

## Pinewood Technologies Group PLC

### Half year results for the 6 months to 31 July 2024

- Double-digit revenue and gross profit growth
- Successful start to system rollout in remaining Lithia UK stores
- FY24 outlook remains in line with current market expectations

Pinewood Technologies Group PLC (“Pinewood” or the “Group”, LSE: PINE), a leading pure-play SaaS business providing innovative automotive retail solutions to the automotive industry, today announces its financial results for the 6 months ended 31 July 2024.

### Group Financial Summary

Underlying unless stated £m	6m period ended 31 July 2024 (H1 FY24)			6m period ended 30 June 2023 (H1 FY23)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Revenue <sup>1</sup>	16.1	-	16.1	11.0	2,079.0	2,090.0
Gross Profit <sup>1</sup>	14.5	-	14.5	9.8	241.0	250.8
Underlying Operating Profit	4.0	-	4.0	4.6	59.1	63.7
Underlying Profit Before Tax	4.0	-	4.0	4.6	32.1	36.7

<sup>1</sup> In H1 FY23, Pinewood was part of Pendragon PLC and therefore intercompany revenue received from Pendragon PLC is excluded in H1 FY23 – see below.

The breakdown of continuing operations underlying operating profit is as follows:

£m	6m period ended 31 July 2024 (H1 FY24)	6m period ended 30 June 2023 (H1 FY23)
Pinewood Core Business <sup>1</sup>	5.6	6.5
PLC Costs	(1.4)	(1.4)
Legacy US Motor Business	(0.2)	(0.5)
<b>Group Total</b>	<b>4.0</b>	<b>4.6</b>

<sup>1</sup> Previously reported as Pinewood segment

### Comparative Information – Continuing Operations

£m, unless stated	6m period ended 31 July 2024 (H1 FY24)	6m period ended 30 June 2023 (H1 FY23)	Change
Revenue, including intercompany revenue <sup>1</sup>	16.1	14.5	11.0%
Gross Profit, including intercompany gross profit <sup>1</sup>	14.5	12.9	12.4%
Underlying EBITDA <sup>2</sup>	6.9	7.0	-1.4%
Underlying EBITDA Margin (%) <sup>2</sup>	42.9%	48.3%	-540bps
Underlying Profit Before Tax	4.0	4.6	-13.0%

<sup>1</sup> Revenue includes intercompany amounts in 6m period ended 30 June 2023

<sup>2</sup> This is an Alternative Performance Measure (APM) – see note 1

**Bill Berman, Chief Executive Officer of Pinewood Technologies Group PLC, said:**

“Pinewood had a great first half of the year, with impressive double-digit growth in both revenue and gross profit, and we have also made good progress in expanding our customer base. During the period we have prioritised rolling out our system to the UK dealerships of our strategic partner Lithia Motors which has been very successful.

“The global market for Dealer Management Software is fragmented and we believe we are well placed to grow our business in our key markets of the UK, Northern Europe, Asia Pacific and North America – where our position is strengthened by our partnership with Lithia, the largest dealer Group in North America. To support these ambitions, we continue to invest in our platform to add new features to ensure it remains a highly secure best-in-class automotive retail ecosystem. After a positive start to the year, we are looking forward to making further progress in the second half.”

**Continuing Operations Financial Highlights (H1 FY24 was 6m to 31 July 2024 and H1 FY23 was 6m to 30 June 2023).**

- Statutory revenue up 46.4% to £16.1m (H1 FY23: £11.0m).
- Revenue including intercompany revenue<sup>1</sup> up 11.0% to £16.1m (H1 FY23: £14.5m).
- Statutory gross profit up 48.0% to £14.5m (H1 FY23: £9.8m).
- Gross profit including intercompany gross profit<sup>1</sup> up 12.4% to £14.5m (H1 FY23: £12.9m).
- Underlying operating profit down 13.0% to £4.0m (H1 FY23: £4.6m) due to strategic cost increases in H1 FY24.
- Cash of £13.0m.
- The Group returned £358.4m of capital to shareholders, by way of a special dividend of 24.5p.

<sup>1</sup> This is an Alternative Performance Measure (APM) – see note 1

**Operational Highlights**

- Total users increased to 34,300, up 3.6% from 33,100 at the end of FY23
- Strong operational progress with the first stage of our strategic partnership with Lithia commencing as planned, with Pinewood’s system rollout across the rest of their UK store network well progressed
- Discovery and planning stages of the Lithia US rollout started in H1 FY24
- Restructuring of UK sales team has taken place to maximise UK market penetration – impact should start to be seen in FY25
- A full strategy update will be given at the Capital Markets Event at 9.00am on Thursday 24<sup>th</sup> October 2024 at etc.venues, Convene, 133 Houndsditch, London. EC3A 7BX.

