



# Important Notice

This presentation is issued on behalf of Pennant International Group plc (the “Company”) solely for the purposes of providing existing and prospective investors in the Company with information primarily concerning the Company’s financial performance for the year ended 31 December 2020 and its future plans. This presentation does not constitute an admission document or prospectus nor does it constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for or otherwise acquire any securities of the Company or of a subsidiary undertaking of the Company, nor does this presentation constitute or form part of any invitation or inducement to engage in investment activity under section 21 of the Financial Services and Markets Act 2000 (“FSMA”), nor does it constitute a recommendation regarding securities of the Company, nor shall it or any part of it form the basis of or be relied on in connection with any contract or investment decision. Nothing in this presentation should be construed as constituting any form of investment advice, recommendation, guidance or proposal of a financial nature in respect of any investment issued by the Company or any transaction in relation to the Company. If you are considering engaging in any investment activity, you should seek appropriate independent advice and make your own assessment.

For the purpose of this notice, “presentation” means this document, any oral presentation, any question and answer session and any written or oral material discussed or distributed during the presentation meetings or any presentation to which this document relates. This presentation may not be copied, distributed, reproduced or passed on, directly or indirectly, in whole or in part, or disclosed by any recipient, to any other person (whether within or outside such person’s organisation or firm) or published in whole or in part, for any purpose or under any circumstances. The information in this presentation is provided as at the date of this presentation, has not been the subject of a structured verification exercise by the Company or its advisers and is subject to material amendment, updating and change. The Company does not undertake to provide the recipient with access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. This document sets out certain matters relating to the Company and does not purport to provide a complete description of the Company or the matters the subject of the presentation.

This presentation is only directed to, in the UK (i) persons who, having professional experience in matters relating to investments, are deemed sufficiently expert or sufficiently substantial to understand the risks involved and as such fall within the definition of investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”), (ii) high net worth companies, partnerships and the trustees of high value trusts or unincorporated associations as defined in Article 49(2) (a) to (d) of that Order, and (iii) others to whom it can lawfully be distributed without approval by an authorised person, (each a “Relevant Person”); and, outside of the UK, persons who are “Qualified Investors” within the meaning of the Prospectus Directive (Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU, to the extent implemented in the relevant member state of the EEA) and any implementing measure in each relevant member state of the European Economic Area.

Any investment or investment activity to which this presentation relates is only available to and will only be engaged in with Relevant Persons and Qualified Investors. Any other persons should not rely on or act upon this presentation. By attending this presentation or accepting a copy of this document, the recipient represents and warrants that they are either a Relevant Person or a Qualified Investor. The information contained in this presentation is not for distribution, directly or indirectly, in or into the USA, Canada, Australia, New Zealand, South Africa or Japan or in any other country where such distribution may lead to a breach of any law or regulatory requirement. Neither the Company nor any of its advisers or connected persons accepts any liability to any person in relation to the distribution or possession of this presentation to or in any such jurisdiction.

The information described in this presentation may contain information that is confidential, price-sensitive and which has not been publicly disclosed. By your receipt of this presentation you recognise and accept that to extent that the information in this presentation does constitute “inside information” as defined in Article 7 of the Market Abuse Regulation (“MAR”) and section 56 of the Criminal Justice Act 1993 (the “CJA”) this presentation constitutes a “market sounding” for the purpose of Article 11 of MAR. You recognise and accept that such information is being provided to you by the Company pursuant to Article 11 of MAR and you confirm, warrant and undertake that you will not: (i) deal in securities that are price-affected securities (as defined in the CJA) in relation to the inside information, encourage another person to deal in price-affected securities or disclose the information except as permitted by the CJA or MAR or before the inside information is made public; (ii) or cancel or amend an order which has already been placed concerning a financial instrument (as defined in MAR) to which the inside information relates; (iii) deal or attempt to deal whether on your own account or for a third party directly or indirectly in a financial instrument on the basis of the inside information; (iv) disclose the inside information to another person other than in the normal exercise of your employment, profession or duties; or (v) engage in behaviour based on any inside information which might amount to market abuse or market manipulation for the purposes of MAR. You also confirm you will undertake your own assessment of whether you are in possession of inside information and when you cease to be in possession of inside information.

