

DECEMBER 2024



INVESTOR BRIEFING

DECEMBER 2024



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PRESENTATION TEAM



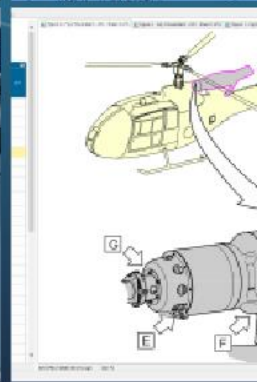
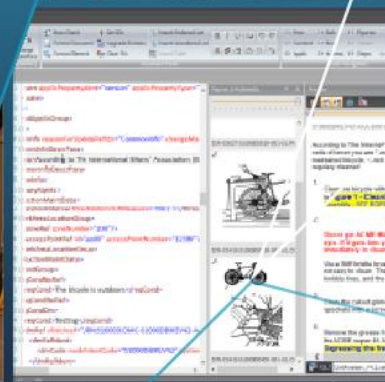
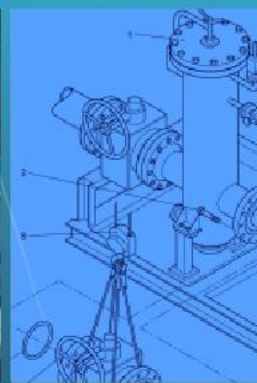
Philip Walker – CEO

- 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 – CFO

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



PENNANT



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PENNANT OVERVIEW



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



100+
Employees



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



GEOGRAPHIES (% REV)
57% EMEA,
17% APAC, 26% NA

Group aspirations:

- Auxilium software to be the systems support enterprise solution of choice
- Increase market share at an improved rate of return with a high operating cash conversion in chosen markets



BLUE CHIP CUSTOMERS

DEFENCE



AEROSPACE



RAIL



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



HOW WE OPERATE

We address the market through three key segments:



SOFTWARE

Our software tools are designed to help clients:

- Comply with industry standards.
- Manage and use complex data.
- Ensure equipment availability at optimal cost.



TECHNICAL SERVICES

Provision of expert services to support users of Pennant or third party solutions, including:

- Consultancy
- Support & maintenance
- Training
- Bespoke development



TRAINING SOLUTIONS

Our training solutions provide:

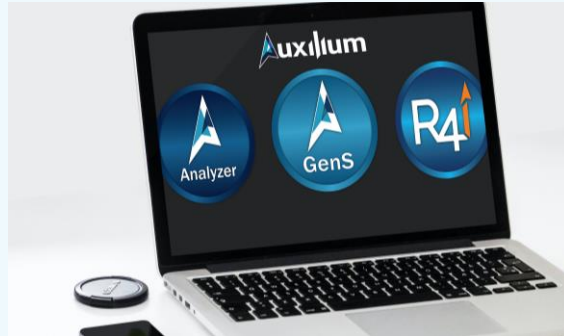
- Hardware, software and virtual solutions.
- Critical skills training for maintainers and operators of aircraft, ships and land systems.

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



PENNANT IS REPOSITIONING

Recurring, Repeatable & Predictable Revenue (85%)



Software

- Strategic shift towards highly scalable software and technical services model
- Better Quality of Earnings, Gross Margin 50%+
- Conservative revenue recognition policy
- Short working capital cycle



Technical Services

Project Based Revenue (15%)



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
- Continued to recruit highly qualified software engineers
- 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 - £2.0m saving pa
- Rationalised footprint
- Repositioning to agile business
- Outsourced production
- Key talent and skills retained

AUXILIUM SOFTWARE



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WHAT IS AUXILIUM?



