auxilium.

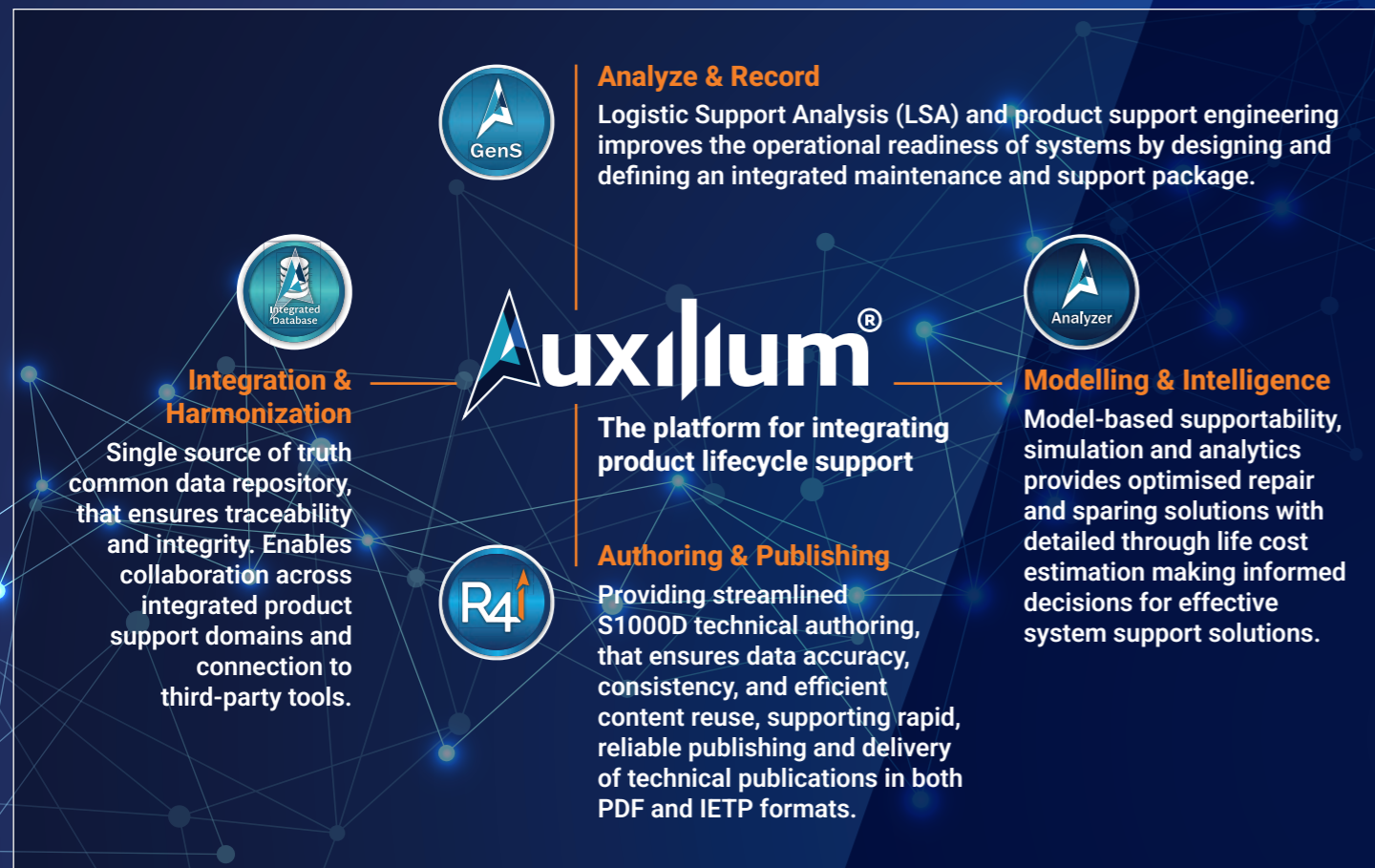
Auxilium®

The Group's software development and investment continue to be focused on the integration of Pennant's three core applications – GenS, Analyzer and R4i – being integrated, into one holistic solution – Auxilium, which will provide users with a powerful market-leading toolset to manage, model and utilise vast amounts of systems data in an end-to-end solution.

Read about Auxilium in detail on the next four pages...



The market leading suite of software products that integrate together to create an end-to-end solution.



Auxilium underpins Pennant's long-term strategy to deliver scalable, high-margin software and services to customers operating complex, high-value equipment across critical sectors.



Why Auxilium?



The Auxilium Investment Case

The opportunity

IPS will be a major growth area as industries shift from selling products to combining the product sale with a support solution that maximises revenue from the support space.

THIS IS WHY IT MATTERS...

1

Systems are becoming more complex

As complexity increases, lifecycle risk increases.

IPS provides the structured framework (logistics, maintenance planning, reliability engineering, configuration control, training, spares, etc.) to manage that complexity over decades.

2

Shift from "Buy and Own" to "Availability and Outcomes"

Instead of buying equipment, customers are buying capability. IPS enables: Predictable uptime, Cost forecasting, Risk sharing, Long-term sustainment strategies.

Outcome-based contracts require strong integrated support frameworks.

3

Products are expected to last longer

High-value assets (aircraft, naval platforms, rail systems, energy infrastructure) often operate for 20–50 years.

IPS manages: Obsolescence, Mid-life upgrades, Configuration management, Sustainment planning.

4

Cost pressure and whole-life cost focus

Governments and large enterprises increasingly evaluate: Total Cost of Ownership (TCO), Whole-Life Cost (WLC), Through-life support cost.

The proportion of TCO is estimated in latest NATO figures to be up to 85% spent during the in-service phase.

5

Defence & Security investment trends

Many nations are increasing long-term defence spending.

Defence platforms require: Structured support frameworks, Standardized IPS methodologies, Long-term sustainment programs. As defence systems modernize, IPS demand increases.

6

Regulatory & Compliance pressure

Increasing requirements around: Cyber security, Environmental impact, Safety, Sustainability, ESG reporting.

IPS frameworks help integrate compliance into lifecycle planning.

The Defense Lifecycle Management Software market was valued at ~USD 7.8 billion in 2024, and is projected to reach ~USD 15.4 billion by 2033, at a ~8.2 % CAGR.

Competitive advantage

Auxilium's modular design and standards compliance position it to capture significant growth as defence systems modernize and IPS demand increases.

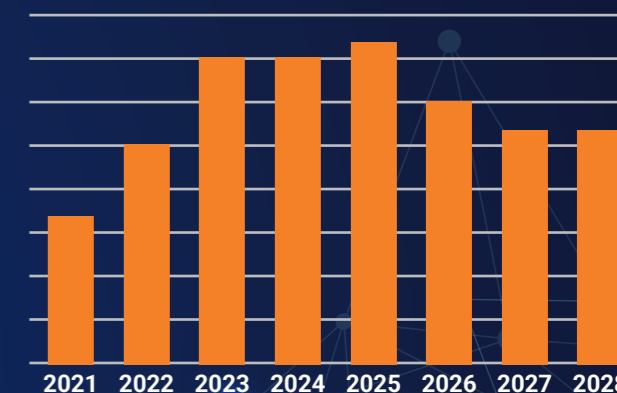
Auxilium provides a structured IPS software toolkit to manage product complexity over decades via:

- 1 Technical Publications**
Authoring and publishing
- 2 Configuration & Data Management**
Secure workflows, approvals and auditability
- 3 Maintenance & Support Planning**
- 4 APIs**
Enabling connection to PLM, ERP and digital engineering ecosystems

A single IPS solution for the digital transformation across defence and other end markets, replacing outdated, siloed toolsets with cloud enabled collaboration across multi-national programs.

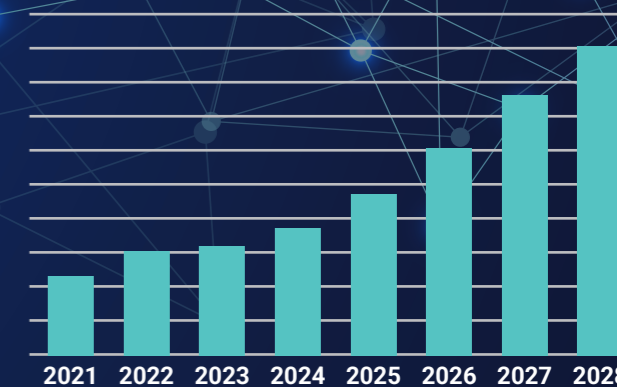
Financial returns

INTERNAL DEVELOPMENT COSTS



Increased investment in recent years to create a market leading product. Further investment to ensure alignment with customer's digital transformation needs.

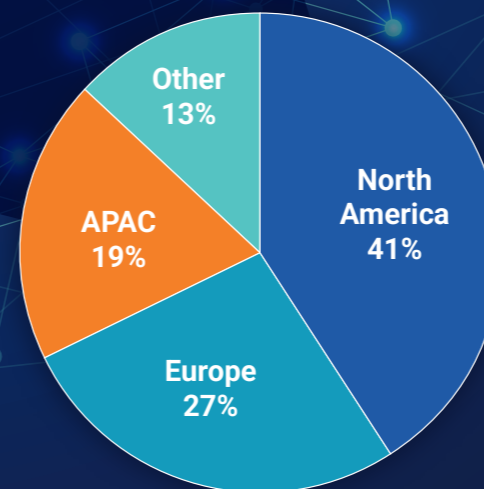
AUXILIUM ARR



Increasing demand for our products has delivered a 17% ARR CAGR 2021-2025.

Forecast to increase to a 25% CAGR 2025-2028 taking advantage of favourable market dynamics via investment in market leading features.

END MARKET BY REGION



Environmental, Social & Governance

At Pennant we believe that a commitment to the principles of Environmental, Social and Governance (ESG) not only makes good business sense for us and our key stakeholders but also complements our business strategy.

ENVIRONMENTAL

We recognise the need to minimise our environmental impacts and take great pride in the measures and solutions we take to support our environment and tackle climate change. Pennant remains committed to our sustainability work and understands it is essential to protect the planet.

In our framework on our Company website (www.pennantplc.com) you can read about how we are doing this through our product, suppliers, electric vehicles, light and water.

SOCIAL

We aim to deepen relationships with our key stakeholders by investing in our employees and partnering with our customers, communities, investors and suppliers. We focus on creating the right workplace culture in which employees feel valued, respected, empowered, and inspired.

The Group is committed to creating a positive impact in the global communities and the regions we operate. We recognise the significance of enhancing these communities, fostering local connections, and striving to make them better places for all. In our framework you can read about talent development, benefit and wellness, community involvement and more.

GOVERNANCE

We are committed to strong, ethical governance that not only safeguards long-term value creation but also advances social responsibility and community well-being. We maintain an independent Board of Directors with clear oversight of strategy, risk, and ESG performance, ensuring that stakeholder interests – including employees, customers, suppliers, and the communities in which we operate – are embedded in decision-making.

Our governance framework is supported by rigorous internal controls, transparent financial reporting, and comprehensive risk management systems that address social, environmental, and ethical risks.

We uphold a robust Code of Conduct, reinforced through mandatory ethics and human rights training, anti-corruption safeguards, and secure, confidential whistleblower channels. We strive to foster trust, promote equitable outcomes, and contribute positively to the communities we serve.

VOLUNTEERING

Pennant employees are entitled to two paid days of volunteering leave each year. Volunteering is a powerful force for positive change, and the scheme supports charities, local communities, and individuals in need. It not only benefits others but also enriches our staff by fostering connections, enhancing skills, and promoting well-being.

Pennant's ESG Framework is available on our website here: www.pennantplc.com/esg/



288
HOURS OF H&S
TRAINING COMPLETED
ACROSS THE
GROUP IN
2025

100+
HOURS VOLUNTEERED
BY THE PENNANT
GROUP IN 2025,
THROUGH OUR
VOLUNTEERING
SCHEME

CHARITY INFORMATION

Our commitment to supporting local communities extends far beyond volunteering. Each year, every region across the Group selects a local charity to champion, organising fundraising events and initiatives tailored to their communities.

In 2025, our global teams demonstrated remarkable creativity and enthusiasm, hosting bake sales, charity walks, inflatable races, readathons, and shopping centre collections. Together, these activities not only raised vital funds but also strengthened our connection to the communities we serve.



Volunteering stories

Serving local communities with purpose, one meal at a time

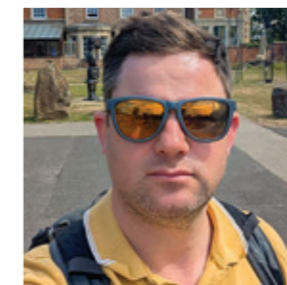
During the festive period, one of our colleagues contributed to a local initiative led by her church: the Feed the Homeless in Manchester project. This community programme provides hot meals, packed lunches, and essential toiletries to individuals experiencing homelessness across the city.

Over a four-week period, she volunteered each Monday as part of the kitchen team, supporting the preparation of more than 90 hot meals per session. On one occasion the team produced sausages, chips, seasonal vegetables with pork gravy, and assembled over 75 packed lunches for distribution in Manchester's city centre.

The project is entirely donation driven and supported by a small, dedicated group of volunteers who manage the weekly preparation, cooking, and delivery efforts.

In addition to her regular Monday commitment, she also volunteered on one of the weekends to help prepare Melomakarona—traditional Greek biscuits. These were made for sale within the church community, with proceeds contributing to the continuation of the homelessness support initiative throughout the Christmas season.

Her involvement reflects the spirit of service and community engagement that we are proud to champion within our organisation.



Volunteering that brings communities and families closer

As part of Pennant's commitment to giving back to the community, one colleague chose to use a volunteering day to support his sons' Year 1 class on a field trip to the Nature in Art Gallery and Museum in Twigworth, near Gloucester.

On Wednesday 2 July, he joined seven other parent volunteers, teachers, and teaching assistants to help guide a lively group of five and six year olds through a day of creativity and discovery. The group was divided into three smaller teams of 18, and each volunteer was assigned to a group as an extra pair of hands to support the children throughout their activities.

The day began with a visit to the workshop of Artist in Residence, who offered the children a glimpse into their artistic process. This set the tone for a schedule filled with hands on learning. The pupils took part in print painting, creating vibrant flower scenes in orange and blue, followed by clay moulding sessions.

It was a day that blended creativity, education, and community spirit. By volunteering, he not only helped support the school and its staff, but also shared a memorable experience with his son and their classmates.

Pennant's volunteering days empower colleagues to give their time where it matters most, whether that's strengthening local community connections, supporting schools, or creating lasting family moments.



Section 172 Statement

- This section serves as our section 172 statement and should be read in conjunction with the rest of the Strategic Report set out on pages 4 to 33 (inclusive).
- The Directors are fully aware of their duty to promote the success of the Company in accordance with section 172 of the Companies Act 2006.
- Section 172 of the Companies Act 2006 requires Directors to take into consideration various matters including the interests of certain stakeholders in their decision making.
- Board decision-making primarily takes place at Board meetings via full and open discussions facilitated by the Chair and with reference to Board papers prepared and circulated in advance of the meeting. Where possible, decisions are reached through consensus or, where this is not possible, a vote. The key points of any decision are captured in Board minutes and, where applicable, incorporated into the Group's IBP.
- With a view to supporting such decision-making, the Company maintains a written policy statement (with a periodic review cycle) which sets out its key business relationships including customers and suppliers, as well as insurance and advisory engagements, and how the Company approaches its relationships with these parties.
- The Company's strategy is focused on realising long-term profitable growth for the benefit of all stakeholders. To ensure that this overriding objective is kept in mind, the strategy exists as a written, Board-approved document (containing multi-year targets) and the specific actions which underpin its implementation are recorded within the IBP. Decisions can then be taken with this long-term view in mind and with reference to the effects or relationship with existing actions in the IBP. The CEO Review on pages 12 to 13 contains further details on the strategy and its implementation.
- The following bullet points provide some details as to the approach taken in relation to key matters and stakeholders.
 - **Shareholders:** Investors are at the centre of all financial discussions including equity, distributions and corporate finance, with the Board taking advice from the Company's nominated adviser and its corporate lawyers as appropriate. As examples during the period: taking advice from the Company's nominated adviser and its corporate lawyers as to the terms of the in-period equity and debt financing, and consultation with major shareholders regarding the same.