**Post-Period End Updates**

In September 2024, Pinewood invested US\$4.2m in an automotive AI company, Seez App Holding Ltd (“Seez”). Seez provides AI chatbots for automotive retailers as well as a suite of e-commerce and omnichannel products. The commercial strategic partnership with Seez will bolster Pinewood’s product offering as the company prepares for expansion into the US market alongside Lithia Motors. The partnership offers Pinewood exclusive distribution rights of Seez products in the US market and with existing customers.

**Outlook**

- We have had a good start to FY24, with particular focus on the key Lithia UK rollout which has been very successful and is due to be completed in December 2024.
- We are in well progressed discussions with a number of potential new customers from both in the UK and internationally.
- While the Board remains mindful of the broader macroeconomic conditions, it remains confident in the prospects for the Group and expects underlying profit before tax for the full year to be in line with current market expectations.

## Conference call and presentation

A presentation for sell-side analysts will be held at 9.00am (UK time) today and this will be followed by a Q&A session with the management team. Please use the following link to register and to join the livestream of the presentation:  
[https://brrmedia.news/PINE\\_HY\\_24](https://brrmedia.news/PINE_HY_24)

A webcast replay of the presentation will be made available on Pinewood's website later. The webcast will be published on:  
<https://investor.pinewoodtech.com/results-centre>

## Capital Markets Event

On Thursday 24 October 2024, Pinewood Technologies Group will hold a Capital Markets Event for investors and analysts commencing at 9.30am. The event will feature presentations from Bill Berman (CEO), Ollie Mann (CFO) and other senior leaders from across the business that will set out more detail on the Company's strategy, addressable markets and key growth drivers.

The in-person event will be hosted at **ETC Venues, Convene 133 Houndsditch, 133 Houndsditch, London EC3A 7BX.**

To register your interest in attending the event, please contact Headland Consultancy ([pinewood@headlandconsultancy.com](mailto:pinewood@headlandconsultancy.com)).

### For further enquiries please contact:

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## Chief Executive's Review

I am delighted to report a strong first half set of results for Pinewood as a standalone SaaS business. To have delivered double digit growth in both revenue and gross profit is testament to all the hard work of our associates in the period.

The key operational focus for us in H1 FY24 has been to execute the roll-out of our system into the Lithia UK dealers with best-in-class implementations. Based on our customer feedback, I'm confident this has been achieved. This has been accomplished by our teams working tirelessly and at all times trying to maximise customer satisfaction and it has been a concerted effort by our front of house implementation team as well as our software development team who have continued to develop our product to ensure it remains a best-in-class automotive retail ecosystem.

During the period, overall user numbers increased by 3.6% to c.34,300 with the increase driven by the new Lithia UK users as well as increased users in both the wider UK market and the international market. We also increased our investment in our platform with new system functionality developed for new markets as we expand in Europe and Asia Pacific. Substantial investments have also been made in platform architecture and cyber security.

In the first half of FY24, we started the discovery phase of our North American strategy. This involved working with a consultant that was a subject matter expert in the North American automotive market to identify what the key system functionality and integrations are, generate potential roll-out strategies based on a number of factors including OEMs and Lithia US dealer locations as well as the size of the addressable market opportunity in North America. We are now starting to engage with OEMs in the US so that we can start to build the key integrations with OEM systems in H2 FY24 and FY25.

We remain very excited about the opportunities we see ahead of us and it is important to remember that despite having only recently become a standalone business, we benefit from a strong heritage and track record developed over two decades. Our highly secure, 100% Microsoft Azure cloud-based system is regularly updated, several times a week, reflecting continual system enhancements, which, when combined with our extensive experience working with our automotive customers, allows us to offer a proposition that we believe sets us apart from our competitors. Our system is deployed in automotive dealerships and used by the vast majority of the employees in the stores where our system is installed. This includes all aspects of the customer journey, from front of house, reception, the sales teams, service technicians, and back-office accounting.

We offer omni-channel sales channels and service products that allow our customers to effectively operate from a single platform. Our system is multi-tenanted, and the same version is used by all customers worldwide, whichever country of the world they are located in, and it is language agnostic. We operate in 21 countries and have very high levels of customer retention. We have partnerships with 50 OEM brands worldwide, and most of those are long-standing relationships. We are constantly evolving our system, which is powered by 149 individuals in our product development teams, out of a total of 263 associates. All of our developers are based in the UK. We have sales implementation teams in Sweden and Japan, and we have partners in South Africa and the Netherlands as well as the rest of our UK based teams.

