

FOR IMMEDIATE RELEASE

13 August 2020

**PENNANT INTERNATIONAL GROUP PLC**

**Pre-Close Trading Update**

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**Notice of 2020 Interim Results**

Pennant International Group plc ("**Pennant**", the "**Group**", or the "**Company**"), a leading global provider of technology-based maintainer training and integrated product support solutions, announces the following trading update ahead of the publication of its Interim Results for the six months ended 30 June 2020 (the "**First Half**", or "**H1 2020**") which are scheduled to be released on 21 September 2020.

Further to the announcement of 22 May 2020 (the "**May RNS**"), Covid-19 and related restrictions have continued to impact the delivery of certain of the Group's contracts.

Delays in key meetings, the unavailability of relevant customer personnel and the disruption and productivity impact of total remote working have delayed progress on the Group's engineered-to-order programmes, while local lockdowns have prevented delivery and installation of Pennant training aids at customer sites overseas. Restrictions in Canada and Australia have reduced budgeted services revenues in those territories.

As a result of these substantial challenges, the Group now expects to report revenues of approximately £6.3 million for the First Half. After providing for the continuing impact of Covid-19 on certain programmes, the Company anticipates reporting an underlying EBITA loss of £2 million for the First Half.

The underlying EBITA for the First Half excludes exceptional restructuring costs (£0.4 million) and aborted transaction costs incurred during the period which amounted, together, to circa £0.5 million.

**Cost Reductions**

As previewed in the May RNS, management has taken further action to re-align costs with baseline revenues while retaining the capability to deliver contracted programmes. Additional annualised savings of circa £1 million have been achieved through the removal and re-organisation of various roles across all business units, the benefits of which will predominantly be realised from 2021. In recognition of the financial challenges faced by the business this year, all Board members have accepted a 20% pay reduction for the second half.

**Cash & Working Capital**

Following the contractual milestone achievement referred to in the May RNS, and with mitigating actions taken across the Group, the Company was cash positive at the end of the First Half, with net credit balances of £2 million and undrawn overdraft facilities of £4 million (31 December 2019: net debt £2.2 million).

**Outlook & Order Book**

The Covid-19 impact on revenues is expected to continue through the second half, and turnover for the 2020 financial year is now likely to be in the region of £14 million.

However, the Company anticipates that its financial performance will improve significantly in the second half and expects to make an EBITA profit for the six months to year-end.

The contracted order book scheduled for delivery over the next three years stood at a healthy £36 million at the end of the First Half (31 December 2019: £33 million). The Group remains focused on converting its pipeline and is actively pursuing new opportunities across all business units.

*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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