Led by the Chair and CEO, the Company is active in engaging with its investors, holding periodic meetings, calls and an open Q&A at the AGM. Fairness between investors is prioritised during such engagements, and presentations are made available on the Company's website so that all investors can view them.

- **Customers:** Customers are integral to the Company's business with the customer experience sitting at the centre of our IBP outlined on page 18. Often working together on long-term multi-year programmes, the Company endeavours to build strong relationships with its customers at every level and is undertaking several strategic initiatives aimed at improving our customers' experience.

The Board places a significant premium on the Group's reputation for quality and gives its full support to the maintenance of the Group's ISO9001 status.

- **Employees:** Without employees, there is no business. The Company's approach to the interests of its employees is detailed on page 43 of this report, explaining how the Company has sought to engage with, and properly take account of, its valued employees. The Group's culture and related behaviours are driven (and closely monitored) by the Board, with employee feedback (via staff suggestion schemes, employee surveys and other channels) being delivered to the Board periodically.
- **Suppliers:** The Group works closely with its suppliers and has a core cohort of trusted partners. The Group is committed to fair dealing with its suppliers, including meeting agreed payment terms, and favours building lasting relationships.
- **Community and environment:** The Board is mindful of the Group's impact on the environment and the communities within which it operates. The Group has implemented various recycling, energy usage monitoring and waste reduction programmes, incentivises electrical vehicle use and tracks products which may need safe disposal in the future. Community engagement is highly regarded at Board level, with apprenticeships, work experience and science fairs all supported.

Approved by the Board on 20 March 2026 and signed on its behalf.

P H Walker
Director

Governance

The Group is committed to good corporate governance and are proud to comply with the UK government's QCA Corporate Governance Code 2023, compliance is evidenced throughout this section of this annual report via details of the Group's current governance arrangements.

Corporate Governance Review

The Board

The business of the Group is ultimately managed by the Directors of Pennant International Group plc, who are responsible for running the Group for the benefit of its shareholders in accordance with their fiduciary and statutory duties.

The Board is led by the Chair, who is responsible for the Group's corporate governance arrangements and who ensures that all members of the Board are able to contribute to Board discussions and decision-making. All Directors acknowledge their collective responsibility and legal obligation to promote the best interests of the Group.

The effectiveness of the Board is kept under review by the Chair, and the Group's nominated adviser is able to attend Board meetings to review the Board in action and the contributions of its members (with any feedback being shared with the Chair). The Chair also regularly solicits feedback on Board effectiveness from the nominated adviser, institutions and other shareholders. Feedback indicates that investors remain supportive of the Company's strategy and approach, with no proposals received that efforts ought to be targeted elsewhere.

Succession planning for the Board is kept under review by the Chair having regard to the current composition of the Board and taking into account corporate governance guidelines and business requirements. In matters relating to the Chair's succession, the lead is taken by the other independent Non-Executive Directors, consulting with stakeholders as appropriate.

In discharging its duties, the Board is supported by three standing committees (the "Committees"): the Audit & Risk Committee; the Remuneration Committee; and the Nominations Committee. The Terms of Reference for each of the Committees are available on the Group's website (www.pennantplc.com/investors) and a summary of their respective functions is provided below.

The Board has three Non-Executive Directors and two Executive Directors. The Board considers that all of its Non-Executive Directors are independent.

The Group has a written strategic plan to expand the business with a view to growth in shareholder value. This strategy is kept under review by, and evolves under the guidance of, the Board. The key challenges in implementing the Group's business model and strategy are documented on pages 20 to 23.

The Board typically holds six or seven scheduled meetings per year plus Committee meetings. The Group's corporate governance arrangements are explained in more detail on the governance pages of the Group's website:

<https://www.pennantplc.com/investors/>

The Directors

IAN DIGHÉ



Mr Dighé is an independent Non-Executive Director and is the Company's Chairman. He was appointed to the Board on 7 February 2024. Ian chairs the Nominations Committee.

Ian has significant listed company and City experience, gained throughout his executive career with a particular focus on the investment banking, corporate broking, asset management and closed-end funds sectors. In addition, he is experienced in developing boards and senior management teams.

Ian was a co-founder of Bridgewell Group plc and Chairman of Miton Group plc from February 2011, overseeing the successful refinancing and subsequent growth of the group, before he retired from the Miton board in December 2017.

He is currently Chairman of The Investment Company plc and an independent director of Seneca Growth Capital VCT plc.

JON KEMPSTER



Mr Kempster is an independent Non-Executive Director who was appointed to the Board on 18 July 2024. He is a chartered accountant (ACA) who trained with Price Waterhouse. He has over 25 years in the Boardroom of industry-leading FTSE-listed plcs, including Linden Homes, Low & Bonar, Wincanton, and Frasers Group.

Jon is currently a Non-Executive Director of the following AIM quoted companies: Norman Broadbent plc, Cambridge Cognition plc, Newmark Security plc, The Mission Group plc and Synectics Plc.

Jon chairs the Audit & Risk Committee and the Remuneration Committee and is a member of the Nominations Committee.

The Directors (continued)

KLAAS VAN DER LEEST



Klaas van der Leest is an independent Non-Executive Director who was appointed on 3 September 2024.

Mr van der Leest is currently Chief Executive Officer of Intercede Group PLC, an AIM-quoted cybersecurity business. Prior to Intercede, he was Managing Director at Intelcom UK Ltd, an independent private equity-backed communications SaaS business, leading the organisation's transformation, and trebling subscription licence sales over a three-year period.

Mr van der Leest has held various other senior executive positions for UK technology businesses with a focus on product development and sales strategies.

Klaas is a member of the Audit & Risk Committee, the Nominations Committee and the Remuneration Committee.

DARREN WIGGINS



Mr Wiggins is the Group's Chief Financial Officer. He was appointed to the Board on 20 November 2024.

Mr Wiggins is a chartered accountant with over 20 years' experience, having previously held senior executive positions in finance and operational roles. Prior to Pennant, Mr Wiggins worked for Meggitt Aerospace and Melrose plc.

As CFO, Mr Wiggins is responsible for the day-to-day financial and risk management of the Group, as well as its IT and Commercial functions, and leads the relationships with its auditors, bankers, tax advisors, and outside counsel.

PHILIP WALKER



Mr Walker is the Group's Chief Executive Officer. He joined the Board on 3 November 2014 as Chief Financial Officer and was appointed CEO in February 2017. A chartered accountant and qualified Corporate Finance professional, Mr Walker brings extensive experience in strategic planning, corporate transactions and financial structuring.

Since joining Pennant, he has led the review and renewal of the Group's strategy, originating and implementing the transition from a primarily project-based, capital-intensive business to a high-margin software and technical services company. His leadership has been central to reshaping Pennant's operating model and positioning the Group for sustainable, recurring revenue growth.

Prior to joining the Company, Mr Walker worked for Grant Thornton UK LLP and Barclays Bank Plc. At Grant Thornton, he led a wide range of buy-side and sell-side corporate finance transactions and supported businesses in developing and executing strategic plans. During his time at Barclays, he managed a portfolio of mid-market clients with turnovers between £5 million and £50 million, advising on debt structuring, working capital, investment finance, trade finance and facility restructures, and supporting a variety of corporate transactions.

Mr Walker is responsible for the day-to-day running of all Group businesses and the execution of Group strategy.

Maintaining the Board's Skills

The Directors acknowledge their responsibility to maintain their skills, knowledge and competences. For example, Directors complete appropriate 'continuing professional development' in support of their respective professional qualifications and attend forums and briefings organised by trade bodies and others on industry developments and wider changes.

Prior to any appointment being made to the Board, any prospective Director is subject to a full due diligence exercise conducted by the Company's nominated adviser which addresses such issues as experience, skills and competences (as well as vetting for adverse court judgements and disqualifications). The Board will seek guidance from external advisers when appropriate and regularly obtains independent legal, tax and financial advice. For example, during the period, the Directors obtained extensive professional advice in respect of equity and debt financing activities.

Based on the skills and expertise highlighted in the profiles of each Director above, the Board is confident that it has the necessary mix of capabilities, experience and personal qualities to deliver the Group's strategic objectives.

The Committees

AUDIT & RISK COMMITTEE

The Audit & Risk Committee's role is to determine and apply policy on behalf of the Board to the financial reporting, internal controls and risk management framework of the Group and to maintain an appropriate relationship with the Group's auditors.

The Committee comprises Jon Kempster (as chair) and Klaas van der Leest. It typically meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required.

Given the nature of the Group's business, the Committee pays particularly close attention to reviewing and discussing with the external auditors the management's judgements on the application of revenue recognition policies in relation to material projects as well as carefully reviewing matters relating to the valuation of the Group's assets and its status as a going concern. The Group does not engage its auditors for non-audit services.

REMUNERATION COMMITTEE

The Remuneration Committee's role is to determine and apply policy on behalf of the Board to the remuneration and benefits of Executive Directors and to ensure compliance with best practice (including reporting to shareholders). The Committee comprises Jon Kempster (as chair) and Klaas van der Leest.

During the year, the Committee, operating under its Terms of Reference, discharged its responsibilities, including determining and agreeing with the Board the framework or broad policy for the remuneration of the Group's Executive Directors and such other members of the Group's Executive management as it is designated to consider.

The Committee also reviews and approves the Executive Directors' proposals (if any) following annual review of employee pay and benefits.

NOMINATIONS COMMITTEE

The Nominations Committee's role is regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes. The committee was formally constituted on 19 September 2024.

Attendance

Directors are required to devote such time and effort to their duties as is required to secure their proper discharge and, for Non-Executive Directors, this typically entails up to two days of meetings per month as well as reading and preparation time. A full pack of management information (in consistent, agreed form) is provided to the Board in advance of every meeting. Each Executive Director has a full-time service agreement.

Directors' attendances at meetings of the Board and its Committees during 2025 were as follows:

| | Board | Audit & Risk Committee | Remuneration Committee | Nominations Committee |
|--------------------------------|-------|------------------------|------------------------|-----------------------|
| D Clements | 9/9 | - | - | - |
| I Dighé | 9/9 | - | - | - |
| J Kempster | 9/9 | 3/3 | 1/1 | - |
| K van der Leest | 9/9 | 2/3 | 1/1 | - |
| P Walker | 9/9 | - | - | - |
| D Wiggins | 9/9 | - | - | - |
| D Wilkinson (retired 6th June) | 3/3 | 2/2 | - | - |

Compliance with Corporate Governance Codes

The Company has adopted the QCA Corporate Governance Code and a detailed statement of the Company's compliance against the code (together with references to supporting material) is provided on the Group's website: www.pennantplc.com/investors.

Operational Governance

Day-to-day running of the Group's business is delegated by the Board to the Executive Directors led by the Chief Executive Officer.

The Executive Directors have established a management and reporting framework across the Group, overseen by an Executive Committee comprising the Executive Directors together with the regional managing directors, the Business Development lead and the Chief Product Officer.

Following its approval by the Board during the period, the Group's three-year plan is being implemented by the Executive Committee through the various operating units of the Group. Clear channels are in place, with a structured meeting cycle, for the exchange of information from the Group's operating units to the Executive Directors and the Board and for the reciprocal provision of direction.

Key performance indicators (at both a contract and functional level) are reported monthly, providing visibility and accountability across the business leading to better products and services for customers, allowing effective risk management, and ensuring the Group retains its quality accreditations. The KPIs focus on four key themes: people; customer delivery & experience; growth & order intake; financial performance.

Financial Control

The Board has overall responsibility for the Group's system of internal financial control and for reviewing its effectiveness. The purpose of the system of control is to manage rather than eliminate the risk of failure to achieve business objectives and it can only provide reasonable, but not absolute, assurance against misstatement or loss.

The Executive Director within the Group responsible for day-to-day financial management of the Group's affairs is the Group's CFO, Darren Wiggins, under the supervision of the Audit & Risk Committee.

The Executive Directors participate in and provide information and support to the Audit & Risk Committee as and when the Committee so requests.



Remuneration Committee Report

On behalf of the Board, I am pleased to present the Remuneration Committee Report. This sets out our Directors' Remuneration policy and its implementation including amounts earned by Directors in respect of the year ended 31 December 2025. In framing the remuneration policy, the Remuneration Committee is aligned with principle 9 of the Quoted Companies Alliance ("QCA") Code to ensure that our remuneration policy both reflects our strategy and is aligned with shareholders' interests.

As the Company is quoted on the AIM segment of the London Stock Exchange, the Directors are not required to prepare a Remuneration Committee Report for each financial year, and so Pennant makes the following disclosures voluntarily which are not subject to audit.

The Remuneration Committee has formal terms of reference which can be found in the 'Investors' section of the Group's website, which are reviewed and approved annually by the Board. The Committee makes recommendations to the Board, within its terms of reference, on the remuneration and other benefits including bonuses and share options, of the Executive Directors.

The Remuneration Committee is composed entirely of Non-Executive Directors. The CEO may be invited to attend as and when appropriate and necessary but is not present during discussions relating to his own remuneration.

Remuneration Policy

The total remuneration package for executive directors is intended to incentivise and reward fairly to meet the growth and strategic goals of the Group whilst recognising the Group's current position.

Basic Salary and benefits

Basic salaries for Executive Directors are reviewed annually, and the policy is to pay salary at or around market levels for comparable jobs with due consideration of the size of the Group and the sector in which it operates. Benefits may include provision of a company car, medical insurance and life assurance and contributions to a Group Personal Pension Scheme.

Annual Bonus

A contractual bonus is awardable in respect of each financial year, the quantum of which is at the discretion of the Board, having considered the recommendations of the Remuneration Committee. The maximum bonus awardable is currently capped at 50% of basic salary to reward executives' contribution to the growth in profit and achievement of objectives. No bonus was awarded in respect of the year ended 31 December 2025.

The Committee intends to consider the establishment of a Long-Term Incentive Plan during the second half of 2026 and will consult with advisers and shareholders as and when appropriate.

Share Options

The Group believes that share ownership by Executive Directors and employees strengthens the link between their personal interests and those of the Group and the shareholders.

The Group currently has in place an Enterprise Management Incentive ("EMI") scheme and the Remuneration Committee may recommend to the Board that the Company grants options to Executive Directors and selected employees subject to the applicable scheme rules and the determination of appropriate performance conditions.

Service Contracts

Philip Walker's service contracts is terminable by either party on 12 months' notice. Darren Wiggins's service contract is terminable by either party on 6 months' notice.

Non-Executive Directors

The fees of the Non-Executive Directors are determined by the full Board. The Non-Executive Directors are not eligible for bonuses or share options.