Our strategic partnership with Lithia, which has seen both of us invest £10m in a North American joint venture, will create access to the lucrative North American market. Our plan for the US and Canada remains to start our system roll-out with Lithia and while doing this, build all the functionality needed to deliver the system to other groups so that we can accelerate our North American rollout as we finish implementing the Lithia dealers and achieve significant scale in as efficient a way as possible.

We are committed to maximizing growth for our shareholders by expanding the user base for our unique product, growing our market share both in the UK and our international markets, and by continuing to develop more products and opening up the North American market. Pinewood's SaaS business model has focused on developing recurring revenue streams and c.85% of revenues are on a recurring basis.

We will give a full strategy update at our Capital Markets Event on 24<sup>th</sup> October, but a key part of our future will be decisions on balancing what product capabilities we develop in house and what technology or capabilities we acquire to accelerate our growth. Our recent investment in Seez, the automotive AI company, was made because we saw an opportunity to partner with a company that operated in a relatively new but crucially important space. Seez offers a range of new technologies that complement our own and will help enhance our offering, particularly as we move into the crucial North American market.

We are in well progressed discussions with a number of potential new customers from both in the UK and internationally. While the Board remains mindful of the broader macroeconomic conditions, it remains confident in the prospects for the Group and expects underlying profit before tax for the full year to be in line with current market expectations.

Bill Berman  
Chief Executive  
2 October 2024

## Operating and Financial Review

Revenue and gross profit include intercompany amounts.

£m	6m period ended 31 July 2024 (H1 FY24)	6m period ended 30 June 2023 (H1 FY23)	Change
<b>Revenue including intercompany amounts<sup>1</sup></b>	16.1	14.5	<b>11.0%</b>
<b>Gross Profit including intercompany amounts<sup>1</sup></b>	14.5	12.9	<b>12.4%</b>
<i>Gross margin rate</i>	90.1%	89.0%	<b>110bps</b>
Underlying Operating Expenses <sup>1</sup>	(10.5)	(8.3)	<b>26.5%</b>
<b>Underlying Operating Profit<sup>1</sup></b>	4.0	4.6	<b>-13.0%</b>

<sup>1</sup> This is an Alternative Performance Measure (APM) – see note 1

There was no intercompany revenue or gross profit in H1 FY24. Some of the key financials for H1 FY23 can be seen below:

£m	Intercompany Contribution	Contribution from external customers	Group Total
Revenue including intercompany amounts <sup>1</sup>	3.5	11.0	<b>14.5</b>
Gross Profit including intercompany amounts <sup>1</sup>	3.1	9.8	<b>12.9</b>

<sup>1</sup> This is an Alternative Performance Measure (APM) – see note 1

### Operating Review

Pinewood is a software business that provides an automotive retail ecosystem in the UK and 20 other countries worldwide. Pinewood provides Software as a Service (“SaaS”) with the majority of revenue being recurring.

The automotive system market for Franchised Motor Dealers is estimated to be worth at least £100 million in the UK. Two providers dominate the UK market, one of which is Pinewood. The global automotive system market is highly fragmented with over 50 different providers within Europe alone. In North America, the market for what are called Dealer Management Systems (DMS) is £2.4 billion. In addition in North America, the market for complimentary add-on products such as CRMs and service tools is worth an additional £4.1 billion. All of this North American market is an opportunity for Pinewood.

Pinewood’s unique approach to the market is characterised by:

- a single ecosystem which is deployed globally with continuous software updates
- a cloud-based solution which is highly secure and feature-rich
- focus on strong manufacturer partnerships and supporting dealer profitability; and
- commitment to using the latest technology to reshape motor retail

Pinewood was an early adopter of the SaaS business model and has focused on developing recurring revenue streams. Today, c.85% of Pinewood’s revenues are on a recurring basis.

Following the transaction with Lithia in January 2024, Lithia UK signed a contract to install the Pinewood system in all of their UK stores that didn’t already have the system, which will add over 2,000 new users. The Lithia UK system implementation started in May 2024 and is due to conclude in December 2024.

During H1 FY24, overall user numbers increased by 3.6% to c.34,300 with the increase driven by the new Lithia UK users as well as increased users in both the wider UK market and the international market. Asia Pacific is a key international region for Pinewood and a significant amount of time has been spent in H1 FY24 on discovery and development work for the Asia Pacific region, in particular in Japan. The benefits of this in terms of revenue and user numbers should start to take effect during FY25.

In H1 FY24, Pinewood increased its investment in the platform as development capex rose to £3.7m with 84% of development costs being capitalised (H1 FY23 81%). New system functionality has been developed for new markets as Pinewood expands in Europe and Asia Pacific. Substantial investments have also been made in platform architecture and cyber security.