This presentation may contain forward-looking statements relating to the Company’s expected operations based on management’s current expectations, estimates and projections. Words such as “expects”, “intends”, “plans”, “projects”, “believes”, “estimates”, and similar expressions are used to identify such forward-looking statements. These statements are not warranties or guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Outcomes and results may materially differ from what is expressed or forecast in such forward-looking statements. By their nature forward-looking statements involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. Although the Company believes such statements are reasonable, no assurance can be given that these expectations will prove to be correct. There are a number of factors, many of which are beyond the control of the Company, which could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. No representation or warranty express or implied is made as to the fairness, accuracy or completeness of the information contained in this presentation and no reliance should be placed upon it. Save in the case of fraud, no liability is or will be accepted for such information by the Company, its advisers or any of their respective directors, officers, employees, agents or advisers or any other person. In particular it should be noted that information about past performance is not a guide as to future performance.

# Company Briefing

## Pennant International Group Plc

---

Cheltenham | Manchester | Fareham | Hertfordshire | Ottawa | Brisbane | Melbourne | Wagga Wagga





## Summary

- Challenging trading conditions; signs of improving trading momentum in H2;
- Successful acquisition and integration of R4i software suite; expanded geographical footprint;
- Operational restructuring; improved efficiencies; over £1m net annualised cost savings to be realised;
- Net debt (£1.4m); receipts of £2.5m due in Dec 20 received in first week of Jan 21;
- Impact of Covid and Integrated Review on pipeline – Major Programme;
- Board changes.



# Strategic framework

## STRATEGIC OBJECTIVES

- 1

Continuously review and enhance the Group's product range
- 2

To grow and improve our service offering
- 3

Accelerate the Group's presence in civilian training and regulated engineering markets
- 4

Expand the Group's business in innovative ways

## OUR STRATEGY IN ACTION



Completion of the Basic Helicopter Maintenance Trainer (BHMT)



Acquisition and integration of R4i software suite



Completion of the Generic Stores Loader Trainer (GSLT)



Pennant Customer Care Portal



New GenS product launched at the User Forum



IPS Website launched





# Headline numbers





## Summary – 31<sup>st</sup> December 2020

- ▶ Group revenues for the period of £15.1 million (2019: £20.4 million);
- ▶ Gross profit margin of 29% (2019: 36%);
- ▶ Loss before tax of £3.1 million (2019: loss before tax of £1.6 million);
- ▶ Underlying EBITA loss of £1.0 million (2019: underlying EBITA profit of £1.6 million);
- ▶ Loss for the year attributable to shareholders was £(2.6) million (2019: loss of £1.5 million);
- ▶ Basic loss per share of 7.22p (2019: loss of 4.16p);
- ▶ Group net assets at year-end of £12.5 million (2019: £14.9 million);
- ▶ Net debt at year-end of £1.4 million (2019: net debt of £2.2 million);
- ▶ No final dividend recommended (2019: £NIL);
- ▶ Three-year order book at year-end stood at £31 million (2019: £33 million).



# Consolidated Income Statement

| £m                                    | 31 Dec 2018<br>(Audited) | 31 Dec 2019<br>(Audited) | 31 Dec 2020<br>(Audited) |
|---------------------------------------|--------------------------|--------------------------|--------------------------|
| Revenue                               | 21.07                    | 20.43                    | 15.06                    |
| Gross profit                          | 8.26                     | 7.35                     | 4.38                     |
| Administrative expenses               | (5.10)                   | (9.19)                   | (7.92)                   |
| <b>EBITA / PBITA</b>                  | <b>3.33</b>              | <b>0.12</b>              | <b>(1.64)</b>            |
| Amortisation                          | (0.15)                   | (1.64)                   | (1.37)                   |
| Operating profit / (loss)             | <b>3.18</b>              | <b>(1.52)</b>            | <b>(3.01)</b>            |
| Net finance costs                     | -                        | (0.11)                   | (0.13)                   |
| Tax                                   | 0.03                     | (0.13)                   | (0.51)                   |
| <b>Profit / (loss) for the period</b> | <b>3.15</b>              | <b>(1.49)</b>            | <b>(2.63)</b>            |