Integration

Common data repository
Single source of truth that ensures traceability and integrity, that support a range of global standards & specifications



Configuration

Logistic Support Analysis (LSA) improves the availability and reliability of systems, by ensuring that maintenance and support are well-planned to optimise cost



Analysis

Model-based supportability and analysis tool to make informed decisions for an asset's life cycle support solution



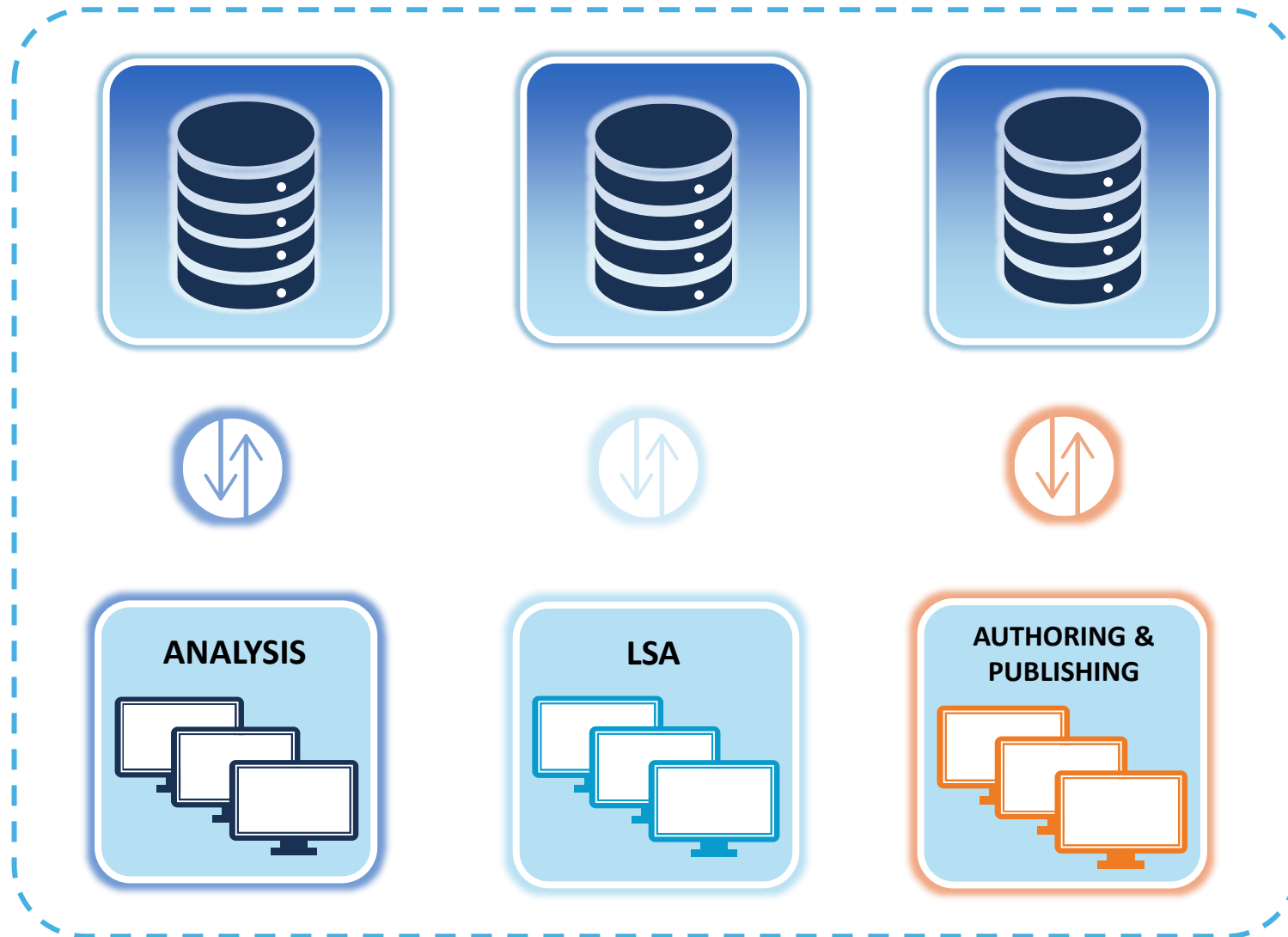
Authoring & Publishing

For rapid creation of S1000D and ATA Technical manuals, published in PDF or IETP

Auxilium



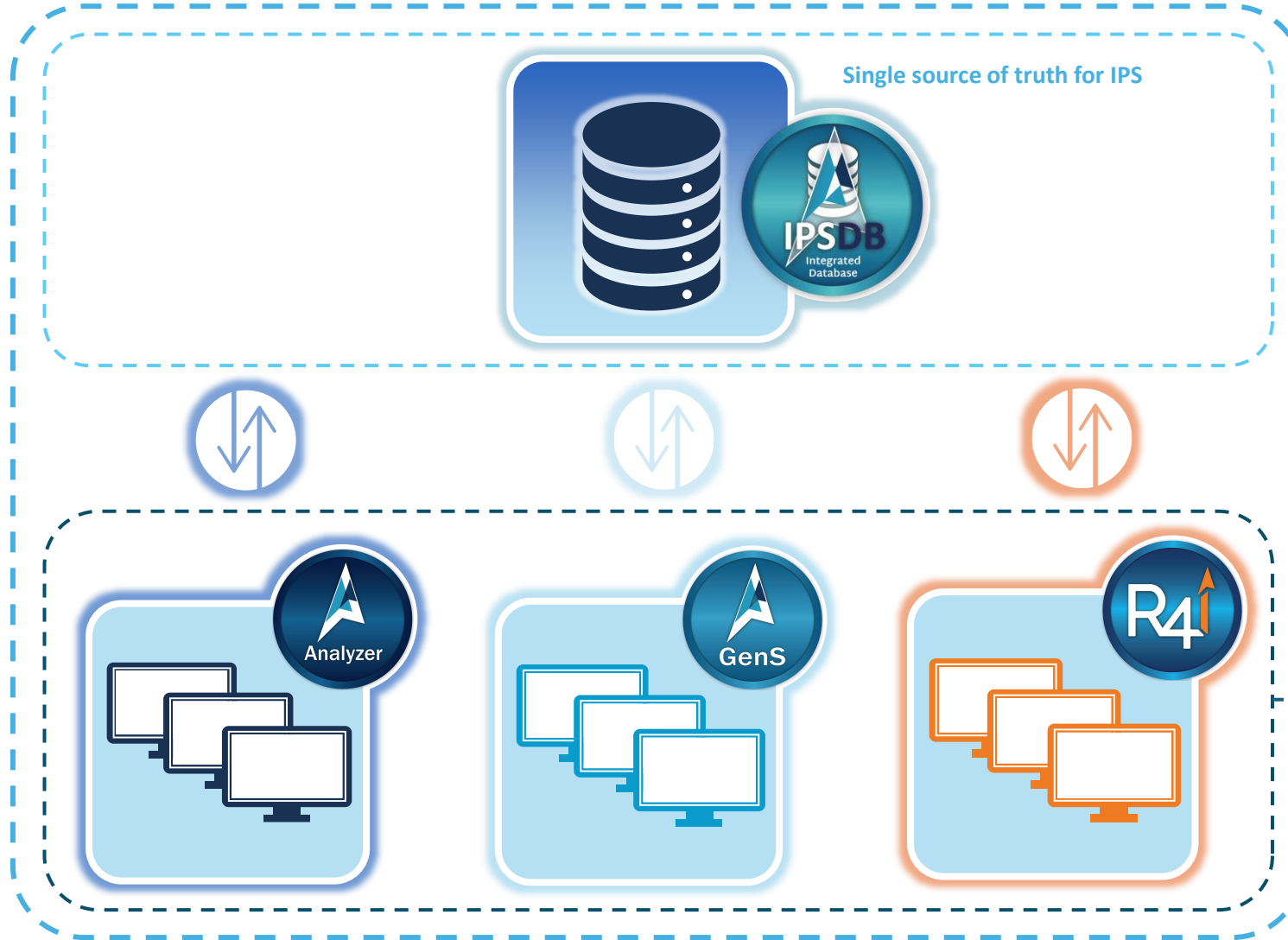
DATABASE TECHNOLOGY



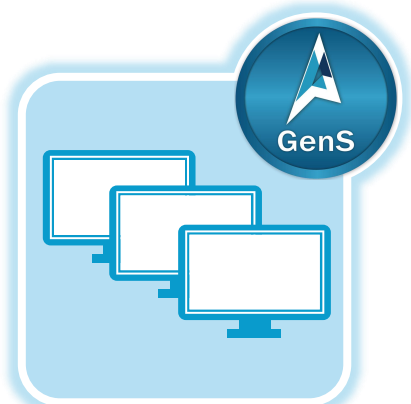
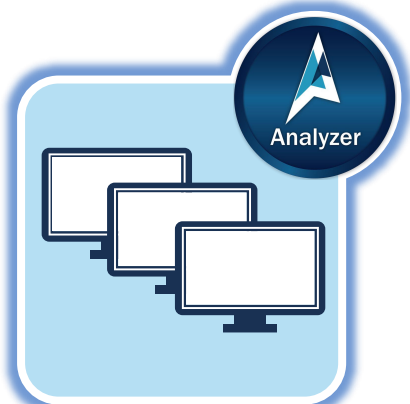


DATABASE TECHNOLOGY

Commercial-off-the-shelf



Single source of truth for IPS



Full solution set
Configurable



OUR SOLUTIONS IN ACTION



Database management



Configuration management



Modelling and analysis



Documentation management



Training Solutions





WHY AUXILIUM?



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



Reduced Costs, minimise downtime, reduce spare parts inventory costs and optimise resource allocation.



