FOR IMMEDIATE RELEASE **9 August 2019**

PENNANT INTERNATIONAL GROUP PLC

Pre-Close Trading Update

Notice of 2019 Interim Results

Pennant International Group plc ("**Pennant**", the "**Group**", or the "**Company**"), 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, announces the following trading update ahead of the publication of its Interim Results for the six months ended 30 June 2019 (the "**First Half**", or "**H1 2019**") which are scheduled to be released on 24 September 2019.

The Company stated in its 2018 Annual Report (published in March 2019) that it expected 2019 to be significantly weighted in favour of the second half of the year (the "**Second Half**", or "**H2 2019**"), with the majority of revenues for the year (and all profits) anticipated to be realised in H2 2019 upon the achievement of certain performance milestones on the Qatar contract.

The Company expects to report results for the First Half which are slightly better than management's expectations, with revenues of £7.25 million and an EBITA loss of £(1.49) million. Net cash stood at approximately £(0.35) million at the end of H1 2019.

Contracts Update

The Group continues to make good progress on the Qatar contract and is 'on track' to meet the relevant performance milestones mentioned above to enable it to recognise the revenues and profits which are budgeted for the contract for H2 2019.

On its contract for electro-mechnical trainers for the Ajax armoured fighting vehicle, the Group is currently in the process of assessing and responding to a customer request for additional and amended functionality for the training devices. Initial assessment of this request has identified that the programme schedule may need to be extended, and it is now anticipated that progress on delivering the contract may be slower than budgeted for the Second Half, with material uplift in revenues not envisaged until the contract is re-based towards the year-end.

The Group's other main programme, its long-standing contract with the Canadian Department for National Defence, is delivering to budget.

The Group's three-year contracted order book stood at £36 million at the end of the First Half.

Pipeline

The Group expects the contract for the 'Major Programme' (as previously announced on 9 August 2018) to be awarded to it during 2020 and is in dialogue with the customer about schedule and early delivery to Pennant of certain assets required for the programme. The Group continues to carry certain additional costs in anticipation of this contract and other larger-scale potential contracts (e.g. costs in relation to upgraded infrastructure and retention of key resources).

This enhanced operational capability remains important as the Company is prospective sole-source supplier on a number of significant opportunities expected to convert into contracts during the next 6 to 12 months, the aggregate value of which (including the Major Programme) is in excess of £36 million. The timing as to if and when these contracts are awarded is, of course, beyond Pennant's control, and (in the case of those ultimately derived from UK defence requirements) may be impacted by the continued uncertainty surrounding Brexit (although this has not been formally confirmed).

A number of smaller potential orders that had been expected to convert in H2 2019 now appear more likely to be realised next year, which adds to the Group's healthy pipeline for 2020.

Strategy

The Board remains confident about the Company's prospects. It has always recognised that the Company's core 'training systems' business is susceptible to long, uncertain gestation periods for contract awards and to schedule revisions on its engineered-to-order programmes.

It is this recognition that has underpinned the Board's drive to diversify the business to increase the proportion of recurring revenues from software and services. Steps taken during the First Half towards that objective include the acquisition of the Aviation Skills Partnership and Track Access Services, which have brought training delivery opportunity and software subscription revenues respectively to the Group.

The Track Access Services business has been integrated into the Group and is undertaking 'business as usual'. However, the expansion of the Aviation Skills Partnership business is taking longer than initially expected, primarily due to decisions regarding the allocation of public funding of projects being delayed due to the current focus on Brexit. The revenue-generating activities associated with the initial phase of such projects, budgeted for 2019, have not therefore occurred as anticipated and will move into 2020.

Other strategic opportunities are actively being progressed, each with software and services as a key component.

Outlook

With the change to revenue expectations on the Ajax programme and in the Aviation Skills Partnership business, together with the timeline for the award of certain potential contracts moving into 2020, the Group now expects its results for 2019 to be materially lower than current market expectations and anticipates reporting EBITA for 2019 as a whole of £1.8 million. The Group has more than adequate working capital facilities for the next period and beyond.

The Group's costs reduction exercise in response to the delay to the award of the Major Programme (as explained in the Company's announcement on 2 May 2019) is ongoing, although the benefits of this exercise will have limited impact on the Second Half.

The Group is actively pursuing other potential revenue opportunities (in addition to those referred to above) and, depending on the timing of their conclusion, certain of these may be realised within time to positively impact 2019. A further update on these matters will be provided upon publication of the Interim Results.

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.

Enquiries:

Pennant International Group plc	www.pennantplc.co.uk
Philip Walker, CEO	+44 (0) 1452 714 914
David Clements, Commercial & Risk Director	
WH Ireland Limited (Nomad and Broker)	www.whirelandcb.com
Mike Coe	+44 (0) 117 945 3470
Chris Savidge	
Walbrook PR (Financial PR)	paul.vann@walbrookpr.com
Paul Vann	+44 (0)20 7933 8780
Tom Cooper	Mob: +44 (0)7768 807631