

PINEWOOD TECHNOLOGIES GROUP PLC TAX STRATEGY

In accordance with paragraph 17(4), Schedule 19, Finance Act 2016, Pinewood Technologies Group PLC and its subsidiaries consider the publication of the information below as complying with the duty to publish the Group's tax strategy as required by paragraph 16(2), Schedule 19, Finance Act 2016, in effect for the period to 31 January 2024.

OVERALL TAX STRATEGY

As a responsible taxpayer, Pinewood Technologies Group PLC and its subsidiaries ("Pinewood") are committed to establishing, maintaining and monitoring an appropriate tax strategy. The overall objective of Pinewood's tax strategy is to pay the correct amount of tax at the correct time and to maintain an open and robust relationship with HMRC.

SALE OF UK MOTOR AND LEASING BUSINESS

On 31 January 2024 Pinewood disposed of its UK motor and leasing business to Lithia Motors, Inc, a company listed on the New York Stock Exchange, and one of the largest automotive retailers in North America. Following the completion of the transaction Pinewood remained listed on the London Stock Exchange and is focused on its core business of software development for the motor retail industry.

ATTITUDE TOWARDS TAX PLANNING (SO FAR AS AFFECTING UK TAXATION)

The commercial needs of the Group are the main priority and all tax planning will be undertaken in this context. All transactions must have a business purpose. Paying the "correct" amount of tax does not mean paying the maximum amount of tax due but that which results from careful evaluation of the particular facts and applicable legislation. Pinewood has controls and procedures in place to ensure that it pays what it believes to be the correct amount of tax.

MANAGEMENT OF UK TAX RISKS AND LEVEL OF RISK IN RELATION TO UK TAXATION THAT PINEWOOD IS PREPARED TO ACCEPT

Pinewood does not undertake artificial arrangements which would be regarded as abusive and high risk. However, as noted above, Pinewood's view of what this means may well be different from HMRC's view, which may ultimately only be settled by litigation. Tax risk will always arise when there is dispute between Pinewood and HMRC over the technical treatment of a particular issue; Pinewood assesses the risk of continuing to dispute any matters by weighing the facts and technical position against the impact on reputation, costs of litigation and any potential penalties, and the desire for certainty versus uncertainty. Apart from any areas of potential technical subjectivity, the governance controls and procedures in place and their constant monitoring ensure that tax returns are prepared in a low risk environment and give the Senior Accounting Officer sufficient comfort when certifying those controls and procedures. When Pinewood uses external advisors this is in order to ensure compliance with its tax obligations both within the UK and internationally.

APPROACH TOWARDS DEALINGS WITH HMRC

The Finance Team's strategy is to maintain an open relationship with HMRC in that it recognises that it is more productive for both parties to work together rather than adopt an adversarial approach. To this end, HMRC is aware of any one-off transactions before the tax returns containing those transactions are submitted. Any disagreements with HMRC have always been in respect of differing interpretations of how the law should be applied so there is mutual respect in our dealings with each other.