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



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

- Proven proprietary software tools
- Integrated database – streamlining processes and ensuring data integrity
- Integrated software solution – significant cost savings
- Better user experience – modern interface, fully configurable and integrated data analytics

LOOKING FORWARD



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CONSENSUS FORECASTS FY25 & FY26

£000	2024	2025	2026	Growth 2025	Growth 2026
Revenue	14.1	12.3	14.2	-13%	16%
Gross Profit	7.0	6.9	8.0	-1%	15%
Gross Margin	50%	56%	56%	6%	0%
Adjusted PBT *	-0.3	0.2	0.9	160%	500%
Adjusted EPS	-0.6	0.3	2.2	145%	760%
Net Debt **	2.7	2.0	0.5	28%	74%

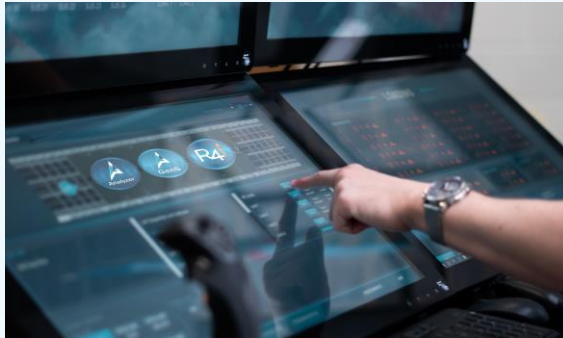
**adjusted to add back acquired amortisation*

***excludes net proceeds from held for sale land & buildings*



STRATEGIC PRIORITIES

Recurring, Repeatable & Predictable Revenue



Software

Organic

- Expanding reseller, agent and partnership relationships to globally expand market channel beyond UK, North America and Australia.
- Enhancing support software functionality through partners, including upgrades to 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



Technical Services

Project Based Revenue



Training Solutions

- Winning higher margin after market contracts
- Servicing installed base



OUTLOOK FY25

- Expecting a return to a positive (modest) PBT following completion of restructuring exercise
- Strong conversion of operating profit to operating cash
- Software and technical services segments will show growth (paced by SaaS)
- Revenue in the training segment will reduce due to the successful completion of the Apache program
- Order coverage strong at over £7m
- Operationally
 - Full launch of Auxilium integrated software on 31st March 2025
 - Implementing go to market strategies to service new territories



QUESTIONS



APPENDICES





THE PROBLEM

Delivery of operational effectiveness at optimal cost.

Penn nt



THE SOLUTION

Auxilium

The Systems Support Software Suite (GenS, Analyzer, R4i) is designed to **ensure systems are where they are needed, when they are needed and that they work.**

- uses a common backend; maximising efficiency
- aligned to global standards & specifications
- ensures traceability and integrity of data

Save Time. Reduce Cost. Make Better Decisions.