Pinewood continues to build strong partnerships with a wide range of OEMs internationally. Northern and Central Europe is a key international growth area for Pinewood as is Asia Pacific, so relationships with OEMs that operate in these areas are

very important. In H2 FY24, we will start to engage with the OEMs in North America as we look to build the integrations necessary to operate in that market.

### **Financial Review**

The Group delivered robust revenue growth in the first half, with total revenues including intercompany revenue increasing by 11.0% to £16.1m compared to H1 FY23. This growth was primarily driven by new Lithia UK users, which has been the key operational focus in H1 FY24, but there have also been increases in other UK and international users.

Gross profit including intercompany gross profit increased by 12.4% to £14.5m. Gross margins including inter-company improved slightly from 89.0% to 90.1% due to continued efforts to make Azure hosting costs as efficient as possible.

Underlying operating expenses increased by £2.2m or 26.5% compared to H1 FY23. This increase in costs was primarily driven by increase in investment in resource. As well as an increase in headcount, associate pay was benchmarked and adjusted accordingly across the Group and a number of vacant senior positions were filled in the period.

As a result of these movements, underlying operating profit was £4.0m, a decrease of 13.0% compared to H1 FY23.

Key balance sheet items at the end of July 2024 were the investment of £9.7m in the US Joint Venture with Lithia, £14.9m of capitalised software asset and £13.0m of cash. The US\$4.2m investment in the automotive AI company, Seez, in September was paid for from cash resources.

## CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 JULY 2024

	Note	Underlying H1 FY24 £m	Non- underlying H1 FY24 £m	Total H1 FY24 £m	Underlying H1 FY23 £m	Non- underlying H1 FY23 £m	Total H1 FY23 £m
<b>Continuing Operations – underlying unless stated</b>							
<b>Revenue</b>	7	16.1	-	<b>16.1</b>	11.0	-	11.0
Cost of sales		(1.6)	-	<b>(1.6)</b>	(1.2)	-	(1.2)
<b>Gross profit</b>		14.5	-	<b>14.5</b>	9.8	-	9.8
Operating expenses		(10.5)	(1.3)	<b>(11.8)</b>	(5.2)	-	(5.2)
<b>Operating profit</b>		4.0	(1.3)	<b>2.7</b>	4.6	-	4.6
Finance expense	9	(0.1)	-	<b>(0.1)</b>	-	-	-
Finance income	10	0.1	4.3	<b>4.4</b>	-	-	-
<b>Net finance costs</b>		-	4.3	<b>4.3</b>	-	-	-
<b>Profit before taxation</b>		4.0	3.0	<b>7.0</b>	4.6	-	4.6
Income tax expense	11	(1.1)	(0.9)	<b>(2.0)</b>	(1.2)	-	(1.2)
<b>Profit for the period from continuing operations</b>		2.9	2.1	<b>5.0</b>	3.4	-	3.4
<b>Discontinued Operations</b>							
<b>Profit for the period from discontinued operations, net of tax</b>		-	-	-	23.8	(0.3)	23.5
<b>Profit / (loss) for the period</b>		2.9	2.1	<b>5.0</b>	27.2	(0.3)	26.9
<b>Earnings per share</b>							
Basic earnings per share	12			<b>5.7p</b>			38.6p
Diluted earnings per share	12			<b>5.7p</b>			37.4p
<b>Non GAAP Measure</b>							
Underlying basic earnings per share	12			<b>3.3p</b>			4.9p
Underlying diluted earnings per share	12			<b>3.3p</b>			4.7p

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 JULY 2024**

	H1 FY24	H1 FY23
	£m	£m
<b>Profit for the period</b>	<b>5.0</b>	26.9
<b>Other comprehensive income</b>		
Items that will never be reclassified to profit and loss:		
Defined benefit plan remeasurement (losses) / gains	-	(1.4)
Income tax relating to defined benefit plan remeasurement gains / (losses)	-	0.3
	-	(1.1)
<b>Items that are or may be reclassified to profit and loss:</b>		
Foreign currency translation differences of foreign operations	-	(0.2)
	-	(0.2)
Other comprehensive (expense)/income for the period, net of tax	-	(1.3)
<b>Total comprehensive income for the period</b>	<b>5.0</b>	25.6