# H1 v H2 Performance

| £m                      | H1           | H2         | 2020         |
|-------------------------|--------------|------------|--------------|
| Revenue                 | 6.0          | 9.1        | 15.1         |
| Gross profit            | 1.1          | 3.3        | 4.4          |
| <b>Operating margin</b> | <b>(3.2)</b> | <b>0.2</b> | <b>(3.0)</b> |
| Non-underlying costs    | 0.4          | 0.2        | 0.6          |
| <b>Underlying EBITA</b> | <b>(2.0)</b> | <b>1.0</b> | <b>(1.0)</b> |

- Signs of improved trading momentum in H2
- Non-underlying costs relate to the operational restructuring expense incurred and aborted acquisition costs
- Net annualised cost savings of over £1m to be realised in 2021





# Consolidated Balance Sheet

| £m                      | 31 Dec 2018<br>(Audited) | 31 Dec 2019<br>(Audited) | 31 Dec 2020<br>(Audited) |
|-------------------------|--------------------------|--------------------------|--------------------------|
| Non-current assets      | 9.7                      | 11.6                     | 14.8                     |
| Current assets          | 8.9                      | 11.3                     | 7.9                      |
| Current liabilities     | (4.5)                    | (6.9)                    | (7.8)                    |
| Non-current liabilities | (0.1)                    | (1.2)                    | (2.5)                    |
| Shareholders funds      | <b>14.0</b>              | <b>14.9</b>              | <b>12.5</b>              |

- Non-current assets reflect the Goodwill recognised on the acquisition of ADG (£1.5m) plus the related software asset addition (£2.2m) and capitalisation of development costs (£1.3m)
- Current assets include trade and other receivables of £4.9m - £2.5m settled in first week of Jan 21
- Current liabilities include bank overdraft of £2.9m
- Non-current liabilities include the contingent consideration of the acquisition of ADG (£1.4m)



## Consolidated Cash Flow

| £m   | 31 Dec 2019<br>(Audited) | 31 Dec 2020<br>(Audited) |
|--|--------------------------|--------------------------|
| Net cash from operations                               | (2.21)                   | 3.15                     |
| Investing activities                                   | (3.01)                   | (2.19)                   |
| Financing activities                                   | 1.18                     | 0.23                     |
| Net increase / (decrease) in cash and cash equivalents | (4.04)                   | 0.72                     |
| Cash and cash equivalents brought forward              | 1.85                     | (2.24)                   |
| Impact of foreign exchange                             | (0.05)                   | 0.07                     |
| Cash and cash equivalents at end of year               | (2.24)                   | (1.45)                   |

- Net cash from operations reflects the positive cashflows from contract milestone achievement
- Investing activities includes circa £1.6m spent on ADG (£0.8m net of cash acquired) acquisition and £1.3m from investment in intangible assets



## Net cash generated from operations

| Cash generated from operations (£m)            | 31 Dec 2019 (Audited) | 31 Dec 2020 (Audited) |
|--|-----------------------|-----------------------|
| (Loss) for the year                            | (1.49)                | (2.62)                |
| Depreciation                                   | 0.81                  | 0.72                  |
| Amortisation                                   | 1.64                  | 1.36                  |
| Share based payments                           | 0.09                  | 0.08                  |
| Other – finance, tax, profit on disposal       | 0.47                  | (0.70)                |
| Operating cash flow before working capital     | 1.53                  | (1.16)                |
| Working capital movement                       | (3.66)                | 3.77                  |
| Cash generated (used in) / from operations     | (2.09)                | 2.61                  |
| Tax (paid) / received                          | (0.09)                | 0.57                  |
| Interest paid                                  | (0.03)                | 0.04                  |
| Net cash (used in) / generated from operations | (2.21)                | 3.15                  |



# Outlook & Order Book





## Three year “period end” order book - *aggregate £31m*

| Contract (£m)  | Scheduled for delivery |            |            |            |
|--|------------------------|------------|------------|------------|
|  | 2021 H1                | 2021 H2    | 2022       | 2023       |
| BAE Systems Australia 5 Year Rolling Term / 20 Year Framework – secured until 2025 | 0.8                    | 0.8        | 1.6        | 1.6        |
| HMRC – rolling annual supply arrangement, commenced 2009                           | 0.3                    | 0.3        | 0.6        | 0.6        |
| General Dynamics – armoured vehicle trainer  | 2.1                    | 0.6        | -          | -          |
| R4i software maintenance   | 0.4                    | 0.4        | 1.1        | 1.2        |
| UK OEM – helicopter maintenance trainer  | 0.8                    | 1.2        | 0.5        | -          |
| Middle East – installation of training aids  | -                      | 0.3        | -          | -          |
| Ottawa DND - 5 year contract award to Dec 2023                                     | 1.8                    | 1.8        | 3.6        | 3.6        |
| Middle East – generic product suite  | 0.4                    | 0.7        | -          | -          |
| Other – helicopter trainer support, R4i services, Morocco, Poseidon                | 0.9                    | 0.5        | 1.4        | 1.1        |
| <b>TOTAL</b>   | <b>7.5</b>             | <b>6.6</b> | <b>8.8</b> | <b>8.1</b> |