Consultation with shareholders

The Remuneration Committee is committed to a continuing dialogue with shareholders and seeks the views of significant shareholders when any major changes are being made to remuneration arrangements.

A handwritten signature in black ink, appearing to read 'Jon Kempster'.

Jon Kempster
Chair, Remuneration Committee

20 March 2026

Directors' remuneration (audited)

| | Salary £000s | Bonus £000s | Benefits and car allowance £000s | Pension £000s | Total 2025 £000s | Total 2024 £000s |
|--|-----------------|----------------|--|------------------|------------------------|------------------------|
| P Walker | 233 | - | 13 | 23 | 269 | 274 |
| D Wiggins | 200 | - | 7 | 20 | 227 | 24 |
| D Clements (resigned 14 January 2026) | 165 | - | 12 | 17 | 194 | 194 |
| M Brinson ⁽¹⁾ (resigned 13 August 2024) | - | - | - | - | - | 267 ⁽¹⁾ |
| I Dighé | 50 | - | - | - | 50 | 42 |
| J Kempster | 45 | - | - | - | 45 | 20 |
| K van der Leest | 45 | - | - | - | 45 | 15 |
| D Wilkinson (resigned 6 June 2025) | 20 | - | - | - | 20 | 45 |
| P Cotton (resigned 17 July 2024) | - | - | - | - | - | 24 |
| | 758 | - | 32 | 60 | 850 | 905 |

⁽¹⁾ Includes £85k of compensation for loss of office

Pension contributions shown above are pension payments made by the Group into the Pennant International Group Plc Pension Scheme, a defined contribution scheme.

There were options over 789,473 ordinary shares held by the Directors in office at the end of 2025 (2024: 1,589,473) as further particularised on the following tables. No options were granted to Directors during the period.

Service contracts

There are no Directors' service contracts (or contracts for services) with notice periods in excess of one year.

Directors and their interests (audited)

The following Directors have held office since 1 January 2025 except where indicated otherwise and their beneficial interests in the ordinary shares of the Company were as stated below:

| | 31 December 2025 5p ordinary shares Number | 31 December 2024 5p ordinary shares Number |
|---------------------------------------|--|--|
| P Walker | 177,126 | 140,145 |
| D Clements (resigned 14 January 2026) | 244,147 | 139,508 |
| I Dighé | 360,000 | 360,000 |
| J Kempster | - | - |
| K van der Leest | 42,500 | 42,500 |
| D Wiggins | 33,274 | - |

D Wilkinson ceased to be a Director on 6 June 2025. Her shareholding at that date was 200,000 ordinary shares (31 December 2024: 200,000).

The following Directors have interests in share options of the Company as stated below:

| EMI options | 2025 Number | 2024 Number |
|---------------------------------------|----------------|------------------|
| P Walker | 289,473 | 789,473 |
| D Clements (resigned 14 January 2026) | 100,000 | 400,000 |
| D Wiggins | 400,000 | 400,000 |
| Total | 789,473 | 1,589,473 |

Directors and their interests (audited) (Continued)

EMI Options

Mr Walker holds an EMI option over 289,473 ordinary shares (granted on 11 December 2024), which is subject to vesting conditions tied to achieving growth in the Company's share price, vesting in tranches as and when certain milestones are achieved and the share price sustained at that level for at least 30 days, as follows:

| Target share price | % vesting |
|--------------------|-----------|
| 50p | 50% |
| 75p | 25% |
| 100p | 25% |

In order for the option to vest, the target share price(s) must be achieved during the three years following the date of grant (the "Performance Period") and to the extent that the option has not vested during the Performance Period, the rights over the unissued shares will lapse. The exercise price under the option is 28.5 per share.

Mr Clements holds an EMI option over 100,000 ordinary shares (granted on 11 December 2024), which is subject to the same vesting conditions and exercise price as described above for Mr Walker's option of the same date. As disclosed elsewhere in this report, Mr Clements resigned as a Director post-period end.

Darren Wiggins holds an EMI option over 400,000 ordinary shares, granted on 11 December 2024, which is subject to the same vesting conditions and exercise price as the options of the same date granted to Mr Walker and Mr Clements.

No EMI options were exercised by the Directors during the year.

Unapproved Options

No unapproved options were held by Directors during the year.

Audit & Risk Committee Report

During the year, the Committee operating under its Terms of Reference discharged its responsibilities by (amongst other things) reviewing and monitoring:

- the Group's risk registers, including the effectiveness of controls and mitigations;
- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;
- the methods used to account for significant or unusual transactions;
- whether the Group has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditors;
- the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
- all material information presented with the financial statements, such as the operating and financial review and this corporate governance section (insofar as it relates to audit and risk management).

The Committee has continued its monitoring of the financial reporting process and its integrity, risk management systems and assurance.

The Committee has reviewed all significant issues concerning the financial statements. The principal matters we considered concerning the 2025 financial statements were: the appropriateness of the Going Concern assessment; recognition of revenue and profit; and adequacy of working capital. We have reviewed key estimates and management judgements prior to publication of the 2025 financial statements.

The appointment of S&W Partners Audit Limited, trading as S&W Audit, was reconfirmed by shareholder resolution at the AGM of the Company held on 6 June 2025.



Jon Kempster
Chair, Audit & Risk Committee

20 March 2026

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2025.

General information

The parent and ultimate parent company of the Group is Pennant International Group plc (the "Company") which is a public company limited by shares, domiciled in the United Kingdom and incorporated under the law of England and Wales.

The Company's registered office address is Unit D1, Staverton Connection, Staverton, Cheltenham, Gloucestershire GL51 0TF.

Directors

The following Directors held office during the Period:

Ian Dighe
(Chair & Non-Executive Director)

Philip Walker (CEO)

David Clements
(Commercial and Risk Director)
– resigned post-period end
on 14 January 2026

Darren Wiggins (CFO)

Deborah Wilkinson
(Non-Executive Director)
– retired on 6 June 2025

Jonathan Kempster
(Non-Executive Director)

Klaas van der Leest
(Non-Executive Director)

Principal activities

The principal activity of the Company is the provision of management services to the Group.

The principal activities of Group companies during the year were the supply of integrated training and support software and solutions, products and services, principally to the defence, rail, aerospace and naval sectors and to Government Departments.

Dividends

No dividends were paid during the year (2024: £NIL). As highlighted in the Chair's Statement, the Board is not recommending the payment of a final dividend in respect of the year ended 31 December 2025.

Going concern

The Directors have undertaken an assessment of the future 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 also 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



Darren Wiggins, Director

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 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.

Research & Development

Research and development expenditure within the Group (involving the continued development of hardware and software products of which a proportion has been capitalised) amounted to £1.7 million (2024: £1.9 million).



Post Balance sheet events

The Directors have reviewed events occurring between the reporting date and the date of approval of the financial statements and have concluded that there are no events that require adjustment to or disclosure in these financial statements.

Treasury operations and financial instruments

The Group operates a centralised treasury function which is responsible for managing liquidity, interest and foreign currency risks associated with the Group's activities.

The Group's principal financial instruments are cash, contract assets, trade receivables and payables, the main purpose of which is to provide finance for the Group's operations.

The Group does not typically enter into derivative contracts, such as agreements to buy or sell foreign currency at a future date. Any such contract requires the approval of the Executive Directors.

Given the Group's customer base (government bodies and major OEMs), credit risk is not considered a significant factor in the Group's financial risk profile (although is monitored). Pricing and cash profiling are the key financial risks arising from the Group's trading and these are discussed in detail on pages 20 to 23.

The Group's exposure and approach to capital and financial risk, and approach to managing these is set out in note 33 to the Consolidated Financial Statements.

Employee engagement

The Group engages with its employees regularly through various media including intranet, newsletters, bi-monthly executive briefings, employee opinion surveys, team briefings and twice-yearly financial results presentations to all staff. Details of the Group's performance are shared with all employees at appropriate times using these methods.

The Group's culture and related behaviours are driven (and closely monitored) by the Board, with employee feedback (via staff suggestion schemes and other channels) being delivered to the Board periodically.

Our Core Values focus on Performance, Innovation, Quality, Respect and Teamwork. These Core Values support the Group's strategic objectives, particularly linking into the Innovation and the Customer Focus themes and relevant aspects form part of employees' periodic appraisals.

Employees are key to the Group's success and the Company gives significant consideration to ensuring that it offers a working environment, culture and benefits package which can attract and retain the talented people it needs.

Jon Kempster is designated as the Non-Executive Director to whom employees can raise any concerns regarding wrong-doing.

Employee policies

The Group has established employment policies to ensure compliance with current legislation and codes of practice, including equal opportunities. The Group is an equal opportunities employer and is committed to treating all employees and applicants fairly. The Group is a signatory to the UK's Armed Forces Covenant and welcomes applications from ex-service personnel.

Policy on payment of suppliers

The Group's policy during the year (and continuing into 2026) was to pay suppliers in accordance with the relevant contractual terms agreed between the Group and the supplier.

Authority for company to purchase its own shares

Under a shareholders' resolution of 6 June 2025, the Company (acting by its Directors) was granted authority to purchase through the market up to 6,486,119 of the Company's ordinary shares, at a maximum price equal to 105% of the average of the middle market quotations for an ordinary share taken from the Company's quotation on the London Stock Exchange for the five business days immediately preceding the purchase. Since 6 June 2025, the Company has not purchased any of its own shares and the authority referred to above remains unutilised. A proposal to renew the authority will be made at the Company's AGM in 2026.

The Board

The Board comprises the Chair, the Chief Executive Officer, the Chief Financial Officer and two additional Non-Executive Directors. The Directors in office as at the date of this report are named on pages 35 to 36.

A full pack of Board papers (containing various reports and management information) is distributed to Directors in advance of each Board and Committee meeting. The Directors have access to external advice at the expense of the Company.

Directors wishing to continue in office will be required to stand for re-election at every AGM in accordance with corporate governance best practice.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company. Appropriate Directors' and officers' liability insurance cover is in place in respect of all the Directors.

Directors' conflicts of interest

The Group has procedures in place for managing conflicts of interest. Should a Director become aware that they, or their connected parties, have an interest in an existing or proposed transaction involving Pennant, they will notify the Board in writing or at the next Board meeting. Directors have an ongoing duty to update the Board in relation to any changes to these conflicts.

Significant shareholdings

As at 31 December 2025 the Group had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the voting rights held as a shareholder of the Company as shown in the table below.

| Investor | Number of shares held | % interest in the total voting rights of Pennant |
|-------------------------|-----------------------|--|
| Brett Gordon | 9,150,000 | 19.24% |
| Rockwood Strategic plc | 7,150,000 | 15.03% |
| CC Powell Concert Party | 6,278,253 | 13.20% |
| Premier Miton Group | 4,738,157 | 9.96% |
| Killik & Co LLP | 1,797,555 | 3.78% |
| Canaccord Genuity Group | 1,681,281 | 3.54% |

Political donations

The Group did not make any political donations during 2025 (2024: £NIL).

Matters covered in the Strategic Report

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors Report (such as review of the business and future developments) have been omitted as they are included within the Strategic Report section (in the Chair's Statement on pages 10 to 11 and the Chief Executive's review on pages 12 to 13).

Annual General Meeting

The Company's AGM will be held on 8 May 2026. The Notice convening the AGM and an explanation of the business to be put to the meeting will be contained in a separate circular sent to shareholders in accordance with communications preferences and will also be available on the website at www.pennantplc.com under the 'AGM Documents' section.

Statement as to disclosure of information to auditor

As far as the Directors are aware, they have each taken all necessary steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

As far as the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

A resolution to reappoint S&W Audit as auditors in 2026 will be proposed at the AGM.

Approved by the Board on 20 March 2026 and signed on its behalf



Darren Wiggins
Director

Directors' Responsibility Statement

The Directors are responsible for preparing the Group Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted International Accounting Standards ("IFRS"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 20 March 2026 and signed on its behalf



Darren Wiggins
Director



Financial Statements

Independent Auditor's Report to the Members of Pennant International Group Plc

S&W

Opinion

We have audited the financial statements of Pennant International Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Comprehensive Income, the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows and the notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2025 and of the group's and the parent company's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

Of the group's 6 trading components including the parent company, we performed full audit procedures on two full scope components and subjected three components to specific audit procedures where the extent of our audit work was based on our assessment of the risk of material misstatement and of the materiality of that component.

The components within the scope of our work covered 94% of group revenue, 95% of group loss before tax, and 95% of group net assets.

For the remaining one component, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter | Description of risk | How the matter was addressed in the audit |
|--|---|--|
| Revenue recognition (including contract assets and contract liabilities) | The group's revenues are a principal consideration of its financial performance and are a key focus of Management to meet market expectations. The group has different income streams with differing revenue recognition principles and as a result there is a risk that revenue is incorrectly recognised. | We challenged management's revenue recognition accounting policies and related disclosures as described in Note 3 and 5 respectively. As part of our procedures <ul style="list-style-type: none"> Reviewed Management's paper on revenue recognition and consulted with technical experts, where required. Performed tests of detail over a sample of revenue transactions to determine whether the revenue recognised was complete, occurred and recognised in line with the Group's accounting policies. Tested a sample of contract assets and contract liabilities to ensure that the related revenue was recognised correctly in line with the Group's accounting policies. |

| Key audit matter | Description of risk | How the matter was addressed in the audit |
|--|---|--|
| Capitalisation of intangible assets/ development costs | The group and parent company capitalises qualifying development costs as intangible assets, which are material to the company and the Group's financial statements. The capitalisation of development costs is inherently judgemental and stringent requirements must be met to capitalise these costs in accordance with the applicable accounting standard (IAS 38). | We challenged the assumptions for capitalisation of development costs as described in Note 4 to the group financial statements. As part of our procedures we: <ul style="list-style-type: none"> Traced a sample of development costs capitalised in the year to supporting documentation. Assessed the costs capitalised in the year against the recognition criteria of IAS 38. Considered the accuracy and appropriateness of capitalisation rates. Considered the appropriateness of the disclosures made in the financial statements in respect of the intangible assets. Challenged management with regards to the useful economic life, particularly around the extension of the useful economic life for software development costs. |

| Key audit matter | Description of risk | How the matter was addressed in the audit |
|---|---|--|
| The cashflow projections which supports the going concern status of the Group, the recoverability of intangible assets and deferred tax assets at a group level and the recoverability of investments and inter-company receivables for the parent company. | The group is loss making and has relied on debt and equity fund raising and an HSBC overdraft facility in the year. Management have prepared a budget and cashflow forecasts indicating that in their view the Group and the parent company can continue to operate as a going concern for at least 12 months from the date of approval of the financial statement. Cashflow forecasts are inherently judgemental, particularly around revenue forecasting, and subject to fluctuation. As a result, these projections were a key area of audit focus. Furthermore the group has significant intangible assets including goodwill and also a deferred tax asset. The parent company also has investments and intercompany receivables. These matters present an area of audit risk as the carrying values of these is linked to the same forecasts and the balances could be impaired if forecasts are not achieved. | We challenged the assumptions used in the cashflow forecasts for going concern and in respect of the impairment reviews for intangible assets to the group financial statements. The main procedures performed on the forecasts were: <ul style="list-style-type: none"> Challenging the assumptions used in the detailed budgets and forecasts prepared by management. Using our internal valuation specialists to assess the appropriateness of the model, discount rate and other variables applied in the impairment assessment. Verifying the consistency of the forecasts and assumptions used in the impairment calculations with those used for going concern assessment, where relevant. Reviewing bank statements to monitor the cash position of the group post year end and obtained an understanding of significant cash inflows and outflows expected. Considering post year end trading performance compared to forecasts and anticipated out-turn for the rest of the financial year. Comparing FY2025 forecasts to actual results achieved to assess past forecasting accuracy. Assessing the appropriateness of disclosures around going concern, deferred tax assets, intangible assets and the parent company's inter-company receivables and investments. |

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at £194,000. This has been determined with reference to the benchmark of the group's revenue which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 2% of the group's revenue as presented on the face of the Consolidated Income Statement.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at £108,800. This has been determined with reference to the benchmark of the parent company's total assets as it exists only as a holding company for the group and carries on no trade in its own right. Parent FS materiality represents 1.37% of the parent company's total assets as presented on the face of the parent company statement of financial position.