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 JULY 2024

	Share capital £m	Share premium £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total £m
<b>Balance at 1 February 2024</b>	73.2	56.8	5.6	0.4	224.4	<b>360.4</b>
<b>Total comprehensive income for H1 FY24</b>						
Profit for the period	-	-	-	-	5.0	<b>5.0</b>
Other comprehensive expense for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	5.0	<b>5.0</b>
Share issues	13.9	16.1	-	-	-	<b>30.0</b>
Dividends paid	-	-	-	-	(358.4)	<b>(358.4)</b>
<b>Balance at 31 July 2024</b>	<b>87.1</b>	<b>72.9</b>	<b>5.6</b>	<b>0.4</b>	<b>(129.0)</b>	<b>37.0</b>
<b>Balance at 1 January 2023</b>						
	69.9	56.8	18.2	0.5	135.6	<b>281.0</b>
<b>Total comprehensive income for H1 FY23</b>						
Profit for the period	-	-	-	-	26.9	<b>26.9</b>
Other comprehensive expense for the period, net of tax	-	-	-	(0.2)	(1.1)	<b>(1.3)</b>
<b>Total comprehensive income for the period</b>	-	-	-	(0.2)	25.8	<b>25.6</b>
Share based payments	-	-	-	-	1.9	<b>1.9</b>
<b>Balance at 30 June 2023</b>	<b>69.9</b>	<b>56.8</b>	<b>18.2</b>	<b>0.3</b>	<b>163.3</b>	<b>308.5</b>

## CONDENSED CONSOLIDATED BALANCE SHEET AT 31 JULY 2024

	Note	Jul-24 £m	Jun-23 £m	Jan-24 £m
<b>Non-current assets</b>				
Property, plant and equipment		1.8	517.9	1.1
Goodwill		0.3	144.6	0.3
Investment in equity undertaking		9.7	-	-
Other intangible assets		14.9	13.1	13.8
Finance lease receivables		-	13.7	-
Retirement benefit surplus		-	2.6	-
Deferred tax assets		-	6.5	-
<b>Total non-current assets</b>		<b>26.7</b>	<b>698.4</b>	<b>15.2</b>
<b>Current assets</b>				
Inventories		-	602.7	-
Trade and other receivables		16.6	114.1	421.8
Finance lease receivables		-	2.3	-
Current tax assets		-	2.3	0.3
Cash and cash equivalents		13.0	271.9	47.4
Assets classified as held for sale		-	7.2	-
<b>Total current assets</b>		<b>29.6</b>	<b>1,000.5</b>	<b>469.5</b>
<b>Total assets</b>		<b>56.3</b>	<b>1,698.9</b>	<b>484.7</b>
<b>Current liabilities</b>				
Bank overdraft		-	(139.0)	-
Interest bearing loans and borrowings		-	(2.0)	(93.0)
Lease liabilities		(0.7)	(18.8)	(0.4)
Trade and other payables		(8.7)	(830.1)	(23.0)
Deferred income		(6.7)	(39.7)	(6.5)
<b>Total current liabilities</b>		<b>(16.1)</b>	<b>(1,029.6)</b>	<b>(122.9)</b>
<b>Non-current liabilities</b>				
Interest bearing loans and borrowings		(0.2)	(89.4)	(0.2)
Lease liabilities		(0.9)	(192.0)	(0.6)
Trade and other payables		-	(37.2)	-
Deferred income		-	(42.2)	-
Deferred tax		(2.1)	-	(0.6)
<b>Total non-current liabilities</b>		<b>(3.2)</b>	<b>(360.8)</b>	<b>(1.4)</b>
<b>Total liabilities</b>		<b>(19.3)</b>	<b>(1,390.4)</b>	<b>(124.3)</b>
<b>Net assets</b>		<b>37.0</b>	<b>308.5</b>	<b>360.4</b>
<b>Capital and reserves</b>				
Called up share capital		87.1	69.9	73.2
Share premium account		72.9	56.8	56.8
Capital redemption reserve		5.6	5.6	5.6
Other reserves		-	12.6	-
Translation reserve		0.4	0.3	0.4
Retained earnings		(129.0)	163.3	224.4
<b>Total equity attributable to equity shareholders of the Company</b>		<b>37.0</b>	<b>308.5</b>	<b>360.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 31 July 2024	For the six months ended 30 June 2023	For the 13m period ended 31 January 2024
Note	£m	£m	£m
<b>Cash flows from operating activities</b>			
Profit for the period	5.0	26.9	81.7
Adjustment for taxation	2.0	9.5	10.1
Share of result of associate	0.3	-	-
Adjustment for net financing income / expense	(4.3)	27.0	65.8
	<b>3.0</b>	<b>63.4</b>	<b>157.6</b>
Depreciation and amortisation	2.9	17.6	30.7
Share based payments	-	1.9	5.9
Profit on disposal of own shares by EBT	-	-	0.5
Profit on sale of business and property, plant and equipment	-	0.1	(41.8)
Impairment of property, plant and equipment	-	0.2	-
Contribution into defined benefit pension scheme	-	(6.6)	(14.2)
Changes in inventories	-	41.1	38.5
Changes in trade and other receivables	(2.0)	1.6	(45.9)
Changes in trade and other payables	1.4	10.0	39.7
Movement in contract hire vehicle balances	-	(10.8)	(57.3)
<b>Cash generated from operations</b>	<b>5.3</b>	<b>118.5</b>	<b>113.7</b>
Taxation paid	-	(3.0)	(6.6)
Bank and stocking interest paid	(0.1)	(18.0)	(45.4)
Bank interest received	4.4	-	1.9
Lease interest paid	-	(7.2)	(16.2)
Finance lease interest received	-	0.4	1.0
<b>Net cash from operating activities</b>	<b>9.6</b>	<b>90.7</b>	<b>48.4</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of business net of fees paid	391.2	1.3	1.3
Fees paid in advance of completion on business disposal to Lithia	-	-	(6.6)
Cash disposed as part of business disposal	-	-	(15.3)
Purchase of property, plant, equipment and intangible assets	(3.8)	(16.9)	(40.2)
Proceeds from sale of property, plant, equipment and intangible assets	-	0.1	11.0
Receipt of lease receivables	-	1.2	2.4
Investment in associate	(10.0)	-	-
<b>Net cash used in / generated from investing activities</b>	<b>377.4</b>	<b>(14.3)</b>	<b>(47.4)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	-	(10.4)	(19.0)
Repayment of loans	(93.0)	(2.0)	(4.0)
Proceeds from issue of loans (net of directly attributable transaction costs)	-	(0.5)	-
Proceeds from issue of share capital	30.0	-	-
Payment of dividend	(358.4)	-	-
<b>Net cash outflow from financing activities</b>	<b>(421.4)</b>	<b>(12.9)</b>	<b>(23.0)</b>

