

FOR IMMEDIATE RELEASE

02 May 2019

**PENNANT INTERNATIONAL GROUP PLC**

**Major Programme Update**

Pennant International Group plc ("**Pennant**", the "**Company**" or the "**Group**"), the AIM quoted supplier of integrated training and support solutions, products and services which train and assist operators and maintainers in the defence and regulated civilian sectors, provides an update on a potential contract award.

The Group has been down-selected on a major programme as announced on 9 August 2018. The Group has received notification that the placing of the Pennant contract is now contingent on the prospective customer's single-source 'upstream' contract becoming effective, which may not occur until the second half of 2020.

Pennant is engaging with the prospective customer with a view to accelerating the award and, as a result of the relationship established with the prospective customer, is also in discussion on a number of other opportunities.

The potential value of the contract to Pennant (£25 million to £30 million) remains unchanged.

Having initially received confirmation from the prospective customer that Pennant's contract would be awarded during the latter part of 2018 (with an aggressive timeline for delivery), the Group invested in expanding its operational capacity in order to deliver the contract (and other likely new programmes of work). Accordingly, while the Group is anticipating record revenues for 2019 (in the region of £22 million), costs are presently being incurred which would not otherwise have been (circa £90,000 per month) which is affecting operating margin. The Company will commence a cost-reduction exercise in response to this new timeframe for contract award.

The Board does not expect the potential delay in the contract award to have a material impact on market expectations for the current year and, having regard to the Group's pipeline of active opportunities, remains confident about the Company's prospects for the future.

*Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014 ("MAR")) prior to its release as part of this announcement and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

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