Performance materiality for the group financial statements was set at £126,000 being 65% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements including considering experience from previous audits.

Performance materiality for the parent company financial statements was set at £70,700, being 65% of parent FS materiality based on our overall expectation of the level of audit differences, and the number of, and significance of areas of judgement in the financial statements and considering the extent of work required to give comfort on the group.

Material Uncertainty related to going concern

We draw attention to note 3 in the financial statements concerning the group and the parent company's ability to continue as a going concern. Additionally, refer to the Key Audit Matters section of this report for consideration of the key audit matter on underlying projections and how they were addressed.

In the reporting period, the group has recorded a loss after tax of £2.3m. The directors have prepared cash flow projections to December 2027 to support their decision to use the going concern basis and these projections rely on future cash flows from new business which are not yet secured, and the timing also remains uncertain.

As stated in note 3, these events or conditions indicate a material uncertainty exists that may cast significant doubt on the group and the parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter. Notwithstanding the above, in auditing the financial statements we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and parent company's ability to adopt the going concern basis of accounting included the following procedures in conjunction with the matters described in the Key Audit Matters above:

- Challenging the assumptions used in the detailed budgets and forecasts prepared by management for the going concern period.
- Considering post year end trading performance compared to forecasts and anticipated out- turn for the rest of the financial year.
- Reviewing bank statements to monitor the cash position of the group post year end and obtaining an understanding of significant expected cash outflows and inflows in the forthcoming 12-month period.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtained a general understanding of the Group's legal and regulatory framework through enquiry of management concerning their understanding of relevant laws and regulations, the entity's policies and procedures regarding compliance, and how they identify, evaluate and account for litigation claims. We also drew on our existing understanding of the Group's and Parent Company's industry and regulation.

We understand that the Group complies with the framework through:

- Subscribing to relevant updates from external advisors and making changes to internal procedures and controls as necessary.
- The Executive Directors' close involvement in the day-to-day running of the business, meaning that any litigation or claims would come to their attention directly.
- The Group has a dedicated Commercial & Risk Director who has oversight of all the relevant policies and procedures.
- Outsourcing tax compliance services to external experts.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Group's ability to conduct its business, and/or where there is a risk that failure to comply could result in material penalties. We identified the following laws and regulations as being of significance in the context of the group:

- The Companies Act 2006 and IFRS in respect of the preparation and presentation of the financial statements.
- International Traffic in Arms Regulations (ITAR).
- AIM rules for companies.
- General Data Protection Regulation (GDPR) relating to the holding of customer data.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations identified above:

- Inquiring of management and, where appropriate, those charged with governance, so to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations and
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur.

The areas identified in this discussion were:

- Estimates made by management regarding the appropriateness of capitalised development costs.
- Manipulation of the financial statements, especially revenue, via fraudulent journal entries or error affecting cut-off around the year end.

- The incentive to present a misleading view of the business' financial performance and position given the Group's listed status, which might lead to misrepresentations through actions such as mis-stating revenues, presenting overly optimistic forecasts to support the carrying value of intangible assets, deferred tax assets at a group level and investments and inter-company receivable balances at a parent company level, as well as to support the going concern presumption.

These areas were communicated to the members of the engagement team not present at the discussion.

The procedures we carried out to gain evidence in the above areas included:

- Challenging management regarding the assumptions used in the estimates and inherently judgemental areas (see Key Audit Matters above).
- Substantive testing on revenue recognition and deferred income ensuring that revenue was recognised appropriately (see Key Audit Matters above).
- Substantive work on other material areas affecting profits.
- Testing journal entries, focusing particularly on postings to unexpected or unusual accounts.
- Enquiring as to whether there is any correspondence with the above regulators to be reviewed as part of our audit work.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Edmonds
Senior Statutory Auditor, for and on behalf of

S&W Audit
Chartered Accountants & Statutory Auditor

4th Floor
Cumberland House
15-17 Cumberland House
Southampton
SO15 2BG

Consolidated Income Statement for the year ended 31 December 2025

| | Notes | 2025 £000s | 2024 £000s |
|---|----------|----------------|----------------|
| Continuing operations | | | |
| Revenue | 5 | 9,662 | 13,775 |
| Cost of sales | | (4,898) | (6,875) |
| Gross profit | | 4,764 | 6,900 |
| Exceptional costs | 8 | (414) | (2,322) |
| Share based payments | | (30) | (70) |
| Profit on sale of land and buildings | 18 | 86 | 231 |
| Other administration expenses | | (6,845) | (7,526) |
| Administrative expenses | | (7,203) | (9,687) |
| Other income | 9 | 199 | 185 |
| Operating loss | 9 | (2,240) | (2,602) |
| Finance costs | 11 | (325) | (444) |
| Finance income | 12 | 1 | 5 |
| Loss before taxation | | (2,564) | (3,041) |
| Taxation | 13 | 310 | 466 |
| Loss for the year attributable to the equity holders of the parent | | (2,254) | (2,575) |
| Loss per share | | | |
| Basic | 15 | (5.04p) | (6.37p) |
| Diluted | 15 | (5.04p) | (6.37p) |

The accompanying notes on pages 55 to 74 are an integral part of these financial statements.

Consolidated Statement of other Comprehensive Income for the year ended 31 December 2025

| | Notes | 2025 £000s | 2024 £000s |
|---|-------|----------------|----------------|
| Loss for the year attributable to the equity holders of the parent | | (2,254) | (2,575) |
| Items that may be reclassified to profit or loss: | | | |
| Exchange rate differences on translation of foreign operations | | (87) | (300) |
| Items that will not be reclassified to profit or loss: | | | |
| Impairment on property, plant and equipment | | - | (80) |
| Deferred tax credit – property, plant and equipment | 27 | - | 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 £000s | 2024 £000s |
|---|-------|----------------|---------------|
| Non-current assets | | | |
| Goodwill | 16 | 2,481 | 2,530 |
| Other intangible assets | 17 | 4,861 | 4,218 |
| Property, plant and equipment | 18 | 346 | 470 |
| Right-of-use assets | 19 | 845 | 543 |
| Deferred tax assets | 27 | 644 | 591 |
| Total non-current assets | | 9,177 | 8,352 |
| Current assets | | | |
| Inventories | 20 | 686 | 617 |
| Trade and other receivables | 21 | 1,454 | 2,355 |
| Current tax receivable | | 377 | 593 |
| Assets held for sale | | - | 2,974 |
| Cash and cash equivalents | 23 | 466 | 1,045 |
| Total current assets | | 2,983 | 7,584 |
| Total assets | | 12,160 | 15,936 |
| Current liabilities | | | |
| Trade and other payables | 22 | 3,335 | 3,251 |
| Bank overdraft | 23 | 679 | 3,330 |
| Loans | 26 | 323 | - |
| Current tax payable | | 6 | 3 |
| Lease liabilities | 24 | 228 | 137 |
| Deferred consideration on acquisition | 25 | - | 311 |
| Total current liabilities | | 4,571 | 7,032 |
| Net current (liabilities)/assets | | (1,588) | 552 |
| Non-current liabilities | | | |
| Lease liabilities | 24 | 675 | 468 |
| Warranty provisions | 28 | 5 | 92 |
| Total non-current liabilities | | 680 | 560 |
| Total liabilities | | 5,251 | 7,592 |
| Net assets | | 6,909 | 8,344 |
| Equity | | | |
| Share capital | 29 | 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 |

Approved by the Board and authorised for issue on 20 March 2026



Darren Wiggins, Director

The accompanying notes on pages 55 to 74 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2025

| | Share capital £000s | Share premium £000s | Capital redemption reserve £000s | Retained earnings £000s | Translation reserve £000s | Revaluation reserve £000s | Total equity £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 |

Share capital

This represents the issued share capital of the Company.

Share premium account

This represents the amount by which shares have been issued at a price greater than nominal value less issue costs.

Capital redemption reserve

The capital redemption reserve is a non-distributable reserve into which amounts are transferred following the redemption or purchase of the Group's own shares.

Retained earnings

This represents the accumulated realised earnings from the prior and current periods as reduced by losses and dividends from time to time.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign subsidiaries from their functional currency to the presentational currency of the Group, being sterling, are recognised directly in the translation reserve.

Revaluation reserve

This represents the increments and decrements on the revaluation of non-current assets net of deferred tax.

Consolidated Statement of Cashflows for the year ended 31 December 2025

| | Notes | 2025 £000s | 2024 £000s |
|--|-----------|---------------|----------------|
| Net cash from operations | 30 | 101 | 176 |
| Investing activities | | | |
| Interest received | 12 | 1 | 5 |
| Deferred consideration paid in respect of prior year acquisition | 25 | (318) | (511) |
| Investment in intangible assets | 17 | (1,681) | (1,371) |
| Purchase of property, plant and equipment | 18 | (43) | (223) |
| Proceeds from disposal of property, plant and equipment | 18 | 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 | 26 | 320 | - |
| Repayment of lease liabilities | 24 | (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 | 23 | (2,285) | (1,879) |
| Effect of foreign exchange rates | | (93) | (107) |
| Cash and cash equivalents at end of year | 23 | (213) | (2,285) |

Notes to the Consolidated Financial Statements for the year ended 31 December 2025

1 General information

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, software and support solutions, products and services, principally to the defence, rail, aerospace and naval sectors and to Government Departments.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates. All values are rounded to the nearest thousand pounds except where otherwise stated. Foreign operations are included in accordance with the policies set out in note 3.

2 New International Accounting Standards, Amendments and Interpretations

The Group has applied the following new accounting amendment for the first time in the annual reporting period commencing 1 January 2025. The amendment listed did not have a material impact on the Group's financial statements for the current or prior period and is not expected to significantly impact future periods.

- IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendment): Lack of exchangeability.

The following IFRS Accounting standards are effective for period after 1 January 2026 and are considered potentially to have a material impact.

- IFRS 18 – Presentation and Disclosure in Financial Statements

3 Accounting policies

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards (“IFRS”).

The financial statements have been prepared on the historical cost basis or a revaluation basis where indicated. The principal accounting policies set out below have been consistently applied to all periods presented.

GOING CONCERN STATEMENT

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 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.

BASIS OF CONSOLIDATION

The financial statements incorporate the results of the Company and entities controlled by the company (its subsidiaries). Control is achieved where the Company has power to direct the activities of the investee, the right to the variable returns of the investee, and the ability to use power to affect the returns of the investee.

Where necessary, adjustments are made to the results of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

BUSINESS COMBINATIONS AND GOODWILL

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The assets and liabilities (including any contingent liabilities) of the subsidiaries are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency in the cost of acquisition below the fair value of the identified net assets acquired (i.e. a discount on acquisition) is credited to the income statement in the period of acquisition.

Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the profit or loss account and is not subsequently reversed. Acquisition-related costs are recognised in the income statement as incurred.

Temporary differences (differences between the carrying amount of an asset or liability in the statement of financial position and its tax base) that arise due to the measurement of identifiable assets and liabilities at their fair values at acquisition are treated as deferred tax assets or liabilities, as the case may be.

REVENUE RECOGNITION

Engineered Solutions

Revenue on engineered solutions contracts is recognised over time, based on the stage of completion for the identified performance obligation(s) at the reporting date. Revenue is recognised over time due to the goods having no alternative use and the Group being entitled to compensation from the customer for work completed to date. The stage of completion for each performance obligation is measured using costs incurred to date as a proportion of total expected costs to complete the identified performance obligation.

Generic Products

Revenue is recognised on a point in time basis upon contractual acceptance of the manufactured product by the customer. Revenue is recognised at a point in time due to the products having alternative uses to the Group in that they could be sold to other prospective customers. Additionally, there is not normally any entitlement to payment for work completed to date. Until the contractual acceptance of the product, costs are recognised as work in progress in inventories.

Software Products & Licences

Software licence sales – revenue is recognised at a point in time once the customer has access to the licence. This is on the basis that the customer cannot return the licence or ask for it to be transferred to another party, and the Group is under no obligation to provide a refund.

Software as a service (SAAS) subscriptions – revenue for the provision of the user license and for ongoing maintenance services to customers is allocated between these two performance obligations with the proportional allocation dependent on the term of the subscription contract. Amounts invoiced but not taken to revenue at a period end are shown in the statement of financial position as contract liabilities.

SOFTWARE MAINTENANCE

Software maintenance revenue is recognised over the period to which the maintenance support agreement relates. Amounts invoiced but not taken to revenue at a period end are shown in the statement of financial position as contract liabilities.

SOFTWARE AND TECHNICAL SERVICES

Revenue from software and technical services is recognised over time or on a point in time basis as determined by the terms of the customer contract.

LEASES AND RIGHT-OF-USE ASSETS

Right of use assets and lease liabilities are recognised and measured in accordance with IFRS 16. A right of use asset and a lease liability has been recognized for all leases except leases of low value assets and those with a duration of 12 months or less. The lease liabilities are measured at the present value of the lease payments due to the lessor over the lease term, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate. Right of use assets are measured at cost less depreciation and impairment.

FOREIGN CURRENCY

Transactions in currencies other than each Group entity’s functional currency are recorded at rates of exchange prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are translated at exchange rates prevailing on the reporting date.

Income and expense items are translated into sterling at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recorded in the Group’s transaction reserve.

TAXATION

The tax expense represents the sum of the current tax charge and deferred tax charge. Current tax payable, where applicable, is based on taxable profit for the year. Taxable profit differs from the net profits as reported on the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in future periods against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also charged or credited to equity.

SHARE-BASED PAYMENTS

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of an option pricing model. The model has been adjusted, based on management’s best estimate, for the effects of non-transferability, exercise restrictions and behavioural conditions.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment (except for land and buildings) are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged to write off the cost of assets over their estimated useful lives on the following bases:

| | |
|-------------------------|-----------------------------------|
| Freehold land: | Nil |
| Freehold buildings: | 35 years on a straight-line basis |
| Fixtures and Equipment: | 10% to 33.33% of cost per annum |
| Motor vehicles: | 20% of cost per annum |

INTERNALLY GENERATED INTANGIBLE ASSETS

An internally-generated intangible asset arising from the Group’s development activities is capitalised and held as an intangible asset in the statement of financial position when the costs relate to a clearly defined project; the costs are separately identifiable; the outcome of such a project has been assessed with reasonable certainty as to its technical feasibility and its ultimate commercial viability; the aggregate of the defined costs plus all future expected costs in bringing the product to market is exceeded by the future expected sales revenue; and adequate resources are expected to exist to enable the project to be completed. Internally generated intangible assets are amortised over their useful lives from completion of development. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the income statement in the period in which it is incurred.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and any recognised impairment loss. Amortisation is charged to write off intangible assets on a straight-line basis over their estimated useful lives on the following basis:

DEVELOPMENT COSTS:

| | |
|-----------------------------------|--------------------------------------|
| Hardware development costs | 10% of cost per annum |
| Courseware development costs | 20% of cost per annum |
| Software development costs | 14% of cost per annum (2024: 20%) |
| Virtual Reality development costs | 50% of cost per annum |
| Software | 33% of cost per annum |

During the year, the useful economic life of capitalised software development costs has been reviewed in the context of the estimated life of end user assets supported, end market regulatory environment and the length of relevant customer relationships. As a result, the useful economic life has been increased from 5 to 7 years, effective 1 January 2025, thereby reducing the amortisation charge recognised in the Consolidated Income Statement for full year 2025.