GenS

GenS is a flexible, secure, and robust Logistical Support Analysis tool. The supportability engineering application provides engineers an effective and efficient way to create and manage systems support data.



- Product Support Analysis, prescribed in multiple international standards, is easily completed in GenS
- Supportability analysis determines the optimum support requirements for operational availability at least cost

Key functionality:

- Product Structures
- FMECA
- MTA
- Provisioning
- Data Exchange
- Reports
- RCM

“GenS seems to be a further step towards being able to significantly increase the processes in IPS and the data quality of logistics data in the future.”



ANALYZER

Analyzer is a fast, accurate and user-friendly optimisation tool that helps analysts make good decisions for an asset's life cycle support solution.

- Supportability analysis assures a robust affordable support solution through optimized decision making
- Risk, Trade off, Sensitivity Analyses and Simulations evaluate support solution effectiveness and options



Key functionality:

- LCC
- LORA
- Sparing
- Analytics
- Availability Simulation
- Reports & Graphs
- Data Exchange

“ Analyzer has revolutionised our approach to lifecycle cost management and spares optimisation. We now have a clearer understanding of our equipment's support requirements, leading to more efficient and cost-effective solutions. ”



R4i

R4i is a powerful, easy and ready-to-write S1000D authoring and publishing tool. It helps authors create high quality information for operators and maintainers.

- Technical publications ensure that equipment operators and maintainers have correct technical information
- Integrated electronic publications generate accurate and relevant information. Standard Technical English ensures instructions are concise and clear.



Key functionality:

- S1000D/ATA
- IETMs/IETPs
- Illustrated Parts Catalogues
- Distribution
- Data Exchange
- PDFs
- STE

We've benefited from streamlining our authoring approach with R4i. We're significantly improved our efficiency and have peace of mind knowing the final product is aligned to global standards, is high-quality, compliant documentation.