# Selected Group Opportunities – active pipeline >£50m



## TECHNICAL TRAINING SOLUTIONS

### Single Source / Formally notified

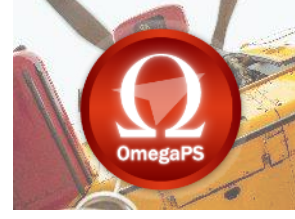
- Major programme – circa £15m - £20m, meaningful progress achieved
- Middle East – initial order secured (£1.5m), remaining balance of circa £3m expected to be converted H2 2021
- UK MOD – capability upgrade to existing trainers

### 2021/2022

- UK MOD – mid-life update to existing solution
- Aus – mid-life update including capability enhancements
- Asia – provision of virtual parachute training solution

### 2023 & beyond

- Middle East – provision of suite of generic training aids to a new technical training facility



## INTEGRATED PRODUCT SUPPORT

### Single Source

- Canadian DND – extension of LSA / OmegaPS services contract, circa £3.5m per annum
- Australia ADF – extension of OmegaPS software licence, circa £150k per annum

### 2021/2022

- Canadian DND (Army) – R4i software
- ADF – services contract, S1000D data conversion
- North American OEM – R4i software
- US OEM – R4i software
- Global Aerospace & Defence Group – R4i software

### 2023 & beyond

- Canada DND – renewal of 5 year single source OmegaPS / LSA services contract

*There is no certainty as to timing, value or success of the pipeline opportunities.*



# Business Priorities

- ▶ Implement and accelerate the Strategic plan, including:
  - ▶ Complete development and launch Omega GenS software solution
  - ▶ Progress corporate development activity – UK rail software and services
  - ▶ Establish US training partner / distributor
- ▶ Appoint new Chair
- ▶ Convert pipeline; increase contracted order book - £14.1m for FY21, £8.8m for FY22 and £8.1m for FY23





# About Pennant



# Ownership and Management

## 5p Ordinary Shares

|   |            |
|---|------------|
| Total shares in issue                                 | 36,640,357 |
| AIM securities held in treasury                       | NIL        |
| Percentage of AIM securities not held in public hands | 52.56%     |

## Significant Shareholders

| Stakeholder                       | Percentage holding |
|-----------------------------------|--------------------|
| C C Powell Concert Party          | 17.13%             |
| Premier Miton Group               | 14.37%             |
| BGF Investment Management Limited | 11.17%             |
| Canaccord Genuity Group           | 9.88%              |
| Killik & Co LLP                   | 4.91%              |