The amortisation of intangible assets is included in 'Other administration expenses' in the Consolidated Income Statement as disclosed in note 9.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Inventory cost is calculated using the first in, first out methodology. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

RESEARCH AND DEVELOPMENT TAX INCENTIVES

The Group recognises expected tax credits for conducting qualifying research and development activities in the Income Statement when it is probable that the credit will be received and the amount can be measured reliably.

Where the expected credit is taxable (such as credits arising from claims under the UK Research and Development Expenditure Credits (RDEC) scheme) the credit is shown in the Income Statement above the tax line. This has the effect of increasing the profit before tax but also increasing the total tax expense.

These credits are accounted for in line with the treatment for government grants so are recognised in the Income Statement when they relate to expenditure or are recognised as deferred income and recognised over the useful life of the assets when they relate to assets.

Where the credit is not taxable it is included directly in the Taxation line of the Income Statement. In either case the tax credit is calculated at the current legislated rate on qualifying R&D expenditure for the jurisdiction concerned.

ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell, and classified separately on the face of the Group Statement of Position as current or non-current according to the expected date of sale. Assets held for sale are not depreciated.

EXCEPTIONAL ITEMS

Certain items of income and expenditure are presented as an 'exceptional item' on the face of the consolidated income statement as a result of being seen by the Board as non-recurring transactions or one-off in nature. Excluding exceptional items from can assist in measuring performance year over year and against comparative companies.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

KEY SOURCE OF JUDGEMENT

REVENUE RECOGNITION – IFRS 15 CONSIDERATIONS

A proportion of the Group's revenue derives from long-term engineered solutions contracts. Judgement is used to identify the individual performance obligations within each contract and allocate costs and revenue across them. Each identified performance obligation is then assessed as to whether the IFRS 15 criteria for revenue recognition over time is met.

CAPITALISATION OF DEVELOPMENT COSTS

The capitalisation of development costs includes judgements over whether the requirements of IAS 38 intangible assets are met. This includes confirmation that the asset is technically and commercially feasible and the Group can demonstrate a market for the product, which supports its future economic benefits. Technical feasibility is confirmed through the Technology and Innovation teams whilst commercial viability is confirmed by information received through the Sales team from existing and potentially new customers.

DEFERRED TAX ASSET RECOGNITION

The recognition of deferred tax assets (see note 27) is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference has been made to the latest available profit forecasts.

Significant items on which the Group has exercised accounting judgement include recognition of deferred tax assets in respect of brought forward unused tax losses in its UK subsidiaries.

In determining the recoverability of the deferred tax assets management has followed a consistent approach as that adopted for goodwill impairment testing described below.

IAS 12 emphasises the point that the very existence of unrelieved tax losses is to be taken as strong evidence that there may not be other future taxable profits against which the losses will be relieved.

The tax effect of UK trading tax losses with a gross value of £3.0 million has been offset against deferred tax liabilities arising from temporary timing differences in equal measure, and although the Board has full confidence in the strategic and financial forecasts, any surplus deferred tax asset arising from brought forward tax losses has not been recognised.

KEY SOURCE OF ESTIMATION UNCERTAINTY

IMPAIRMENT OF GOODWILL AND OTHER INTANGIBLE ASSETS

The Group determines whether goodwill and other intangible assets are impaired on an annual basis. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in notes 16 and 17.

REVENUE RECOGNITION – ESTIMATION OF COST TO COMPLETE

For long-term engineered solutions contracts within the training systems CGU (see note 6), the Directors are satisfied that revenue is recognised when, and to the extent that, the Group obtains the right to consideration which is derived on a contract-by-contract basis from the stage of completion of the contract activity at the reporting date.

This is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost. This requires the estimation of the total costs of each contract based on the contractual requirements and the estimate cost to complete. This estimate of costs to complete typically comprises both labour hours and bought in materials. The estimate is informed through regular contract reviews and amended for any applicable variations.

As at 31 December 2025, the contract with the largest estimated cost to complete is the Genfly Upgrade project for the UK Ministry of Defence. This contract was signed in November 2025 and there was therefore minimal impact from accounting estimates on the 2025 financial performance of the Group.

Given that the nature of the project is the refurbishment of equipment originally designed and manufactured by Pennant, and given the infancy of the project, the Directors remain confident in the estimated costs to complete.

5 Revenue

An analysis of the Group's revenue by product group is as follows:

| | 2025 £000s | 2024 £000s |
|------------------------------|---------------|---------------|
| Software licences & products | 1,054 | 397 |
| Software maintenance | 1,490 | 1,893 |
| Technical services | 5,101 | 7,276 |
| Engineered solutions | 1,342 | 3,554 |
| Generic products | 675 | 655 |
| Total Group Revenue | 9,662 | 13,775 |

The payment terms associated with the revenue groups are typically as follows:

- Software licences & products: payment at or before installation of software

- Software maintenance: payment in advance of the maintenance period
- Technical services: time-based or milestone-based payments
- Engineered solutions & Generic products: milestone-based payments

Revenue which was deferred as at 31 December 2024 now recognised in this year amounts to £1,222k (2024: £1,332k).

Unsatisfied performance obligations are expected to be recognised in the following periods:

| | 2025 £000s | 2024 £000s |
|---------------|---------------|---------------|
| Within 1 year | 5,104 | 3,234 |
| In 2-5 years | 10,844 | 1,644 |
| After 5 years | - | - |
| | 15,948 | 4,878 |

6 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. The accounting policies of the reporting segments are the same as those adopted by the Group and set out in note 3.

6.1 SEGMENT REVENUES AND RESULTS

| | Segment turnover 2025 £000s | Segment turnover 2024 £000s | Segment profit 2025 £000s | Segment profit 2024 £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) |

6.2 SEGMENT ASSETS AND LIABILITIES

| | 2025 £000s | 2024 £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 £000s | 2024 £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 |

6.3 OTHER SEGMENT INFORMATION

| | Depreciation & Amortisation | | Additions to Non-Current Assets ⁽¹⁾ | |
|--------------------------------|-----------------------------|---------------|--|---------------|
| | 2025 £000s | 2024 £000s | 2025 £000s | 2024 £000s |
| Training | | | | |
| UK & Europe | 258 | 743 | 545 | 401 |
| | 258 | 743 | 545 | 401 |
| Software & Services | | | | |
| UK & Europe | 948 | 1,200 | 1,588 | 1,328 |
| North America | 20 | 23 | - | 3 |
| Asia Pacific | 165 | 175 | 98 | 16 |
| | 1,133 | 1,398 | 1,686 | 1,347 |

(1) Other intangible assets, property, plant and equipment and right-of-use assets.

6.4 INFORMATION ABOUT MAJOR CUSTOMERS

Included in the revenues of each segment are the following sales to individual external customers amounting to 10% or more of the Group's revenues.

| | 2025 £000s | 2024 £000s |
|---------------|---------------|---------------|
| UK Customer 1 | 1,778 | 1,516 |
| UK Customer 2 | 449 | 3,513 |

7 Staff costs

The aggregate remuneration comprised:

| | 2025 £000s | 2024 £000s |
|-----------------------------------|---------------|---------------|
| Wages and Salaries ⁽¹⁾ | 6,705 | 8,327 |
| Social Security Costs | 829 | 983 |
| Other pensions costs (note 32) | 284 | 348 |
| | 7,818 | 9,658 |

⁽¹⁾ includes termination costs of £90k (2024: £447k) resulting from the restructuring exercise.

The highest paid Director remuneration is detailed in the 'Remuneration Report' on pages 39 to 41.

The average number of persons, including Executive Directors employed by the Group during the year was:

| | 2025 Number | 2024 Number |
|-----------------------|----------------|----------------|
| Office and management | 31 | 32 |
| Production | 74 | 99 |
| Selling | 10 | 8 |
| | 115 | 139 |

The group ended the year with 111 employees (2024: 121).

8 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 £000s | 2024 £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.

9 Operating loss for the year

| | 2025 £000s | 2024 £000s |
|--|---------------|---------------|
| Operating loss for the year has been arrived at after charging/(crediting): | | |
| Net foreign exchange loss | 19 | (232) |
| Research and development costs | - | 585 |
| Other income arising from RDEC claims (R&D) | (165) | (117) |
| Property rental and sundry income | (34) | (68) |
| Amortisation of developed intangible assets | 808 | 1,092 |
| Amortisation of acquired intangible assets | 230 | 552 |
| Impairment of intangible assets | - | 831 |
| Impairment of inventory | - | 407 |
| Impairment of tangible assets | - | 302 |
| Depreciation of property, plant and equipment | 164 | 306 |
| Depreciation of right of use assets | 189 | 194 |
| Share-based payment (note 31) | 30 | 70 |
| Profit on disposal of land and buildings (note 18) | (86) | (231) |
| (Profit) / loss on disposal of other property, plant and equipment (note 18) | (8) | 14 |
| Loss / (profit) on disposal of right of use assets | (6) | (18) |

During the year, product development costs of £1,655k were capitalised (2024: £1,349k). Details of the Group's capitalisation and amortisation policy can be found in note 3.

10 Auditor remuneration

| | 2025 £000s | 2024 £000s |
|---|---------------|---------------|
| Fees payable to the company's auditor for: | | |
| The audit of the annual financial statements | 91 | 91 |
| The audit of the company's subsidiary undertaking | 41 | 41 |
| | 132 | 132 |

11 Finance costs

| | 2025 £000s | 2024 £000s |
|---|---------------|---------------|
| Interest expense for bank overdraft | 188 | 195 |
| Lease interest | 74 | 77 |
| Interest payable on deferred consideration on acquisition | 7 | 36 |
| Movement in discounting applied to deferred consideration | 10 | 105 |
| Other interest expense | 46 | 31 |
| | 325 | 444 |

12 Finance income

| | 2025 £000s | 2024 £000s |
|---------------------------|---------------|---------------|
| Other interest receivable | 1 | 5 |
| | 1 | 5 |

13 Taxation

| | 2025 £000s | 2024 £000s |
|--|---------------|---------------|
| Recognised in the income statement | | |
| Current UK tax credit | - | 106 |
| Foreign tax | (7) | 143 |
| Additional R&D claimed in respect of prior years | 265* | - |
| Corporation tax in respect of prior years | - | 44 |
| Sub-total current tax credit | 258 | 293 |
| Deferred tax expense relating to origination and reversal of temporary differences | 216 | 182 |
| Deferred tax prior year adjustment | (164) | (13) |
| Exchange rate difference | - | 4 |
| Sub-total deferred tax | 52 | 173 |
| Total P&L tax credit | 310 | 466 |
| Other Comprehensive Income credit for the period | - | 20 |
| Reconciliation of effective tax rate | | |
| Loss before tax | (2,564) | (3,041) |
| Tax at the applicable rate of 25% (2023: 23.52%) | 641 | 760 |
| Tax effect of expenses not deductible in determining taxable profit | (32) | (31) |
| Tax effect of income not included in determining taxable profit | - | (2) |
| Fixed asset differences | 351 | 122 |
| Impact of R&D credits | 1 | (50) |
| Chargeable losses | 81 | 153 |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | 22 | 23 |
| Movement in deferred tax not recognised | (857) | (561) |
| Effect of adjustments for prior years – current tax | 265 | 44 |
| Effect of adjustments for prior years – deferred tax | (164) | 6 |
| Other Differences | 2 | 2 |
| Total tax credit | 310 | 466 |

*Following a review of prior year qualifying expenditure claimed under UK SME (R&D) scheme, an additional credit has been recognised in 2025 relating to prior years.

14 Dividends

No dividends were paid during the year (2024: £Nil). No final dividend will be proposed at the AGM (2024: £Nil).

15 Loss per share

Loss per share has been calculated by dividing the net loss attributable to equity holders by the weighted average number of ordinary shares in issue during the year as follows:

| | 2025 £000s | 2024 £000s |
|--|----------------|----------------|
| Loss after tax attributable to equity holders | (2,254) | (2,575) |
| | Number | Number |
| Weighted average number of ordinary shares | 44,675,257 | 40,421,945 |
| Diluting effect of share options | - | - |
| Diluted average number of ordinary shares | 44,675,257 | 40,421,945 |
| Earnings per share (basic) | (5.04p) | (6.37p) |
| Earnings per share (diluted) | (5.04p) | (6.37p) |

*Share options are excluded from the earnings per share calculation in the consolidated income statement due to their antidilutive effect on the loss after tax attributable to equity holders.

During the year the Company issued 4,323,400 ordinary shares at 21.5p each through a placing and subscription for shares.

16 Goodwill

| Carrying amount: | £000s |
|----------------------------|--------------|
| At 1 January 2024 | 2,595 |
| Currency translation | (65) |
| At 1 January 2025 | 2,530 |
| Currency translation | (49) |
| At 31 December 2025 | 2,481 |

Goodwill acquired in a business combination is allocated at acquisition to cash generating units ("CGUs") that are expected to benefit from that business combination. The goodwill will not be deductible for tax purposes.

The Group sells or offers for sale the same range of all of its products in each of three distinct geographical regions, as shown in the segmental analysis at note 6. However, the Group's intellectual property is owned by the Company and is licenced to its subsidiaries. As the regional entities do not have significant revenue-generating assets, the geographic regions are not considered to be CGUs.

The Group has instead chosen its CGUs to reflect its two different product streams, which are Training (sale of Engineered and Generic products) and Software & Services (sale of Software Product Licences, Software Product Maintenance, Software as a Service subscriptions and Technical Services). This choice is justified because the intellectual property, know-how and mode of operation is different for each CGU.

The carrying amount of goodwill has been allocated as follows:

| Cash generating unit: | 2025 £000s |
|-----------------------|---------------|
| Training | 734 |
| Software | 1,747 |
| | 2,481 |

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 £6 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.

17 Other intangible assets

| | Software £000s | Development costs £000s | Customer lists and contracts £000s | Total £000s |
|------------------------------------|-------------------|-------------------------------|--|----------------|
| Cost | | | | |
| At 1 January 2024 | 537 | 11,315 | 536 | 12,388 |
| Currency translation | - | (29) | - | (29) |
| Additions | 22 | 1,349 | - | 1,371 |
| At 31 December 2024 | 559 | 12,635 | 536 | 13,730 |
| Reconciling items* | - | 70 | - | 70 |
| Additions | 26 | 1,655 | - | 1,681 |
| At 31 December 2025 | 585 | 14,360 | 536 | 15,481 |
| Amortisation and Impairment | | | | |
| At 1 January 2024 | 501 | 6,472 | 80 | 7,053 |
| Currency translation | - | (16) | - | (16) |
| Charge for the year | 19 | 1,517 | 108 | 1,644 |
| Impairment | - | 831 | - | 831 |
| At 31 December 2024 | 520 | 8,804 | 188 | 9,512 |
| Reconciling items* | - | 70 | - | 70 |
| Charge for the year | 39 | 892 | 107 | 1,038 |
| At 31 December 2025 | 559 | 9,766 | 295 | 10,620 |
| Carrying amount | | | | |
| At 31 December 2025 | 26 | 4,594 | 241 | 4,861 |
| At 31 December 2025 | 39 | 3,831 | 348 | 4,218 |

*reconciling items align cost and amortisation to the correct carry forward position

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, as disclosed in note 16, no impairment to other intangible assets was deemed necessary.