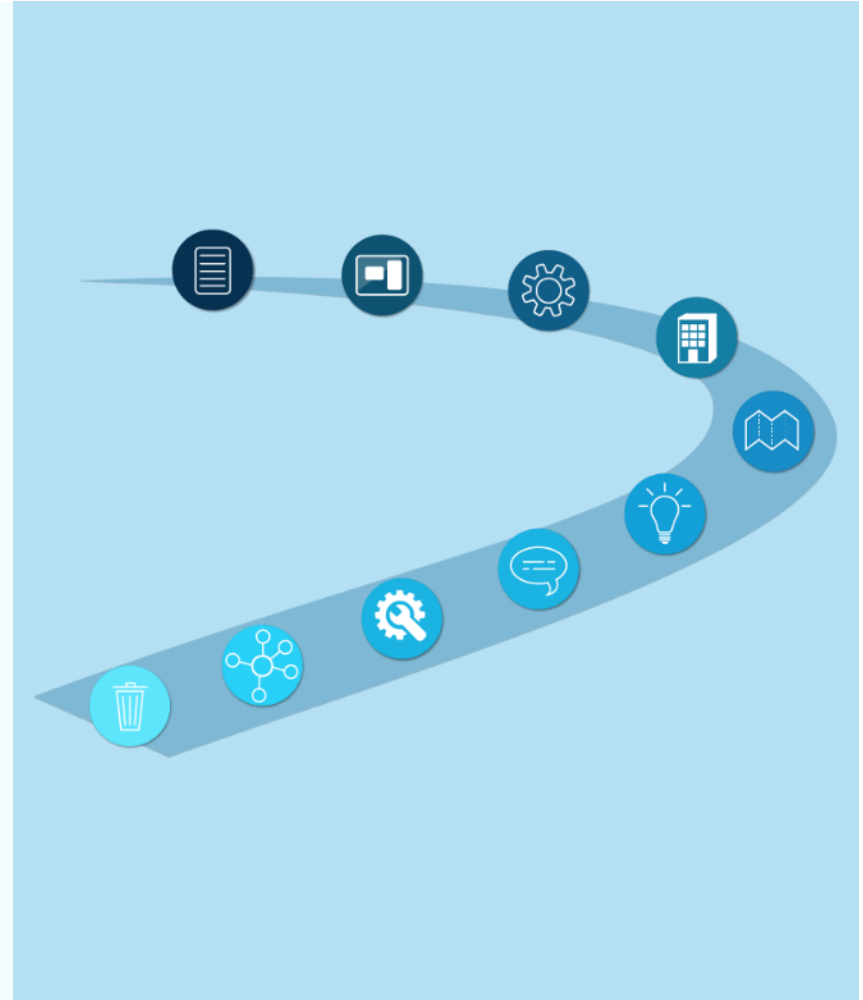


TECHNICAL SERVICES

Pennant's dedicated service departments deliver highly professional, reliable and cost-effective services for our customers.

We are able to support in everything from consultancy, technical publication, training services, bespoke solutions and maintenance of our training devices.

- Technical Publications, IETMS, S1000D etc.
- In Service Support and Maintenance
- Instruction and Training
- Bespoke Software Development
- Consultancy

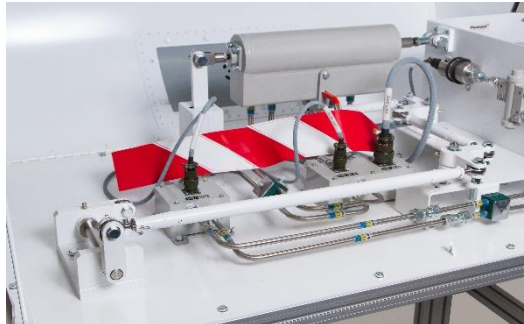




TRAINING SOLUTIONS

Pennant provides training solutions that develop and refine skills and confidence, aligned to global standards and regulation. They are used in a safe and controlled environment, without the risks associated with real-world scenarios.

We address the market through the following solutions:



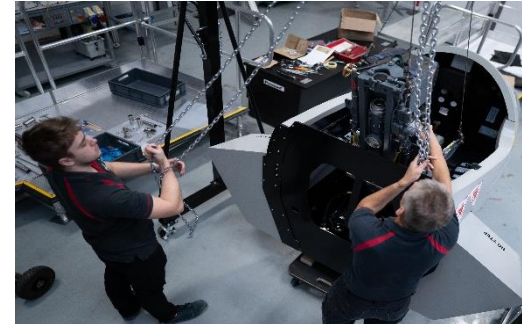
HAND SKILLS TRAINERS

- ‘Off the shelf’ training aids to support practical and theoretical training
- Designed to build confidence and develop the fundamental transferable skills all students need
- Aligned to global standards and regulations



PART TASK TRAINERS

- Replicate a specific part or aspect of a larger system or procedure
- Refine abilities in a targeted manner
- A safe and controlled environment without the risks associated with real-world scenarios.



