

FOR IMMEDIATE RELEASE

20 March 2018

PENNANT INTERNATIONAL GROUP PLC

Major UK Contract Update:

Re-scoping of major UK Contract completed; contract value increased by £3.5 million to circa £12 million

and

£10 million Statement of Intent received from Middle East Customer

This announcement contains information which, prior to its disclosure by this announcement, was inside information for the purposes of the Market Abuse Regulation

Pennant International Group plc ("**Pennant**" or the "**Group**"), the AIM quoted supplier of integrated training and support solutions, products and services which train and assist engineers in the defence and regulated civilian sectors, is pleased to provide an update on one of its key contracts and on its pipeline of opportunities for future work.

Major Contract Update

The Group's interim results announcement published on 11 September 2017 highlighted that performance of one of its larger contracts with a major UK prime contractor for electro-mechanical trainers and courseware (the "**UK Contract**") had been delayed due to a re-scoping of the contract requirements.

As confirmed in the Group's preliminary results announcement on 12 March 2018, the re-scoping of the UK Contract has been successfully completed and work has recommenced on the contract.

The re-stated UK Contract was executed on 19 March 2018, concluding the legal formalities of the re-scoping. The contract value has been increased by £3.5 million to reflect the additional work required.

The overall contract value is now just under £12 million with circa £8 million of revenue to be recognised over 2018, 2019 and 2020. With the fundamentals of the re-scoping (including rough-order-of-magnitude price) having been agreed between the parties prior to year-end (and a written agreement made on price early in the new year), the increased value was accordingly reflected within the order book of £34 million previously announced.

David Clements, Pennant's Commercial & Risk Director, commented: "We are delighted to have concluded this important amendment to this key contract and look forward to supporting our customer in delivering world-class training aids to the UK Armed Forces."

Statement of Intent received

Furthermore, Pennant has also received a statement of intent from a major customer in relation to an opportunity to supply its training aids to an end user in the Middle East region. The opportunity is anticipated to be worth approximately £10 million.

The opportunity remains subject to contract and the statement of intent does not guarantee that a contract will ultimately be awarded to Pennant. The timing of any contract award is not certain but the Group is optimistic about the contract's prospects and expects to obtain further clarity on the opportunity by the end of June 2018.

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