18 Property, plant and equipment

| | Land and buildings £000s | Fixtures and equipment £000s | Motor vehicles £000s | Total £000s |
|-------------------------------|-----------------------------|---------------------------------|-------------------------|----------------|
| Cost/valuation | | | | |
| At 1 January 2024 | 3,100 | 3,670 | 36 | 6,806 |
| Currency translation | - | (35) | (3) | (38) |
| Additions | 194 | 29 | - | 223 |
| Reclassified as held for sale | (3,100) | - | - | (3,100) |
| Disposals | (194) | (75) | - | (269) |
| At 31 December 2024 | - | 3,589 | 33 | 3,622 |
| Currency translation | - | (2) | - | (2) |
| Reconciling items* | - | 105 | (1) | 104 |
| Additions | 6 | 37 | - | 43 |
| Disposals | - | (1,790) | - | (1,790) |
| At 31 December 2025 | 6 | 1,939 | 32 | 1,977 |

| | | | | |
|--------------------------------------|----------|--------------|-----------|--------------|
| Depreciation & impairment | | | | |
| At 1 January 2024 | - | 2,640 | 11 | 2,651 |
| Currency translation | - | (18) | - | (18) |
| Revaluation | (47) | - | - | (47) |
| Impairment on revaluation | - | 302 | - | 302 |
| Disposals | - | (42) | - | (42) |
| Charge for the year | 47 | 253 | 6 | 306 |
| At 31 December 2024 | (0) | 3,135 | 17 | 3,152 |
| Reconciling items* | - | 106 | (1) | 105 |
| Disposals | - | (1,790) | - | (1,790) |
| Charge for the year | 1 | 159 | 4 | 164 |
| At 31 December 2025 | 1 | 1,610 | 20 | 1,631 |
| Carrying amount | | | | |
| At 31 December 2025 | 5 | 329 | 12 | 346 |
| At 31 December 2025 | - | 454 | 16 | 470 |

*Reconciling items align cost and depreciation to the correct carry forward position.

On 1st October 2024 the owned Land & Buildings in Cheltenham, UK, were advertised for sale and subsequently reclassified as current assets held for sale in accordance with IFRS 5.

The carrying amount of assets classified as held for sale on 31 December 2024 was £3.1 million.

On 24th February 2025 the group announced the disposal of Unit D0 at the Group's Cheltenham site for a cash consideration of £0.83 million.

On 7th April 2025 the group announced the disposal of Units D3, D4 and car park at the Group's Cheltenham site for a cash consideration of £1.2 million.

On 3rd July 2025 the group announced the disposal of Units D1 and D2 at the Group's Cheltenham site for a sale and leaseback on a cash basis for a consideration of £1.125 million. The Group remains in occupation of the two units under a full repairing lease which has an 8.5-year term, with a 3-year tenant only break clause.

The property disposal programme, launched in September 2024 as part of its Training division restructuring, has realised £3.2 million in gross sale proceeds and, after agent and legal fees, a profit on disposal of £0.1 million.

19 Right-of-use assets

| | Property £000s | Motor vehicles £000s | Total £000s |
|----------------------------|-------------------|-------------------------|----------------|
| Valuation | | | |
| At 1 January 2024 | 670 | 190 | 860 |
| Currency translation | (28) | - | (28) |
| Additions | 103 | 51 | 154 |
| Termination of lease | (193) | (56) | (249) |
| Depreciation | (128) | (66) | (194) |
| At 1 January 2025 | 424 | 119 | 543 |
| Additions | 482 | 25 | 507 |
| Termination of lease | - | (16) | (16) |
| Depreciation | (147) | (42) | (189) |
| At 31 December 2025 | 759 | 86 | 845 |

20 Inventories

| | 2025 £000s | 2024 £000s |
|-------------------------------|---------------|---------------|
| Raw materials and consumables | 602 | 589 |
| Work in progress | 84 | 28 |
| | 686 | 617 |

£721k (2024: £695k) of inventories have been recognised as an expense in the consolidated income statement.

21 Trade and other receivables

| | 2025 £000s | 2024 £000s |
|-------------------|---------------|---------------|
| Trade receivables | 767 | 1,064 |
| Contract assets | 422 | 908 |
| Other receivables | 25 | 11 |
| Prepayments | 240 | 372 |
| | 1,454 | 2,355 |

No receivables have been written off as uncollectible during the year (2024: £Nil) and it has not been necessary to recognise any impairment loss under the expected lifetime loss model as there is no history of trade receivables being uncollected and therefore it is believed any credit risk is minimal and any expected credit losses (ECL) charge would be immaterial.

The contract assets have decreased as a result of timing differences between work performed and billing on certain training and technical services contracts

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

22 Trade and other payables

| | 2025 £000s | 2024 £000s |
|---------------------------------|---------------|---------------|
| Contract liabilities | 1,882 | 1,502 |
| Trade payables | 354 | 672 |
| Taxes and social security costs | 594 | 397 |
| Other creditor and accruals | 505 | 680 |
| | 3,335 | 3,251 |

The contract liabilities have increased as a result of timing differences between work performed and billing on certain training and technical services contracts

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

23 Cash and cash equivalents

| | 2025 £000s | 2024 £000s |
|--|---------------|----------------|
| Bank | 466 | 1,031 |
| Petty cash | - | 14 |
| | 466 | 1,045 |
| Bank overdraft | (679) | (3,330) |
| Balance as per statement of cash flows | (213) | (2,285) |

Cash and cash equivalents comprise cash held by the Group and short-term deposits with an original maturity date of three months or less. The carrying amount approximates their fair value. The bank overdraft is secured by fixed and floating charges over the assets of Pennant International Group plc, Pennant International Limited and by cross-guarantees between those companies.

24 Lease liabilities

| | Property £000s | Motor vehicles £000s | Total £000s |
|--|-------------------|----------------------------|----------------|
| Valuation | | | |
| At 1 January 2024 | 739 | 182 | 921 |
| Currency translation | (31) | - | (31) |
| Additions | 103 | 51 | 154 |
| Termination of lease | (208) | (55) | (263) |
| Interest expense (presented as operating cashflow) | 57 | 18 | 75 |
| Repayments (principal & interest) | (171) | (80) | (251) |
| At 1 January 2025 | 489 | 116 | 605 |
| Currency translation | 1 | - | 1 |
| Additions | 465 | 26 | 491 |
| Termination of lease | - | (14) | (14) |
| Interest expense (presented as operating cashflow) | 64 | 10 | 74 |
| Repayments (principal & interest) | (201) | (53) | (254) |
| At 31 December 2025 | 818 | 85 | 903 |
| Current | 182 | 46 | 228 |
| Non-current | 636 | 39 | 675 |

Included in the movement in lease liabilities are repayments of lease liabilities totalling £254k (2024: £251k). The principal element of the repayments has been classified as financing activities in the Statement of Cash Flows whereas the interest payment is included in operating cash flows at note 30. All other movements are considered to be non-cash changes.

In 2025 short-term lease rentals expensed amounted to £26k (2024: £23k). The total cash outflow in respect of leases (right-of-use and short-term expensed rentals) was £280k (2024: £274k).

There were no low value leases or variable lease payments in the year. This is not likely to significantly change in the year ahead.

| Lease payments due: | 2025 £000s | 2024 £000s |
|--------------------------|---------------|---------------|
| Within 1 year | 302 | 197 |
| In 2-5 years | 774 | 529 |
| After 5 years | 11 | 53 |
| | 1,087 | 779 |
| Finance charges | (184) | (174) |
| Net Present Value | 903 | 605 |

25 Deferred and contingent consideration

| | Total £000s |
|--|----------------|
| Carrying amount | |
| At 1 January 2024 | 751 |
| Currency translation | (31) |
| Repayment (TAP) | (175) |
| Repayment (ADG) | (336) |
| Movement in discounting of future payments (TAP) | 21 |
| Movement in discounting of future payments (ADG) | 81 |
| At 31 December 2024 | 311 |
| Currency translation | (3) |
| Repayment (ADG) | (318) |
| Movement in discounting of future payments (ADG) | 10 |
| At 31 December 2025 | - |
| Current | - |
| Non-current | - |
| | - |

The brought forward deferred consideration comprised the remaining amounts paid during the financial year following the acquisition of Halter Holdings Pty Ltd (the parent Company of Absolute Data Group Pty Ltd and Onestrand Inc) in March 2020. Further details of the acquisition can be found in the annual report and accounts for the financial years 31 December 2020 and 31 December 2021.

26 Borrowings

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.

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.

27 Deferred tax

| | Accelerated tax depreciation £000s | Other temporary differences £000s | Intangible Assets £000s | Tax losses £000s | Total £000s |
|----------------------------|--|---|-------------------------------|------------------------|----------------|
| At 1 January 2024 | (1,389) | 548 | (134) | 1,374 | 399 |
| Credit/(charge) to income | 495 | 100 | 65 | (472) | 188 |
| Exchange differences | - | 1 | 3 | - | 4 |
| At 31 December 2024 | (894) | 649 | (66) | 902 | 591 |
| Credit to income | 84 | 76 | - | 57 | 217 |
| Prior year adjustment | 42 | (46) | - | (160) | (164) |
| At 31 December 2025 | (768) | 679 | (66) | 799 | 644 |

Deferred tax has been recognised at the prevailing income tax rate in the respective country.

At the reporting date the Group had unused tax losses of approximately £7.8 million (2024: £7.0 million) which are expected to be available for set-off against future profits arising in the UK. The tax effect of the deferred tax asset recognised in the Group statement of financial position is nil by virtue of it being offset in equal measure by the tax effect of the deferred tax liability arising from accelerated tax depreciation in the same UK subsidiary group.

28 Warranty provisions

| | 2025 £000s | 2024 £000s |
|---------------------------------------|---------------|---------------|
| Warranty provisions as at 1 January | 92 | 144 |
| Additional warranties accrued | - | 33 |
| Warranties provisions released | (87) | (85) |
| Warranty provisions as at 31 December | 5 | 92 |

During 2025, the warranty provisions balance has decreased due to the fulfilment of a warranty obligation on a programme delivered in 2024.

29 Share capital

| | 2025 £000s | 2024 £000s |
|--|---------------|---------------|
| Authorised, issued and fully paid 47,557,524 ordinary shares of 5p each (2024: 43,234,133) | 2,378 | 2,162 |
| | 2,378 | 2,162 |

The Company's ordinary shares carry one vote per share, have equal rights to participate in dividends, are freely transferable and are not redeemable.

On 23 September 2025 4,323,400 ordinary shares were issued at an average value of 21.5p per share for total consideration of £0.93 million.

30 Notes to the consolidated statement of cashflows

CASH GENERATED FROM OPERATIONS:

| | 2025 £000s | 2024 £000s |
|--|----------------|---------------|
| Loss for the year | (2,254) | (2,575) |
| Finance costs | 325 | 444 |
| Finance income | (1) | (5) |
| Income tax credit | (310) | (466) |
| Depreciation of property, plant and equipment | 164 | 306 |
| Depreciation of right of use assets | 189 | 194 |
| Profit on disposal of property, plant and equipment | (94) | (217) |
| Loss on disposal of right of use assets | 6 | - |
| Amortisation of other intangible assets | 1,038 | 1,644 |
| Impairment of Intangibles | - | 831 |
| Impairment of property, plant and equipment | - | 302 |
| Other Income – R&D (RDEC) | (165) | (119) |
| Share-based payment | 30 | 70 |
| Operating cash flows before movement in working capital | (1,072) | 409 |
| Decrease in receivables | 901 | 292 |
| (Increase)/decrease in inventories | (69) | 363 |
| Decrease in payables and provisions (notes 22 and 28) | (3) | (901) |
| Cash (used in)/generated from operations | (243) | 163 |
| Tax received | 749 | 445 |
| Interest paid | (405) | (432) |
| Net cash generated from operations | 101 | 176 |

30 Notes to the consolidated statement of cashflows (continued)

CHANGES IN FINANCING LIABILITIES:

| | Bank overdraft £000s | Lease liabilities (note 24) £000s | Loan (note 26) £000s | Total financing liabilities £000s |
|--------------------------|-------------------------|---|----------------------------|--------------------------------------|
| At 1 January 2024 | (1,879) | (921) | - | (2,800) |

Cash movements:

| | | | | |
|---|----------------|--------------|----------|----------------|
| Change in cash and cash equivalents per cash flow statement | (300) | - | - | (300) |
| Lease repayments (principal and interest) | - | 251 | - | 251 |
| Effect of foreign exchange rates | (106) | 31 | - | (75) |
| Lease additions | - | (154) | - | (154) |
| Lease terminations | - | 263 | - | 263 |
| Interest added to liability | - | (75) | - | (75) |
| At 1 January 2025 | (2,285) | (605) | - | (2,890) |

Cash movements:

| | | | | |
|---|--------------|--------------|--------------|----------------|
| Change in cash and cash equivalents per cash flow statement | 2,165 | - | - | 2,165 |
| Shareholder loan drawdown | | | (320) | (320) |
| Lease repayments (principal and interest) | - | 254 | - | 254 |
| Effect of foreign exchange rates | (93) | (1) | - | (94) |
| Lease additions | - | (491) | - | (491) |
| Lease terminations | - | 14 | - | 14 |
| Interest added to liability | - | (74) | (3) | (77) |
| At 1 December 2025 | (213) | (903) | (323) | (1,439) |

31 Share-based payments

The Company operates an EMI share option scheme for certain employees of the Group (the "Scheme"). Options granted under the Scheme are exercisable at the price equal to the quoted mid-market price at the close of business on the date of grant.

Exercise in all cases is subject to non-market conditions as options are forfeited if the employee leaves the Group before the options vest. The options granted to the Executive Directors are subject to market conditions as outlined in the remuneration report on pages 39 to 41. Details of the share options outstanding during the year are as follows:

OPTIONS GRANTED UNDER THE SCHEME

| | 2025 | | 2024 | |
|-----------------------------------|-------------------------|---|-------------------------|---|
| | Number of share options | Weighted average exercise price (pence) | Number of share options | Weighted average exercise price (pence) |
| Outstanding at 1 January | 2,289,473 | 47.42 | 1,580,000 | 47.42 |
| Granted during the year | 350,000 | 28.90 | 919,473 | 28.85 |
| Lapsed during the year | (1,150,000) | 26.99 | (210,000) | 51.43 |
| Outstanding at 31 December | 1,489,473 | 58.84 | 2,289,473 | 47.42 |
| Exercisable at 31 December | 700,000 | 47.34 | 360,000 | 85.12 |

350,000 share options were granted to employees of the group during the year. The option prices for the outstanding share options are:

| | 2025 | 2024 |
|------------|-----------|-----------|
| 30 – 50p | 1,329,473 | 2,009,473 |
| 51 – 80p | 70,000 | 70,000 |
| 81 – 100p | - | 100,000 |
| 101 – 135p | 90,000 | 110,000 |

The fair value of the options granted during the year under the Scheme is £77k. The weighted average fair value is 21.9p.