PROCEDURAL TRAINERS

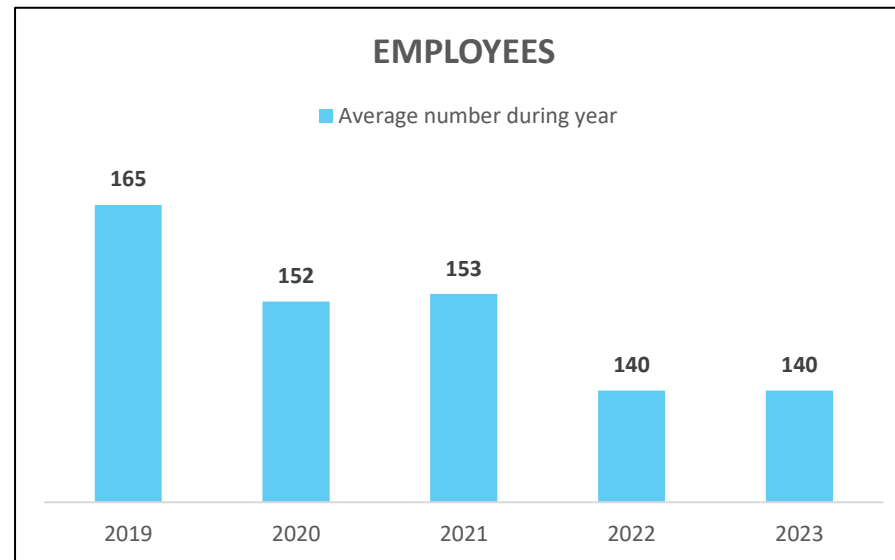
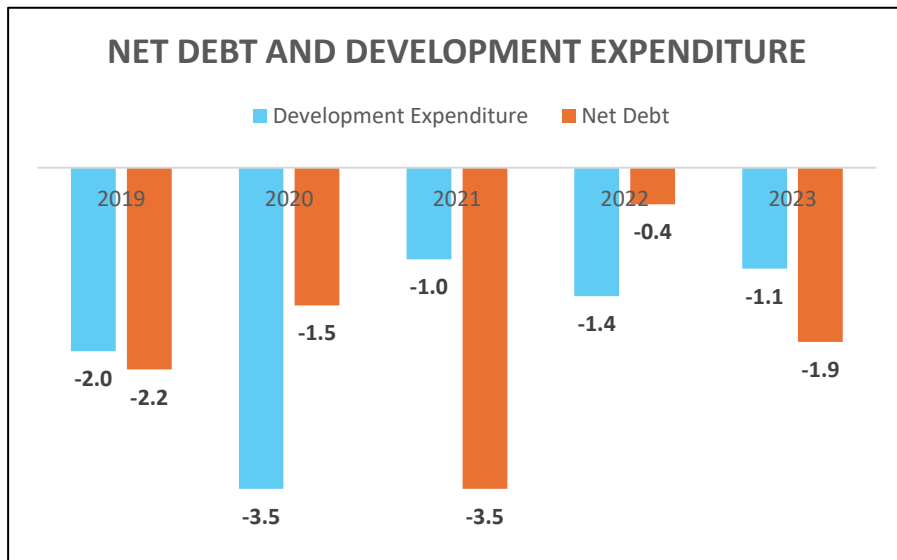
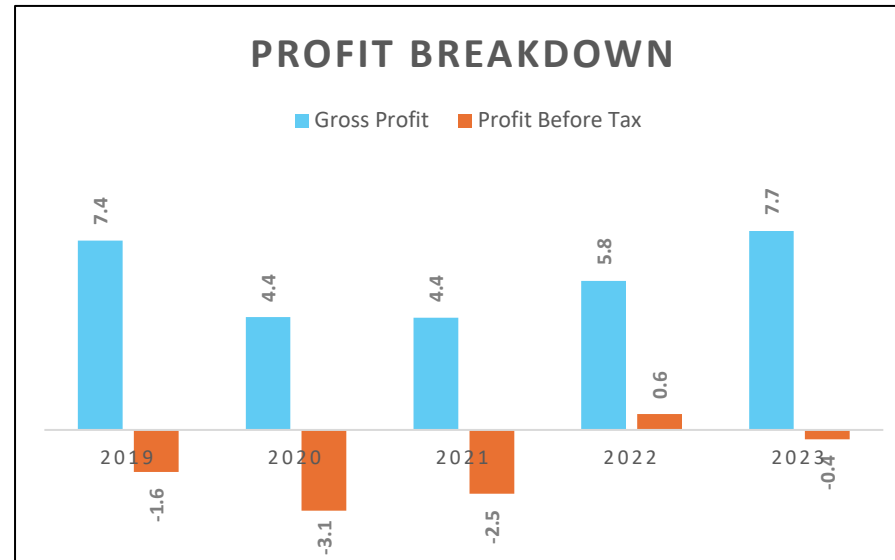
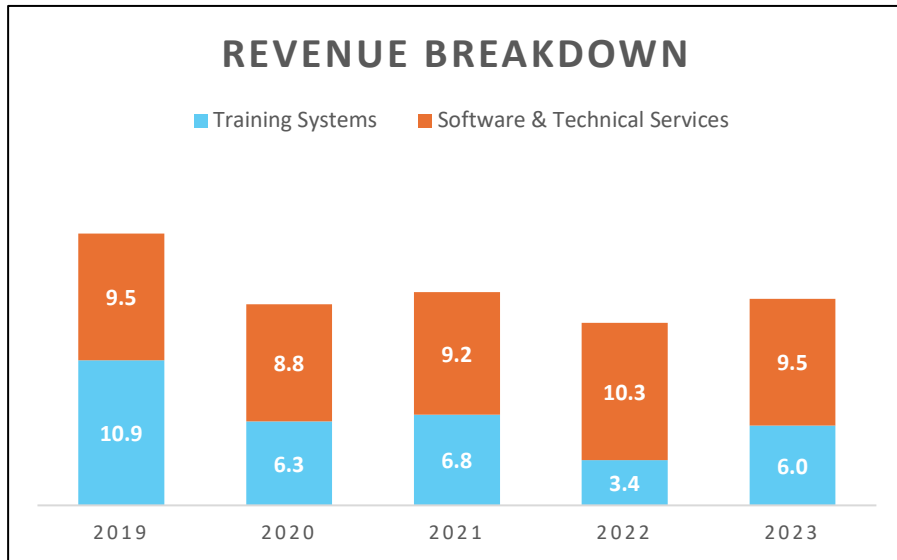
- Develop and maintain high levels of procedural proficiency
- Realistic and immersive training experience
- Leverage software-based trainers to provide feedback and enhance maintenance training programs.