<b>Net increase in cash and cash equivalents</b>	<b>(34.4)</b>	63.5	(22.0)
Opening cash and cash equivalents	<b>47.4</b>	69.4	69.4
<b>Closing cash and cash equivalents</b>	<b>13.0</b>	<b>132.9</b>	<b>47.4</b>

## NOTES

### 1. Basis of Preparation

Pinewood Technologies Group PLC (the 'Company') is a public company incorporated, domiciled and registered in England in the UK. The registered number is 2304195 and the registered address is 2960 Trident Court, Solihull Parkway, Birmingham Business Park, Birmingham. B37 7YN. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 July 2024 comprise the Company and its subsidiaries (together referred to as the 'Group').

These condensed interim financial statements are unaudited and were approved by the Board of Directors on 2 October 2024.

#### Going concern

The Directors are, at the time of approving the financial statements, satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group meets its day-to-day working capital requirements from operating in a net cash position and being a highly cash generative business. The Group also has a revolving credit facility of £10.0m which is undrawn. The Group remained compliant with its banking covenants throughout the period to 31 July 2024. As at 31 July 2024, the Group had cash of £13.0m.

The directors are mindful of the potential impact to macro-economic conditions but after assessing the risks do not believe there is a material risk to going concern.

Based on the above, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements, and therefore the directors believe it remains appropriate to prepare the financial statements on a going concern basis.

#### Alternative performance measures

The Group uses a number of key performance measures ('KPI's') which are non-IFRS measures to monitor the performance of its operations. The Group believes these KPI's provide useful historical financial information to help investors and other stakeholders evaluate the performance of the business and are measures commonly used by certain investors for evaluating the performance of the Group. In particular, the Group uses KPI's which reflect the underlying performance on the basis that this provides a more relevant focus on the core business performance of the Group. The Group has been using the following KPI's on a consistent basis and they are defined and reconciled as follows:

**Revenue including intercompany revenue** – is reconciled above.

**Gross profit including intercompany gross profit** – is reconciled above.

**Underlying operating profit/profit before tax** - results on an underlying basis exclude items that are not incurred in the normal course of business and are sufficiently significant and/or irregular to impact the underlying trends in the business. The detail of the non-underlying results is shown in note 7.