The options outstanding at 31 December 2025 had a weighted average remaining contractual life of 4.22 years (2024: 3.03 years).

The Group recognised total expenses related to equity-settled share-based payment transactions of £30k (2023: £70k). This is for the options granted to the staff and Executive Directors.

The Black-Scholes model was used to calculate the fair value of options granted in 2025 with the following inputs:

- Expected volatility (based prior twelve months): 64.99% (2024: 34.39%)
- Risk free rate: 4.39% (2024: 4.62%)
- Expected dividend yield: 0.0% (2024: 0.0%)
- Option life: 10 years staff / 3 years executive (2024: 10 years / 3 years)
- Vesting period: 3 years (2024: 3 years)

Details of Directors shareholding interests can be found in the Directors Remuneration report on pages 39 to 41.

SIP SCHEME

The SIP scheme is open to UK employees and is governed by UK legislation. It is designed to promote employee share ownership and provides tax advantages to participants. The participating employees have monthly deductions taken from their salaries each year under a salary sacrifice arrangement which are then held by the trustees of the SIP and used to purchase shares at the end of the period.

32 Employee benefits

DEFINED CONTRIBUTION

The Group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds.

| | 2025 £000s | 2024 £000s |
|--|---------------|---------------|
| Contributions payables by the group for the year | 284 | 348 |

33 Financial instruments

33.1 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Group consists of cash and cash equivalents (including the bank overdraft facility) and equity comprising issued share capital, reserves and retained earnings. The Group is not subject to any externally imposed capital requirements.

33.2 CATEGORIES OF FINANCIAL INSTRUMENTS

| | 2025 £000s | 2024 £000s |
|---------------------------------------|---------------|---------------|
| Financial assets | | |
| Measured at amortised cost | | |
| Trade receivables | 767 | 1,064 |
| Contract assets | 422 | 908 |
| Other receivables | 25 | 11 |
| Cash and cash equivalents | 466 | 1,045 |
| | 1,680 | 3,028 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Contract liabilities | 1,882 | 1,502 |
| Trade payables | 354 | 672 |
| Other creditors | 282 | 366 |
| Bank overdraft | 679 | 3,330 |
| Lease liabilities | 1,087 | 779 |
| Shareholder loan | 323 | - |
| Deferred consideration on acquisition | - | 311 |
| | 4,607 | 6,960 |

33.3 CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

All of the financial liabilities in the table above are non-derivative financial liabilities and have contractual maturities as follows:

| | Within 1 year £000s | Within 2–5 years £000s | After 5 years £000s | Total £000s |
|----------------------|------------------------|---------------------------|------------------------|----------------|
| Contract liabilities | 1,882 | - | - | 1,882 |
| Trade payables | 354 | - | - | 354 |
| Other creditors | 282 | - | - | 282 |
| Bank overdraft* | 679 | - | - | 679 |
| Lease liabilities | 302 | 774 | 11 | 1,087 |
| Shareholder Loan | 323 | - | - | 323 |
| | 3,822 | 774 | 11 | 4,607 |

* The bank overdraft is ordinarily renewed in April of each financial year and therefore deemed to have a contract maturity of less than one year.

33.4 FINANCIAL RISK MANAGEMENT

Financial risks include market risk (principally foreign currency risk), credit risk, liquidity risk and interest risk. The Group seeks to minimise the effect of these risks by developing and applying policies and procedures which are regularly reviewed for appropriateness and effectiveness. The Group's principal financial instruments comprise cash held in current accounts, trade receivables, trade payables, other payables and borrowings that arise directly from its operations.

33.5 FOREIGN CURRENCY RISK

The Group operates internationally, which gives rise to financial exposure from changes in foreign exchange rates. At 31 December 2025 and 31 December 2024, the Group had no commitments under forward exchange contracts.

The Canadian dollar, the Australian dollar and the American dollar are the main foreign currencies in which the Group operates. The carrying amounts of the Group's monetary assets and liabilities denominated in these currencies expressed in sterling at the reporting date are as follows:

| | Liabilities | | Assets | |
|-------------------|---------------|---------------|---------------|---------------|
| | 2025 £000s | 2024 £000s | 2025 £000s | 2024 £000s |
| Canadian dollar | 148 | 183 | 640 | 657 |
| American dollar | (2) | 38 | (630) | 160 |
| Australian dollar | 931 | 748 | 232 | 363 |
| Total | 1,077 | 969 | 242 | 1,180 |

The following table details the Group's sensitivity to a 5% strengthening in Sterling against the relevant foreign currencies. The analysis includes outstanding foreign currency denominated monetary items where denominated in a currency other than the functional currency of the debtor or creditor.

A positive number indicates an increase in profits and a negative number a decrease in profit. A 5% weakening of Sterling against the relevant currencies would have an equal and opposite effect on profit.

33.5 FOREIGN CURRENCY RISK (CONTINUED)

| | Impact on profit | |
|-------------------|------------------|---------------|
| | 2025 £000s | 2024 £000s |
| Canadian dollar | (23) | (23) |
| American dollar | 30 | (6) |
| Australian dollar | 33 | 18 |

33.6 CREDIT RISK

Credit risk refers to the risk that a customer or counterparty to a financial instrument fails to meet its contractual obligations, resulting in financial loss to the Group, and arises principally from the Group's receivables from customers and bank current accounts. Major customers that wish to trade on credit terms are subject to credit verification procedures and receivable balances are monitored on an on-going basis.

The credit risk on bank current account balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. No impairments for bad or doubtful debts have been made. At the end of the financial year there are no material debts that are deemed to be past due. At 31 December 2025 and 31 December 2024 there were no significant concentrations of credit risk outside of the 2 customers disclosed in note 6.4. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

33.7 LIQUIDITY RISK

Liquidity risk is the risk that the Group does not have sufficient cash to meet its financial obligations as they fall due. The Group manages its liquidity needs primarily through its cash flow forecasting process whereby an updated consolidated and entity-level forecast is produced for review by the Chief Financial Officer on a weekly basis. The forecast typically forecasts eighteen months ahead using weekly timebands for the current financial year and monthly timebands for the following financial year.

Cash forecasts are compiled on a prudent basis using accurate financial accounting system and bank data and are periodically stress-tested to check that the Group has adequate headroom in the event of delayed customer receipts or orders. The regularity of cash forecasting ensures that proposed payments can easily be checked against the forecast and that sufficient cash is maintained in the Group's overseas subsidiaries. Longer-term cash forecasts are developed as required by particular business scenarios determined by the Board of Directors.

The forecasting process as outlined above ensures that the Group can plan ahead to ensure that sufficient cash and undrawn facilities are available for the Group to fund its ongoing operations and to meet its medium-term capital and funding obligations.

At the year end the Group had a net overdraft of £213k (2024: £2,285k) and net undrawn facilities of £787k (2024: £1,215k) against the overdraft facility of £1.0 million (2024: £3.5 million). The level of the Group's overdraft facility is reviewed annually.

The Group's financial obligations consist of trade and other payables and obligations under leases which are set out in notes 22 and 24 respectively.

Trade and other payables are all payable within three months.

33.8 INTEREST RISK

The Group is from time to time exposed to interest rate risk on the bank overdraft when the Group is overdrawn. This is the only liability subject to interest rate risk at the balance sheet date. Interest is paid on bank overdraft at 2.75% (2024: 2.50%) over base rate. A 1% rise/fall in interest rates would have decreased/increased profit for the year by an immaterial amount (2024: immaterial).

34 Related party transactions

TRANSACTIONS WITH RELATED PARTIES

During the year the Company entered into a financing transaction with a shareholder who is a related party under AIM rule 13. On 23rd October the Company received a loan of £320,000 from Brett Gordon. The loan is unsecured, bearing an interest rate of 9.75% per annum, and is repayable in full on 23rd April 2026.

The balance outstanding at the year-end was £323k (2024: £Nil).

For the Group there were no other sales to, purchases from or, at the year end, balances with any related party.

INTRA-GROUP TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Amounts paid to Group Directors who are the only key management personnel of the Group are set out in the Remuneration Report.

DIVIDENDS PAID TO DIRECTORS

Dividends totalling £Nil (2024: £Nil) were paid in the year in respect of ordinary shares in which the Company's Directors had a beneficial interest.

35 Business combinations

The Group did not enter into any business combinations in 2025.

36 Audit exemptions for group companies

The following companies have exercised exemption from audit under s479A, S480A of the Companies Act 2006 and s394A of the Companies Act 2006:

- Pennant SIP Trustee Limited (s479A)
- Pennant Rail Holdings Limited (previously Pennant Support and Development Services Limited) (s479A)
- Track Access Productions Limited (S479A)

37 Post balance sheet events

The Directors have reviewed events occurring between the reporting date and the date of approval of the financial statements and have concluded that there are no events that require adjustment to or disclosure in these financial statements.

Company number: 03187528

Company Statement of Comprehensive Income for the year ended 31 December 2025

| | Notes | 2025 £000s | 2024 £000s |
|---|-------|---------------|----------------|
| Continuing operations | | | |
| Management charges and licence fees receivable | | 3,066 | 3,007 |
| Other income | | 18 | - |
| Profit on sale of land | | - | 231 |
| Exceptional costs | | (158) | (1,062) |
| Other administration expenses | | (3,669) | (3,996) |
| Operating loss | | (743) | (1,820) |
| Finance costs | 4 | (10) | (48) |
| Loss before tax | | (753) | (1,868) |
| Taxation | 5 | 52 | 381 |
| Loss for the year attributable to the equity holders of the parent | | (701) | (1,487) |
| Other comprehensive income | | - | - |
| Total comprehensive loss attributable to equity holders | | (701) | (1,487) |

Company Statement of Financial Position at 31 December 2025

| | Notes | 2025 £000s | 2024 Restated* £000s |
|----------------------------------|-------|----------------|-------------------------|
| Non-current assets | | | |
| Investment in subsidiaries | 6 | 6,763 | 6,763 |
| Other Intangible Assets | 7 | 5,467 | 4,901 |
| Right-of-use assets | 8 | 40 | 63 |
| Amounts due from subsidiaries* | | 3,048 | 3,848 |
| Total non-current assets | | 15,318 | 15,575 |
| Current assets | | | |
| Cash in hand at bank | 9 | 73 | - |
| Trade and other receivables | 10 | 63 | 55 |
| Current tax receivable | | 125 | 145 |
| Total current assets | | 261 | 200 |
| Total assets | | 15,579 | 15,775 |
| Current liabilities | | | |
| Trade and other payables | 11 | 328 | 219 |
| Bank overdraft | | - | 167 |
| Lease liabilities | 12 | 22 | 20 |
| Amounts due to subsidiaries | | 6,507 | 7,345 |
| Total current liabilities | | 6,857 | 7,751 |
| Net current liabilities | | (6,596) | (7,551) |
| Non-current liabilities | | | |
| Lease liabilities | 12 | 18 | 40 |
| Deferred tax liabilities | 13 | 559 | 367 |
| Loans | 18 | 323 | - |
| Total liabilities | | 7,757 | 8,158 |
| Net assets | | 7,822 | 7,617 |
| Equity | | | |
| Share capital | 14 | 2,378 | 2,162 |
| Share premium account | | 7,117 | 6,457 |
| Capital redemption reserve | | 200 | 200 |
| Retained earnings | | (1,873) | (1,202) |
| Total equity | | 7,822 | 7,617 |

*As At 31st December 2024 the Company held intercompany receivables of £3,848,000 which were previously presented within current assets. Following a review of expected settlement terms in accordance with IAS 1 Presentation of Financial Statements, the comparatives have been reclassified to non-current assets. This change affects presentation only and has no impact on total assets, total liabilities or equity.

Approved by the Board and authorised for issue on 20 March 2026.



Darren Wiggins, Director

The accompanying notes on pages 78 to 83 are an integral part of these financial statements.

Company Statement of Changes in Equity for the year ended 31 December 2025

| | Share Capital £000s | Share Premium £000s | Capital Redemption Reserve £000s | Retained Earnings £000s | Total Equity £000s |
|---------------------------------------|---------------------------|---------------------------|---|-------------------------------|--------------------------|
| At 1 January 2024 | 1,844 | 5,383 | 200 | 215 | 7,642 |
| Total comprehensive loss for the year | - | - | - | (1,487) | (1,487) |
| Issue of new ordinary shares | 318 | 1,252 | - | - | 1,570 |
| Issue costs | - | (178) | - | - | (178) |
| Recognition of share-based payment | - | - | - | 70 | 70 |
| At 31 December 2024 | 2,162 | 6,457 | 200 | (1,202) | 7,617 |
| Total comprehensive loss for the year | - | - | - | (701) | (701) |
| Issue of new ordinary shares | 216 | 714 | - | - | 930 |
| Issue costs | - | (54) | - | - | (54) |
| Recognition of share-based payment | - | - | - | 30 | 30 |
| At 31 December 2025 | 2,378 | 7,117 | 200 | (1,873) | 7,822 |

Note: see page 54 for a description of the reserves appearing in the column headings of the table above.

Company Statement of Cash Flows for the year ended 31 December 2025

| | Notes | 2025 £000s | 2024 £000s |
|---|-------|---------------|----------------|
| Net cash used in operations | | (931) | (1,200) |
| Investing activities | | | |
| Purchase of property, plant and equipment | | - | (223) |
| Proceeds from disposal of property, plant and equipment | | - | 454 |
| Net cash generated from investing activities | | - | 231 |
| Financing activities | | | |
| Proceeds from issue of ordinary shares net of issue costs | 14 | 876 | 1,392 |
| Repayment of lease liabilities | 12 | (25) | (28) |
| Shareholder funding | 16 | 320 | - |
| Net cash generated from financing activities | | 1,171 | 1,364 |
| Net increase in cash and cash equivalents | | 240 | 395 |
| Cash and cash equivalents at beginning of year | | (167) | (562) |
| Cash and cash equivalents at end of year | | 73 | (167) |

1 Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by the Act the separate financial statements have been prepared in accordance with UK-adopted International Accounting Standards (“IFRS”). The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements with the following exceptions;

Investments in subsidiaries which are stated at cost less, where appropriate, provisions for impairment.

INTER GROUP RECEIVABLES & PAYABLES

During the year, management reviewed the expected settlement profile of intercompany balances in accordance with IAS 1 Presentation of Financial Statements. In determining the appropriate classification, management exercised judgement in assessing the expected timing of settlement of intercompany receivables and payables. The key considerations included:

- The strategic nature of funding between the Company and its subsidiaries.
- The absence of contractual repayment terms requiring settlement within twelve months.
- The historical pattern of long-term financing arrangements within the Group.
- Board-approved forecasts demonstrating no expectation of settlement in the near term.

IAS 1 requires assets and liabilities to be classified as current only when they are:

- Expected to be realised or settled within the entity’s normal operating cycle;
- Expected to be realised or settled within twelve months after the reporting date; or
- Held primarily for the purpose of trading.

Following this review, management determined that certain intercompany receivables previously presented within current assets are not expected to be settled within twelve months of the reporting date.

As a result, the 2024 comparative figures have been reclassified to present these amounts within non-current assets, as required by IAS 1.41 and IAS 1.66–76.

This reclassification affects presentation only and has no impact on net assets, total assets, profit or equity.

Key sources of estimation uncertainty

The following are the critical judgements and estimations that the Directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

INVESTMENT IN SUBSIDIARIES

The Company determines whether investments are impaired on an annual basis. This requires an estimation of the value in use of the subsidiary investment.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Key assumptions used in these estimations relate to revenue growth; should revenue growth not be achieved in line with forecasts there may be potential impairment in the future.