## Board of Directors

**Simon Moore**  
Chairman

**Philip Walker**  
CEO

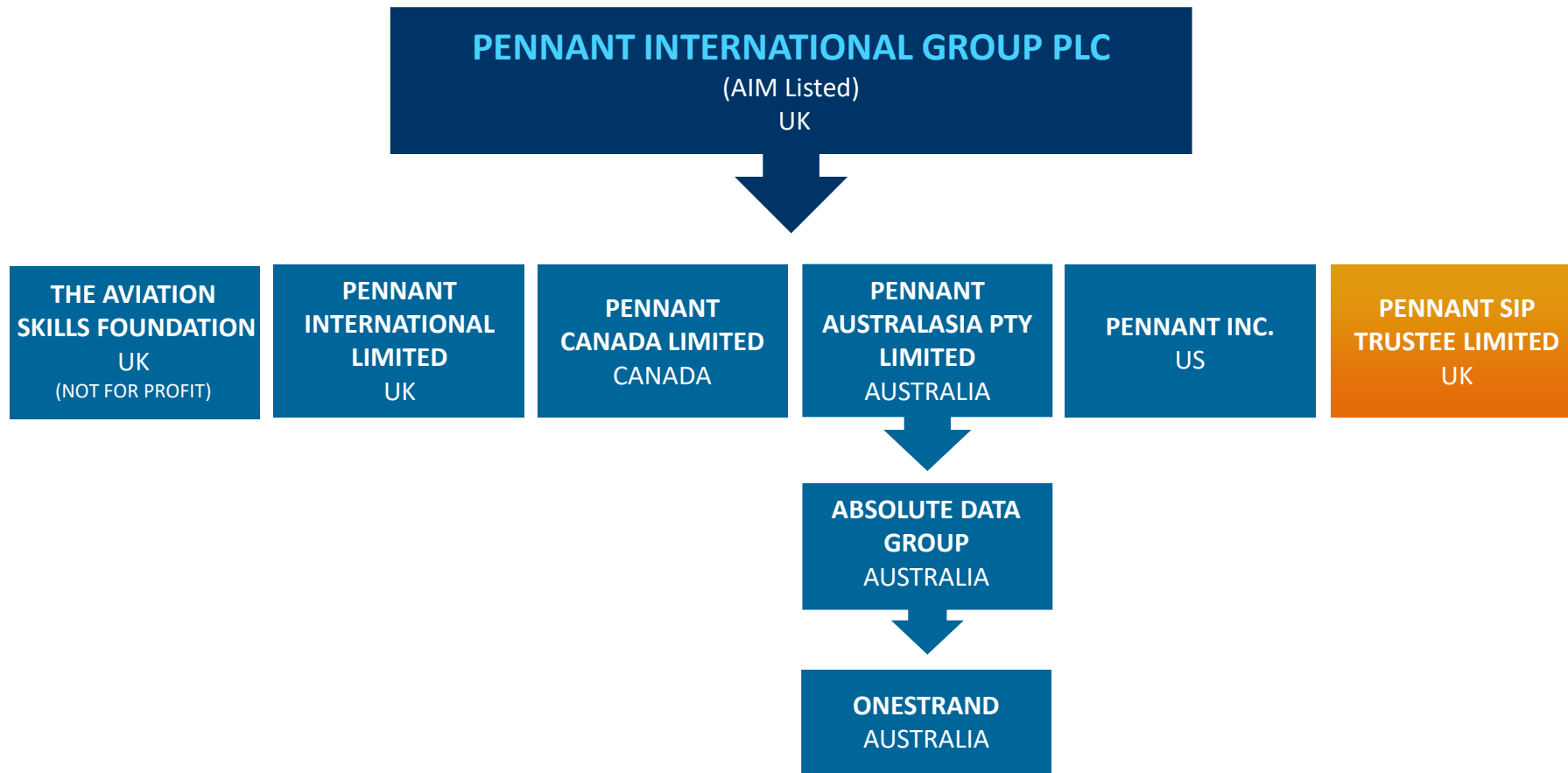
**David Clements**  
Commercial Director