#### Operating profit reconciliation

	Note	H1 FY24 £m	H1 FY23 £m
<b>Underlying operating profit</b>		<b>4.0</b>	4.6
One-off transaction related costs		<b>(1.0)</b>	-
Share of US Joint Venture losses		<b>(0.3)</b>	-
Non-underlying operating (loss)/profit items		<b>(1.3)</b>	-
<b>Operating profit</b>		<b>2.7</b>	4.6

#### Profit before tax reconciliation

	Note	H1 FY24 £m	H1 FY23 £m
<b>Underlying profit before tax</b>		<b>4.0</b>	4.6
Non-underlying operating (loss)/profit items (see reconciliation above)		<b>(1.3)</b>	-
Non-underlying net finance income	7	<b>4.3</b>	-
Non-underlying operating loss and finance costs items		<b>3.0</b>	-
<b>Profit before tax</b>		<b>7.0</b>	4.6

#### Profit after tax reconciliation

	Note	H1 FY24 £m	H1 FY23 £m
<b>Underlying profit after tax</b>		<b>2.9</b>	27.2
Non-underlying operating loss and finance costs items (see reconciliation above)		<b>3.0</b>	(0.3)
Non-underlying tax	7	<b>(0.9)</b>	-
Non-underlying operating loss, finance costs and tax items		<b>2.1</b>	(0.3)
<b>Profit after tax</b>		<b>5.0</b>	26.9

**Underlying basic earnings per share ('underlying earnings per share')** – Underlying basic earnings per share is calculated by dividing the underlying profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. A full reconciliation of how this is derived is found in note 12.

**Underlying diluted earnings per share** – Underlying diluted earnings per share is calculated by dividing the underlying profit and loss attributable to ordinary shareholders by the weighted average number of ordinary shares in issue taking account of the effects of all dilutive potential ordinary shares, which comprise of share options granted to employees and LTIPs. A full reconciliation of how this is derived is found in note 12.

#### Underlying EBITDA reconciliation

	H1 FY24 £m	H1 FY23 £m
Underlying operating profit	<b>4.0</b>	4.6
Depreciation and amortisation	<b>2.9</b>	2.4
<b>Underlying EBITDA</b>	<b>6.9</b>	7.0

**EBITDA margin %** – EBITDA divided by Revenue including intercompany revenue

## 2. Statement of compliance

This condensed consolidated interim financial report for the half-year reporting period ended 31 July 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. It does not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 13 month period ended 31 January 2024, which are prepared in accordance with UK-adopted International Accounting Standards.

These condensed consolidated interim financial statements were approved by the board of directors on 2 October 2024.

### 3. Significant accounting policies

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 13 month period ended 31 January 2024, except as explained below.

#### Adoption of new and revised standards

The following amended standards and interpretations have been adopted during the year and have not had a significant impact on the Group's consolidated financial statements:

Amendment to IFRS 16 – Leases on sale and leaseback

Amendment to IAS 1 – Non-current liabilities with covenants

Amendment to IAS 7 and IFRS 7 – Supplier finance agreements

### 4. Estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the 13 month period ended 31 January 2024.

### 5. Comparative figures

The comparative figures for the 13 month period ended 31 January 2024 are extracted from the Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

### 6. Revenue

The Group's main operations and revenue streams are those described in the last annual financial statements. All the Group's revenue is derived from contracts with customers.

#### Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical market and timing of revenue recognition.

#### For the six months ending 31 July 2024

	£m
<b>Primary geographical markets</b>	
Europe	15.4
Africa	0.4
Asia	0.3
Revenue from external customers	16.1
<b>Timing of revenue recognition</b>	
At point in time	1.6
Over time	14.5
Revenue from external customers	16.1

#### For the six months ending 30 June 2023

	£m
<b>Primary geographical markets</b>	
Europe	10.4
Africa	0.3
Asia	0.3

Revenue from external customers	11.0
<b>Timing of revenue recognition</b>	
At point in time	1.2
Over time	9.8
Revenue from external customers	11.0

## 7. Non-underlying Items

Non-underlying income and expenses are items that are not incurred in the normal course of business and are sufficiently significant and/or irregular to impact the underlying trends in the business.

	H1 FY24 £m	H1 FY23 £m
<b>Within operating expenses:</b>		
One-off transaction related costs	(1.0)	-
Loss in investment in equity undertaking	(0.3)	-
Within discontinued operations	-	(0.3)
	(1.3)	(0.3)
<b>Within finance income:</b>		
Interest receivable on cash held at bank	4.3	-
	4.3	-
<b>Total non-underlying items before tax</b>	<b>3.0</b>	<b>(0.3)</b>
Non-underlying items in tax	(0.9)	-
<b>Total non-underlying items after tax</b>	<b>2.1</b>	<b>(0.3)</b>

There were £1.0m of one-off transaction costs in the period. These related to the Lithia transaction that completed on 31 January 2024 and were costs incurred as a result of the share consolidation and transaction dividend that occurred post 31 January 2024, stock exchange costs for issuing new shares and advisor costs that were received post transaction completion. There was a loss of £0.3m from investments in an equity undertaking, which related to the North American Joint Venture with Lithia.

The £4.3m of non-underlying interest receivable was interest earned on cash held while the Group was finalising the £358.4m dividend to shareholders that related to the Lithia transaction.