IMPAIRMENT OF OTHER INTANGIBLE ASSETS

The Company determines whether other intangible assets are impaired on an annual basis. This requires an estimation of the value in use of the cash generating units to which the other intangible assets are allocated.

Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. See note 7 for further disclosure.

2 Operating loss

The operating loss is stated after amortisation of other intangible assets of £1,149k (2024: £1,537k) which is included in Administrative expenses in the Statement of Comprehensive Income. The auditor’s remuneration for audit and other services is disclosed in note 10 to the consolidated financial statements.

Exceptional costs, as defined in the notes to the Group financial statements, comprise the costs of one-off legal and professional fees (£117k) and costs of restructuring (£41k).

3 Staff costs

The aggregate remuneration comprised:

| | 2025 £000s | 2024 £000s |
|-----------------------|---------------|---------------|
| Wages and salaries | 1,471 | 1,542 |
| Social security costs | 192 | 185 |
| Other pensions costs | 96 | 94 |
| | 1,759 | 1,821 |

The average number of persons, including Executive Directors employed by the Company during the year was 7 (2024: 7).

4 Finance costs

| | 2025 £000s | 2024 £000s |
|-------------------------------------|---------------|---------------|
| Interest expense for bank overdraft | 10 | 48 |
| | 10 | 48 |

5 Taxation

| | 2025 £000s | 2024 £000s |
|--------------------------------|---------------|---------------|
| Current tax credit | 244 | 132 |
| Deferred tax (charge) / credit | (192) | 249 |
| Tax credit for the year | 52 | 381 |

| Reconciliation of effective tax rate | | |
|--|-----------|------------|
| Loss before tax | (753) | (1,868) |
| Tax at the applicable rate of 25% (2024: 23.52%) | 188 | 467 |
| Effect of expenses not deductible for tax | (21) | (36) |
| Movement in deferred tax not recognised | (268) | - |
| Effect of other transfers and adjustments | (33) | (38) |
| Effect of adjustments for prior years | 186 | (12) |
| Total tax credit | 52 | 381 |

6 Subsidiaries

Details of the Company’s subsidiaries at 31 December 2025 are as follows:

| Subsidiary name | Registered office | Proportion of ownership |
|------------------------------------|---|-------------------------|
| Pennant International Limited | Unit D1 Staverton Connection, Staverton, Cheltenham, GL51 0TF | 100% |
| Pennant Rail Holdings Limited* | Unit D1, as above | 100% |
| Track Access Productions Limited** | Unit D1, as above | 100% |
| Pennant SIP Trustee Limited | Unit D1, as above | 100% |
| Pennant Canada Limited | 1400 Blair Place, Suite 100, Ottawa, Ontario K1J 9B8, Canada | 100% |
| Pennant Australasia Pty Limited | Suite 2, Building 25, 270 Ferntree Gully Road, Notting Hill, Victoria 3168, Australia | 100% |
| Pennant Information Services Inc. | 1400 Blair Place, as above | 100% |
| Halter Holdings Pty Ltd*** | GPO Box 2890, Brisbane, Queensland 4001, Australia | 100% |
| Absolute Data Group Pty Ltd*** | GPO Box 2890, as above | 100% |
| Pennant America Inc. | 399 Boylston St. 6th Floor, Boston, MA 02116, USA | 100% |

* Previously Pennant Support & Development Services Limited

** Subsidiary of Pennant Rail Holdings Limited

*** Struck off 17 December 2025

6 Subsidiaries (continued)

The investments in subsidiaries are all stated at cost as follows in the table below.

| | £000s |
|---|--------------|
| Cost of investment – beginning of year | 6,763 |
| Cost of investment – end of year | 6,763 |
| Impairment – beginning of the year | - |
| Impairment – end of year | - |
| Net cost of investment – end of year | 6,763 |
| Net cost of investment – beginning of year | 6,763 |

7 Other intangible assets

| | £000s |
|------------------------------------|---------------|
| Cost | |
| At 1 January 2024 | 9,145 |
| Additions | 1,481 |
| At 1 January 2025 | 10,626 |
| Additions | 1,715 |
| At 31 December 2025 | 12,341 |
| Amortisation and Impairment | |
| At 1 January 2024 | 3,537 |
| Charge in year | 1,537 |
| Impairment | 651 |
| At 1 January 2025 | 5,725 |
| Charge in year | 1,149 |
| At 31 December 2025 | 6,874 |
| Carrying amount | |
| At 31 December 2025 | 5,467 |
| At 31 December 2024 | 4,901 |

Additions in the year relate to product development services carried out on behalf of the company by its operating subsidiaries, payments are settled through intercompany transactions.

ENIL impairment was identified (2024: £651k) in relation to Training Systems hardware development costs relating to specific projects no longer viable as a result of the training division restructure.

An impairment review was performed as at 31 December 2025 and following sensitivity analysis performed on the key assumptions, as disclosed in note 16 to the group accounts, no further impairment to other intangible assets was deemed necessary.

8 Right-of-use assets

| | Motor vehicles £000s |
|----------------------------|-------------------------|
| Valuation | |
| At 1 January 2024 | 47 |
| Additions | 37 |
| Depreciation | (21) |
| At 1 January 2025 | 63 |
| Depreciation | (23) |
| At 31 December 2025 | 40 |

9 Cash and cash equivalents

Details of the Group cash arrangements are set out in notes 23 and 26 to the consolidated financial statements.

10 Trade and other receivables

Trade and other receivables principally comprise prepaid overhead costs and recoverable VAT. The carrying amount approximates to their fair value.

11 Trade and other payables

Trade and other payables principally comprise amounts outstanding or accrued for services and ongoing costs. The carrying amount approximates to their fair value.

12 Lease liabilities

| | Motor vehicles £000s |
|----------------------------|-------------------------|
| Valuation | |
| At 1 January 2024 | 45 |
| Additions | 37 |
| Interest expense | 5 |
| Repayments | (27) |
| At 1 January 2025 | 60 |
| Interest expense | 5 |
| Repayments | (25) |
| At 31 December 2025 | 40 |
| Current | 22 |
| Non-current | 18 |

In 2025 short-term lease rentals expensed amounted to £Nil (2024: £Nil). The total cash outflow in respect of leases (right-of-use and short-term expensed rentals) was £25k.

There were no low value leases or variable lease payments excluded from lease liabilities. This is not likely to significantly change in the year ahead.

12 Lease liabilities (continued)

| Lease payments due | 2025 £000s | 2024 £000s |
|--------------------------|---------------|---------------|
| Within 1 year | 25 | 25 |
| In 1–5 years | 18 | 44 |
| | 43 | 69 |
| Finance charges | (3) | (9) |
| Net present value | 40 | 60 |

13 Deferred tax

| | Accelerated tax depreciation £000s | Tax losses £000s | Total £000s |
|--|--|------------------------|----------------|
| At 1 January 2024 | (769) | 153 | (616) |
| Credit to income | 152 | 97 | 249 |
| At 31 December 2024 | (617) | 250 | (367) |
| (Charge) / credit to income – current year | (222) | 88 | (134) |
| Charge to income – prior year | - | (58) | (58) |
| At 31 December 2025 | (839) | 280 | (559) |

14 Share capital

Details are set out in note 29 to the consolidated financial statements.

15 Notes to the cash flow statement

CASH USED FROM OPERATIONS:

| | 2025 £000s | 2024 £000s |
|---|---------------|----------------|
| Loss for the year | (701) | (1,487) |
| Net finance costs | 10 | 48 |
| Amortisation | 1,149 | 1,537 |
| Impairment of intangible assets | - | 651 |
| Depreciation charge - right-of-use asset | 23 | 21 |
| Profit on disposal of property, plant & equipment | - | (231) |
| Income tax credit | (52) | (381) |
| Share-based payment | 30 | 70 |
| Other Income (R&D Tax Credit) | (18) | - |
| Operating cash flows before movement in working capital | 441 | 228 |
| Increase in receivables | (42) | (1,211) |
| Decrease in payables | (1,710) | (293) |
| Cash used in operations | (1,311) | (1,276) |
| Tax received | 390 | 124 |
| Net interest paid | (10) | (48) |
| Net cash used in operations | (931) | (1,200) |

15 Notes to the cash flow statement (continued)

CHANGES IN FINANCING LIABILITIES:

| | Bank Overdraft £000s | Lease Liabilities £000s | Loans £000s | Total Financing Liabilities £000s |
|---|-------------------------|----------------------------|----------------|--------------------------------------|
| At 1 January 2024 | (562) | (45) | - | (607) |
| Cash movements: | | | | |
| Change in cash and cash equivalents per cash flow statement | 395 | - | - | 395 |
| Lease repayments (principal and interest) | - | 27 | - | 27 |
| Non-cash movements: | | | | |
| Lease additions | - | (37) | - | (37) |
| Interest added to liability | - | (5) | - | (5) |
| At 1 January 2025 | (167) | (60) | - | (227) |
| Cash movements: | | | | |
| Change in cash and cash equivalents per cash flow statement | 240 | - | - | 240 |
| Shareholder loan drawdown | | | (320) | (320) |
| Lease repayments (principal and interest) | - | 25 | - | 25 |
| Non-cash movements: | | | | |
| Interest added to liability | - | (5) | (3) | (8) |
| At 31 December 2025 | 73 | (40) | (323) | (290) |

16 Financial instruments

The Company's approach to the management of capital and market risks is set out in note 33 to the consolidated financial statements. To address its liquidity risk the Company ensures that sufficient cash and undrawn facilities are available to fund ongoing operations and to meet its medium-term capital and funding obligations.

The Company is from time to time exposed to interest rate risk on its bank overdraft facility. Interest is paid on its bank overdraft at 2.75% (2024: 2.50%) over base rate. A 1% rise/fall in interest rates would have decreased/increased profit for the year by an immaterial amount (2024: immaterial). The Company is not exposed to foreign currency risks.

CATEGORIES OF FINANCIAL INSTRUMENTS

| | 2025 £000s | 2024 £000s |
|-------------------------------|---------------|---------------|
| Financial assets | | |
| Measured at amortised cost | | |
| Trade and other receivables | 32 | 55 |
| Amounts due from subsidiaries | 3,048 | 3,848 |
| Cash and cash equivalents | 73 | - |
| | 3,153 | 3,903 |
| Financial liabilities | | |
| Measured at amortised cost | | |
| Bank overdraft | - | 167 |
| Trade and other payables | 220 | 220 |
| Amounts due to subsidiaries | 6,507 | 7,345 |
| Lease liabilities | 22 | 20 |
| Loans | 323 | - |
| | 7,072 | 7,752 |

17 Contingent liabilities

The Company is party to a group registration for the purposes of Value Added Tax (VAT). Members of the group are jointly and severally liable for the total tax due. The total amount of VAT payable by the group registration and not accrued in the statement of financial position was £Nil (2024: £Nil).

18 Related party transactions

Transactions with related parties consist of:

SALES TO SUBSIDIARY COMPANIES

Management and license charges

| | 2025 £000s | 2024 £000s |
|----------------------------------|---------------|---------------|
| Pennant International Limited | 1,117 | 1,527 |
| Track Access Productions Limited | 273 | 119 |
| Pennant Canada Limited | 647 | 555 |
| Pennant Australasia Pty Limited | 814 | 699 |
| Pennant America Inc. | 215 | 108 |
| | 3,066 | 3,008 |

Management fees, accounted for on an accruals basis, represent the charges for central services provided by the parent company to its subsidiary entities.

License fees, accounted for on an accruals basis, are charged by the parent company to its subsidiaries as compensation for the right of use of the intellectual property that is owned by the parent company.

PURCHASES FROM SUBSIDIARY COMPANIES

Product development services*

| | 2025 £000s | 2024 £000s |
|---------------------------------|---------------|---------------|
| Pennant International Limited | 882 | 759 |
| Pennant Canada Limited | 513 | 292 |
| Pennant Australasia Pty Limited | 274 | 376 |
| Pennant America Inc. | 46 | 54 |
| | 1,715 | 1,481 |

*capitalised as other intangible assets

Salaries and other expenses settled on behalf of the Company

| | 2025 £000s | 2024 £000s |
|-------------------------------|---------------|---------------|
| Pennant International Limited | 1,923 | 1,577 |

Sale of buildings received on behalf of the Company

| | 2025 £000s | 2024 £000s |
|-------------------------------|---------------|---------------|
| Pennant International Limited | 3,155 | - |

18 Related party transactions (continued)

Intercompany balances between the Company and its subsidiaries at the year-end were as follows:

Amounts due from subsidiaries

| | 2025 £000s | 2024 £000s |
|----------------------------------|---------------|---------------|
| Pennant Rail Holdings Limited | 1,965 | 1,964 |
| Pennant Canada Limited | 399 | 238 |
| Pennant Australasia Pty Limited | 45 | 1,410 |
| Pennant America Inc. | 458 | 217 |
| Pennant SIP Trustee Limited | 19 | 19 |
| Track Access Productions Limited | 162 | - |
| | 3,048 | 3,848 |

Amounts due to subsidiaries

| | 2025 £000s | 2024 £000s |
|-----------------------------------|---------------|---------------|
| Pennant International Limited | 5,947 | 4,284 |
| Track Access Productions Limited | - | 139 |
| Pennant Information Services Inc. | 560 | 560 |
| Absolute Data Group Pty Ltd | - | 2,362 |
| | 6,507 | 7,345 |

On 23 October 2025 the company 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.

19 Going Concern

Please refer to note 3 of the Group consolidated financial statements for an overview of the going concern assessment for the Group including its parent company.

20 Post Balance Sheet Events

Please refer to note 37 of the Group consolidated financial statements for details of all and any post balance sheet events related to the Group and its parent company.

Shareholder Information & Financial Calendar

Shareholder enquiries

If you have an enquiry about the Company's business, or about something affecting you as a shareholder (other than queries that are dealt with by the Neville Registrars as registrar), you should contact the Company Secretary by letter to the Company's registered office or by email to cosec@pennantplc.co.uk

Share register

Neville Registrars maintain the register of members of the Company. If you have any questions about your personal holding of the Company's shares, please contact Neville Registrars using the following details:

Neville House
Steelpark Road
Halesowen
B62 8HD

Telephone: 0121 585 1131

If you change your name or address (or we write to you and have mis-addressed the correspondence), please notify the registrars in writing or contact them using the details above.

Financial calendar

AGM – 8 May 2026

Expected announcement of results for the year ending
31 December 2026:

Half-year announcement – September 2026

Full-year preliminary announcement – April 2027

Daily share price listings

The Financial Times – AIM



Officers and Professional Advisers

| | |
|----------------------------|---|
| Directors | I Dighé (Chair) J Kempster K P van der Leest P H Walker (Chief Executive Officer) D J Wiggins (Chief Financial Officer) |
| Secretary | P H Walker |
| Registered office | Unit D1 Staverton Connection Staverton Cheltenham Gloucestershire GL51 0TF |
| Company number | 03187528 |
| Auditor | S&W Audit Cumberland House 15-17 Cumberland Place Southampton SO15 2BG |
| Bankers | HSBC UK Bank Plc 2 The Promenade Cheltenham GL50 1LR |
| Broker & Nominated Adviser | Cavendish Capital Markets Limited One Bartholomew Close London EC1A 7BL |



sales@pennantplc.com
pennantplc.com

Company Number: 03187528