SYSTEM TRAINERS

- Realistic and immersive training experience
- Self-paced learning options available
- Familiarity with specific procedures
- Modular and adaptive approach

Financials - 5-year history



- Increasing proportion of recurring or repeatable revenue
- Driving higher gross margins and a gradual return to profitability
- Operating under a secured overdraft facility
- Recent levels of development expenditure will reduce
- Restructuring of Training Systems segment reduces labour intensity of operations



PENNANT BOARD



Ian Dighé
Non-Executive Chair



Phil Walker
Group Chief Executive
Officer



Darren Wiggins
Group Chief Financial
Officer



David Clements
Commercial & Risk
Director



Jon Kempster
Non-Executive
Director



Deborah Wilkinson
Non-Executive Director



Klaas van der Leest
Non-Executive Director



CASE STUDY – AUSTRALIAN DEFENCE

CLIENT NEED

Defence Australia ('DA') needed to improve efficiencies and reduce costs through the better management of equipment relating to the operation of their air platforms

PENNANT'S SOLUTION

Pennant provided its configuration management software to manage the platform data

RESULT

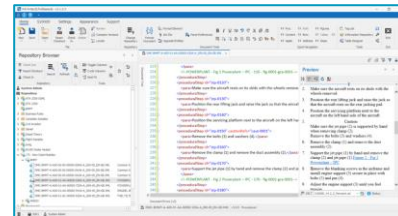
Pennant software is now embedded with the client – We have subsequently installed a suite of training systems (circa £10.0m) and supplied our technical documentation software alongside professional authoring services.

OPPORTUNITY

We are in negotiations to enhance the training system capability, upgrade the DA database and documentation software to a subscription basis model.

LONGEVITY OF CLIENT

DA has been a client since 2003 and services are contracted until at least 2027, with the aim of extending this until 2033. Annual recurring software and services revenues from Australian Defence currently total £1.75m.



“Pennant’s ongoing support in the design, development and maintenance of innovative training assets continues to be a major factor behind our continued success.” – BAE Systems Australia

CUSTOMER FEEDBACK

IPS Working Circle - Erfurt – German Bundeswehr

There were many positive comments about GenS, with one participant noting:

“GenS seems to be a further step towards being able to significantly increase the processes in IPS and the data quality of logistics data in the future”.

CUSTOMER FEEDBACK

Rheinmetall MAN Military Vehicles (Rheinmetall MMV)

Rene Gebley, Head of LSA Team-Logistic Vehicles at Rheinmetall MMV said:

“We were looking for a solution for our LSA applications and found what we were looking for at Pennant. Pennant convinced us with their experience in the ILS/LSA area and the fact that they want to further improve their systems and also respond to customer requests. The Pennant solution provided a good and fast creation of our LSA documents, alongside a simple creation of all necessary reports”.