**Mervyn Skates**  
Ops Director

**Philip Cotton**  
NED

**John Ponsonby**  
Vice Chair

# Group Legal Structure





# Our Facilities



Head Office  
Cheltenham, UK



Manchester, UK



Fareham, UK



Hertfordshire, UK



Ottawa  
Canada



Pennant Australia  
Brisbane



Pennant Australia  
Wagga, Wagga



Pennant Australia  
Melbourne



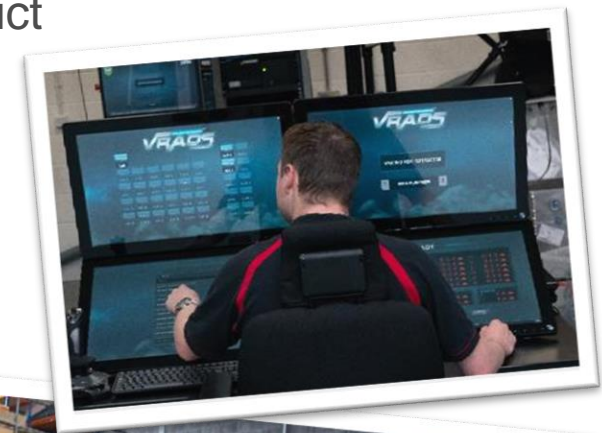
# Operations





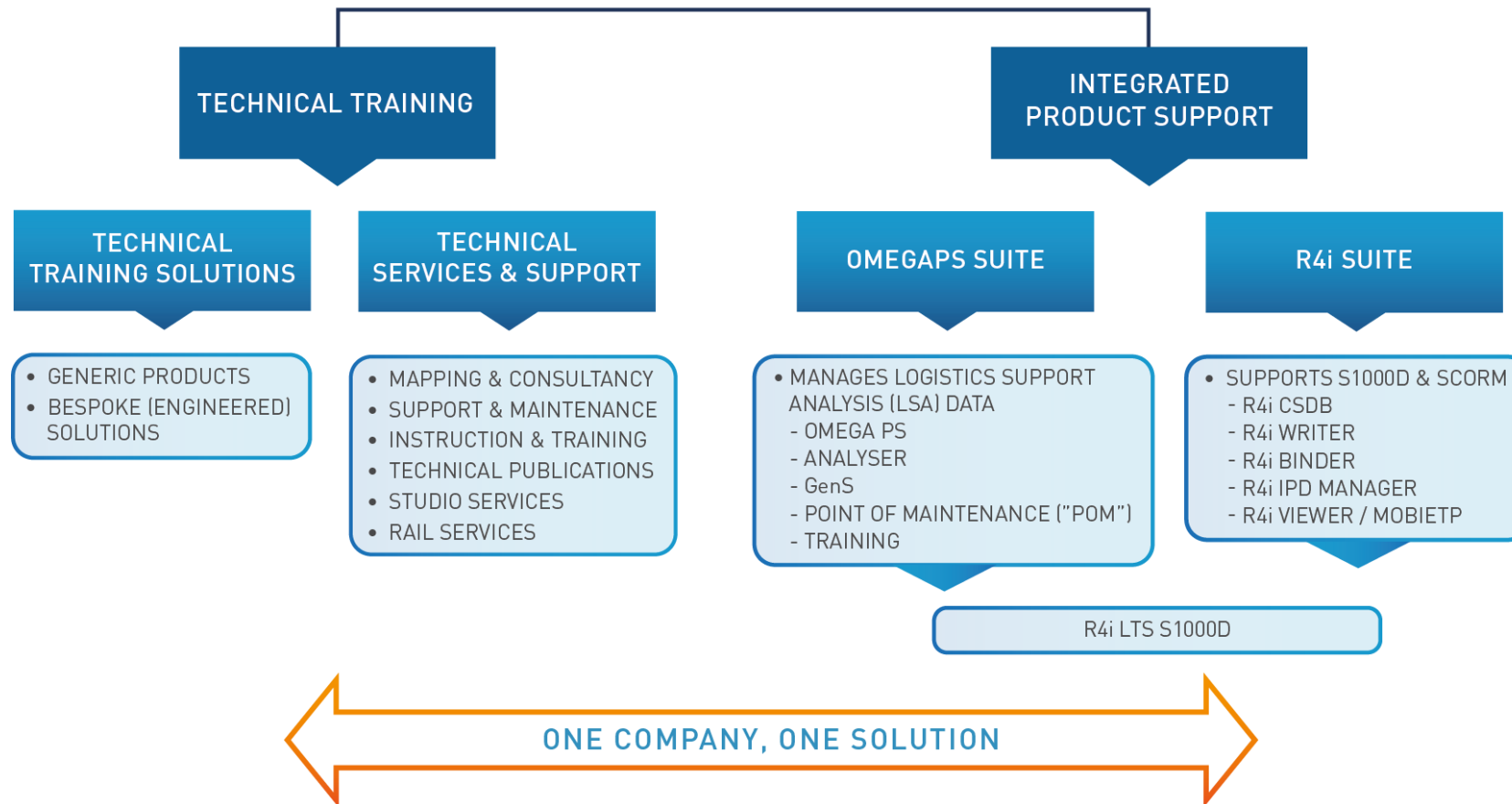
# Core Capabilities

- Translating and developing complex training requirements into a deliverable product
- Providing subject matter expertise in specialist and technical areas
- Operator and maintainer training within an engineering or related environment
- Hardware and Software capabilities
- Through Life Support & Services (ILS)