## 8. Segmental Analysis

The Group adopts IFRS 8 “Operating Segments”, which determines and presents operating segments based on information provided to the Group’s Chief Operating Decision Maker (“CODM”), Bill Berman, Chief Executive Officer. The CODM receives information about the Group overall and therefore there is one operating segment.

## 9. Finance expense

Recognised in profit and loss

	H1 FY24 £m	H1 FY23 £m
Revolving Credit Facility non-utilisation fee and interest payable on leases	(0.1)	-
<b>Total finance expense</b>	<b>(0.1)</b>	<b>-</b>

## 10. Finance income

Recognised in profit and loss

	H1 2024 £m	H1 2023 £m
Interest receivable on cash held at bank	4.4	-
<b>Total finance income</b>	<b>4.4</b>	<b>-</b>

## 11. Taxation

The effective tax rate on underlying profit for H1 FY24 is 27.5% (H1 FY23: 26.7%). The effective tax rate for the first half of 2024 is higher than the corporate tax rate of 25% due to expenditure not allowable for UK corporate tax purposes and a loss in the USA for which no US tax relief is anticipated and on which no deferred tax asset is provided.

## 12. Earnings per share

	H1 FY24 Pence	H1 FY23 Pence
Basic earnings per share	5.7	38.6
Effect of adjusting items	(2.4)	(33.7)
Underlying basic earnings per share (Non-GAAP measure)	3.3	4.9
Diluted earnings per ordinary share	5.7	37.4
Effect of adjusting items	(2.4)	(32.7)
Underlying diluted earnings per share (Non-GAAP measure)	3.3	4.7

The calculation of basic, adjusted and diluted earnings per share is based on the following number of shares in issue (millions):

Number of shares (millions)	H1 FY24 Number	H1 FY23 Number
<b>Weighted average number of shares used in basic and adjusted earnings per share calculation</b>	<b>87.1</b>	<b>69.8</b>
Weighted average number of dilutive shares under option	-	2.1
<b>Diluted weighted average number of shares used in diluted earnings per share calculation</b>	<b>87.1</b>	<b>71.9</b>

Earnings	H1 FY24 £m	H1 FY23 £m
Profit for the period	5.0	26.9
Adjusting items:		
Non-underlying items attributable to the parent (see note 7)	(3.0)	-
Discontinued operations	-	(23.5)
Tax effect of non-underlying items	0.9	-
<b>Earnings for adjusted earnings per share calculation</b>	<b>2.9</b>	<b>3.4</b>



### 13. Related party transactions

The Group entered into the following transactions with related parties in the 6 months ended 31 July 2024:

Related Party	Relationship	Sales £m	Operating Expenses £m
Lithia UK Holdings Limited	Subsidiary of 25.5% shareholder	4.2	-
Pinewood North America LLC	Equity Undertaking	-	0.3

### 14. Post Balance Sheet Events

On 4 September 2024, the Group made an investment of USD 4.2 million into Seez App Holding Limited ("Seez"), an automotive AI company. Seez has a broad product portfolio including AI chatbots and a suite of e-commerce and omnichannel products. Pinewood has entered into a strategic commercial partnership with Seez to bolster Pinewood's product offering as the Company prepares for its expansion into the US market alongside Lithia Motors. The partnership offers Pinewood exclusive distribution rights of Seez products in the US market and with existing customers.

### 15. Risks and uncertainties

The Board maintains a policy of continuous identification and review of risks which may cause our actual future Group results to differ materially from expected results.

The principal risks identified were: failure to deliver or maintain robust cyber security credentials throughout our system and failure to protect our software assets from security threats, failure to comply with legal or regulatory requirements relating to data security or data privacy, failure to retain key personnel or recruit the necessary additional talent to deliver our strategic ambitions, failure to deliver service levels and contractual agreements to our customers, failure to implement our strategy effectively through inability to deliver software development, failure to maintain current technology, or identify and adapt to new technological opportunities, failure to meet competitive challenges such as the entry of a new competitor and deterioration of global economic and business conditions impacting customers' willingness or ability to pay for our software or adopt a new system.

The Risk Control Group has met to consider these risks and uncertainties and will continue to monitor how these risks evolve. The Board has recently reviewed the risk factors and confirms that they remain an appropriate assessment of our risks for the rest of the current year. The Board considers the main areas of risk and uncertainty that could impact profitability to be cyber security risk and general economic and business conditions.

### 16. Responsibility Statement

We confirm that to the best of our knowledge:

- (a) The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom;
- (b) The interim management report includes a fair review of the information required by:
  - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining five months of the financial year; and
  - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board,

W Berman  
Chief Executive Officer

O Mann  
Chief Financial Officer

2 October 2024