

SEPT 2025



# INVESTOR BRIEFING

INTERIM RESULTS TO 30<sup>th</sup> JUNE 2025



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# PRESENTATION TEAM



## **Philip Walker – Chief Executive Officer**

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



## **Darren Wiggins – Chief Financial Officer**

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



# EXECUTIVE SUMMARY

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





# PENNANT OVERVIEW

## WHAT WE DO?

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

## WHY IT MATTERS?

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



To **maximize operational efficiency**



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



**100+**  
Employees



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



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



# BLUE CHIP CUSTOMERS

## DEFENCE



## AEROSPACE



## RAIL



- Significant organic growth potential within existing client base
- Becoming an enterprise solution of choice





# HOW WE OPERATE

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

We address the market through three key segments:



## AUXILIUM SOFTWARE

Our software tools are designed to help clients:

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



## TECHNICAL SERVICES

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

- consultancy
- support & maintenance
- training
- bespoke development



## TRAINING SOLUTIONS

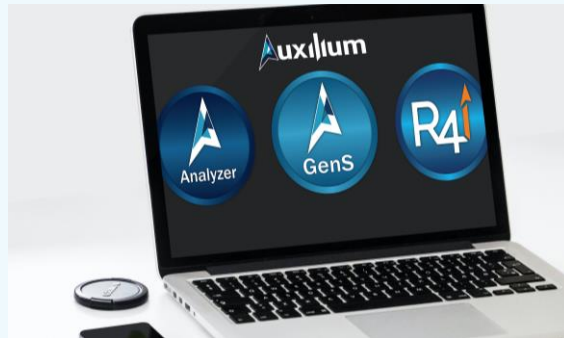
Our training solutions provide:

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



# PENNANT IS REPOSITIONING

## Recurring, Repeatable & Predictable Revenue



### Software

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



### Technical Services

## Project Based Revenue



### Training Solutions

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





# WHAT WE HAVE DONE

## Recurring, Repeatable & Predictable Revenue



### Software

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



### Technical Services

## Project Based Revenue



### Training Solutions

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

# FINANCIALS





# HIGHLIGHTS

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

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

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



# STATUTORY INCOME STATEMENT

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



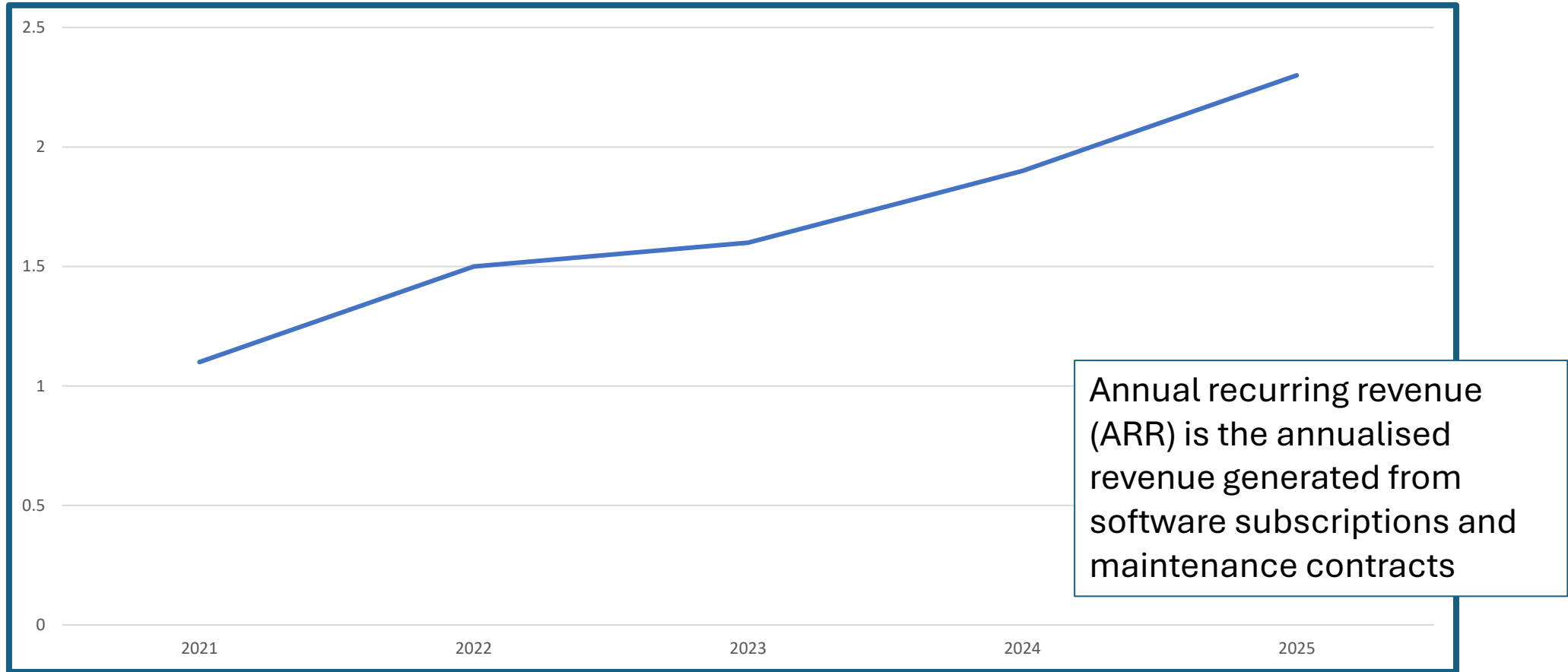
# SEGMENTAL REVENUE PERFORMANCE

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





# SOFTWARE – ANNUAL RECURRING REVENUE (“ARR”)



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



# STATEMENT OF FINANCIAL POSITION

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

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



# CASH GENERATION IN THE PERIOD

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

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