# Operational Delivery

**Pennant**





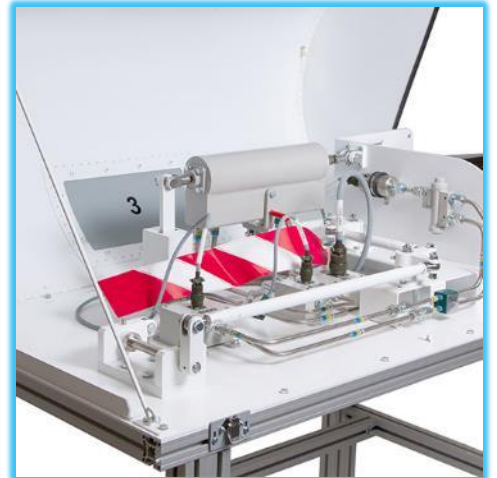
# Technical Training





# Generic Trainers

- Modern, off the shelf training aids
- Operation and maintenance savings
- Reduced safety issues
- Includes hand skill devices, VR procedure trainers and desktop emulators





# Engineered Solutions

- Bespoke engineering solutions
- Platform specific or custom-built
- Can be simulators, part-task trainers and procedural trainers
- Defence and Civil customer base

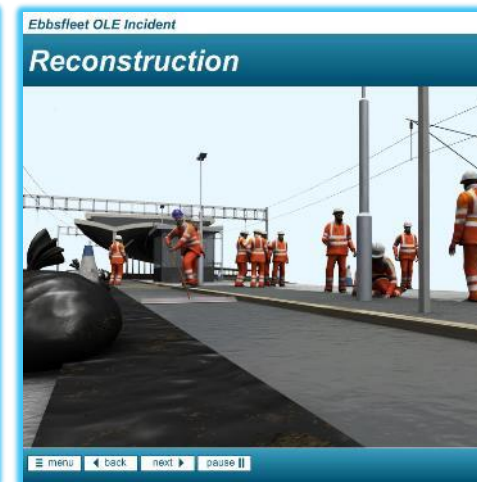
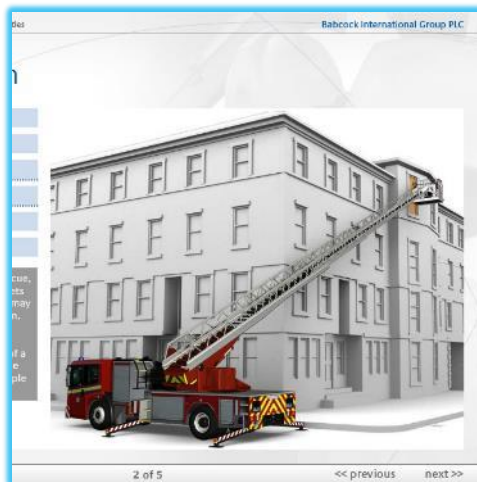






# Computer Based Training (CBT)

- Web and server-based e-learning
- Collaboration with government departments and global industry
- Provides consultancy and develops new strategies
- Access to anytime, anywhere training modules





# Virtual Reality Trainers

- Award winning suite of solutions to provide effective training
- Multiple users at one time
- Real-time faults and emergency solutions
- Ability to record responses and review activity
- Training in a safe environment
- Multiple scenarios to improve learning



# Track Access Systems (TAS)



➤ Operating in the UK since 2002

➤ Products & Services include:

- Track Access Portal
- Railway Survey
- Signal Sighting
- Railway Simulation
- Driver training



➤ Complementary to Pennants existing rail capabilities which include Technical publications, Rail Sims, OmegaPS Rail etc.



# Technical Publications

Compiling technical documentation and procedural data can be complex and time-consuming, yet it is crucial to the understanding and delivery of a product, having a major impact on the image, reliability and value of an organisation.

- User guides
- Operating and maintenance manuals
- Illustrated Parts Catalogues
- Publicity material
- S1000D – IETM
- On-line Documentation

We have worked in partnership with:

**AIRBUS**

**BAE SYSTEMS**

**ALSTOM**

**Kawasaki**



**KMW**  
KRAUSS-MAFFEI WEGMANN



**STADLER**

**SIEMENS**



**CAF**



Ministry  
of Defence



Railway Industry Association



# Integrated Product Support (IPS)

Pennant own the rights to two of the market leading LSAR & S1000D software products: Omega PS and R4i, both being sold world-wide and used in major defence contracts and by defence authorities in Canada and Australia.

# IPS - OmegaPS LSAR



## Database Tool which:

- Manages Logistics Support Analysis (LSA) data in accordance with relevant standards:
  - GEIA 0007,
  - Mil Std 1388-2B,
  - Def Stan 0060
  - Def Aust 5692; and
  - Compatible with S3000L Standards
- Maintain detailed configuration of complex assets
- Identifies how to fix or prevent failures (planned maintenance tasks)
- Identifies how often each maintenance action will occur
- Interfaces with ERP Systems
- Compatible with S1000D publishing Standard





# Major Contracts

- Consultancy agreement with Canadian Department of Defence to maximise the use of Omega PS in the DND
  - **5 year contract to December 2023**
- Consultancy agreement with Babcock in support of their property for the Royal Canadian Navy
  - **3 year contract to September 2021**
- Support contract with Australian Department of Defence. In respect of their implementation of Omega
  - **annual renewal**





# OmegaPS - Current Users



**AIRBUS**

**BOEING**

**FUJITSU**

**LEONARDO DRS**

**RHEINMETALL  
DEFENCE**

**BAE SYSTEMS**

**fleetway**  
Discover the world for less

**COBHAM**

**CAE**

**MBDA**  
MISSILE SYSTEMS

**T-Systems**

**indra**

**Défense nationale** / **National Defence**

**BMT Fleet Technology**

**IMP  
GROUP**

**L3 Technologies**

**sigma logistics**

**L3HARRIS™**

**STADLER**

**THALES**

**osi**  
Maritime Systems

**seaspan**

**babcock**  
trusted to deliver

**Australian Government**  
Department of Defence

**serco**

**LOCKHEED MARTIN**

# R4i Product Suite



- Specializes in creating, managing and leveraging technical data and maintenance information for clients across a variety of industries.
- Helps customers to create, manage and leverage information vital to the build, operation and maintenance of their complex assets.

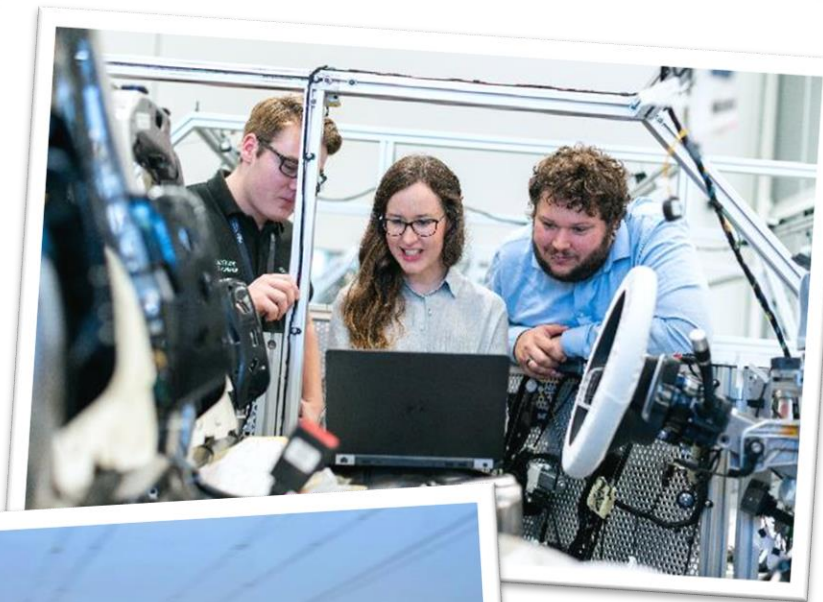


# R4i – Product Suite



## The R4i Suite includes:

- R4i Common Source Database (CSDB) Server
- R4i Binder
- R4i Viewer
- R4i ReViewer
- R4i MobieTP
- R4i Content Distribution Management System (CDMS)
- R4i Writer
- R4i IPD Manager
- R4i LTS





# R4i Air

The R4i AIR S1000D hosted solution provides authoring teams with a turnkey, ready to write S1000D product suite without the upfront costs.

Features of R4i Air:

- ▶ Fast and robust
- ▶ Operating in the Amazon Cloud instead of installed on the customers servers
- ▶ Has the same S1000D capability that customers install locally on their networks but in a secure online environment





# R4i - Current Users



# Pennant



Thank you for your attention

Cheltenham | Manchester | Fareham | Hertfordshire | Ottawa | Brisbane | Melbourne | Wagga Wagga