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

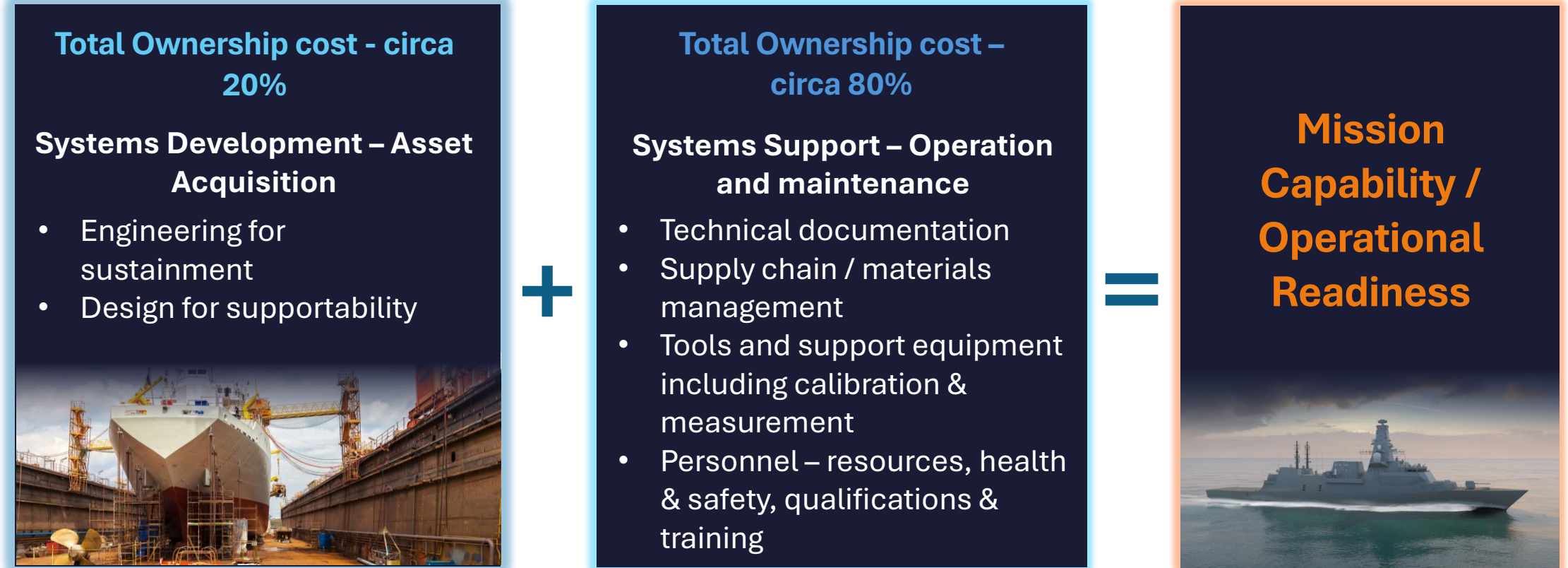
# AUXILIUM





# WHAT IS INTEGRATED PRODUCT SUPPORT (IPS)?

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





# OUR SOLUTIONS IN ACTION



# INDUSTRY STATISTICS:

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



**Save Time. Reduce Cost. Data Driven Decisions.**



# WHY AUXILIUM?

## IMPROVED MISSION CAPABILITY



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

## ENHANCED READINESS & RELIABILITY



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

## REDUCE TOTAL OWNERSHIP COST



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

## QUALITY & COMPLIANCE



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



# LOOKING FORWARD



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# STRATEGIC PRIORITIES

## Recurring, Repeatable & Predictable Revenue



Systems Support Software

Technical Services

### Organic

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

### Opportunities

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

## Project Based Revenue



Training Systems

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

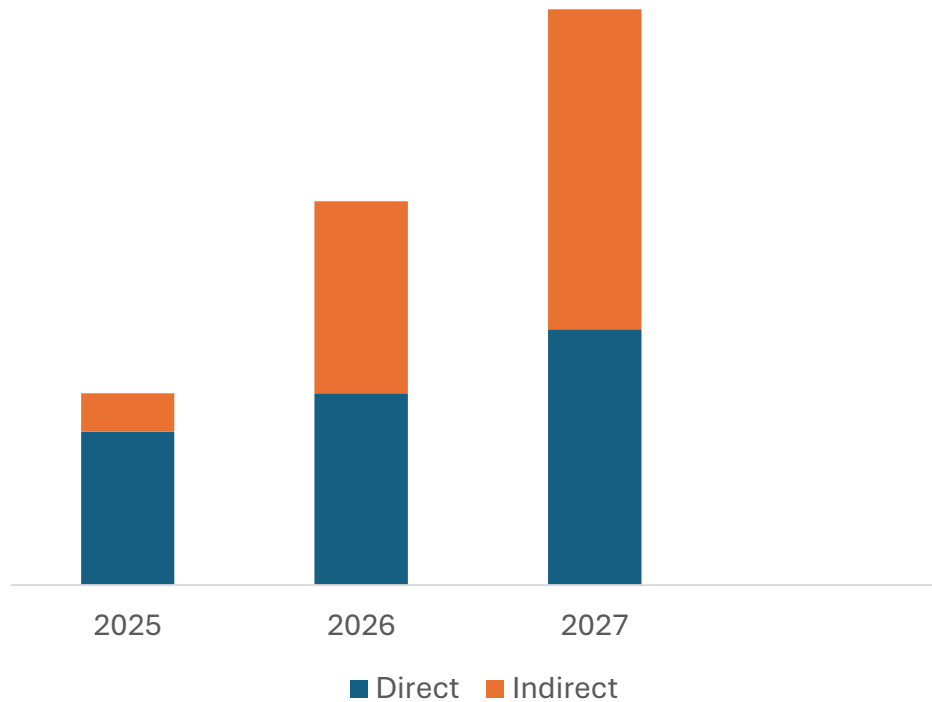




# SOFTWARE GROWTH TARGETS

23% CAGR 2024-2027

Cumulative Net New Users



Relies on Partnerships





# OUTLOOK

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



