

PENDRAGON PLC INTERIM MANAGEMENT STATEMENT (ISSUED 19 April 2023)

This Interim Management Statement covers the period from 1 January 2023 to 31 March 2023. Unless otherwise stated, figures quoted in this statement are for the three months ended 31 March 2023 and the comparative period being the three months ended 31 March 2022.

- **Underlying Profit Before Tax of £23.0m, up 23.0%, or £4.3m vs. Q1 FY22 (£18.7m)**
- **Like-for-like Operating Profit of £37.3m, up 32.3% or £9.1m (up 32.2%, or £8.9m, total reported)**
- **Like-for-like Gross Profit up 11.9% (up 9.5% total reported)**
- **Like-for-like Operating Costs up 5.4% (up 2.6% total reported)**
- **Interest Costs up 51.7%**

The Group delivered a very strong performance across all divisions, resulting in underlying profit before tax of £23.0m, an increase of £4.3m (23.0%) compared to the prior year, with performance underpinned by the continued delivery of the Group's strategy. A 32.2% increase in operating profit more than offset the £4.6m impact of interest cost increases, resulting in an improved underlying profit before tax.

The Group's Motor Division performed well, with a 38.7% increase, or £7.9m, in operating profit, up from £20.4m in Q1 FY22 to £28.3m in Q1 FY23.

New vehicle volumes were 20.1% higher than the prior year on a like-for-like basis, against a retail market up just 0.4% and a total market up 18.4%. The Group continued its focus on maximising margins through reduced levels of vehicle discounting, which, combined with manufacturers focussing on production of higher margin models, resulted in new vehicle gross profit per unit ("GPU") of £2,686, up 9.4% or £230 compared to Q1 FY22. New gross profit was up 31.2% on a like-for-like basis compared to prior year.

Like-for-like used vehicle volumes were up 14.0% as the Group capitalised on its omni-channel capabilities driven by the successful re-launch of the CarStore.com website in mid-2022. The used GPU remains well above historic levels at £1,457, albeit this was 17.7% behind the strong Q1 2022 used GPU of £1,771 which still benefitted from the uniquely elevated market conditions.

Revenue and profitability in aftersales both grew considerably in the period, with a 20.5% increase in like-for-like revenue, driving a 17.5% increase in like-for-like gross profit for the division.

The Group's software business, Pinewood, delivered operating profit growth of 14.3% to £3.2m (Q1 FY22: £2.8m), driven by the combined impact of both UK and international user growth, and increases in the average revenue per user.

The Group's leasing business, Pendragon Vehicle Management (PVM), recorded an operating profit of £5.2m (Q1 FY22: £4.9m). Continued high demand for used vehicles resulted in strong residual values on end-of-lease disposals being maintained.

Operating costs increased by 5.4% on a like-for-like basis and by 2.6% in total, which reflects the continued focus on cost-saving initiatives which have helped to minimise the impact of the elevated levels of underlying cost inflation. Interest costs rose by £4.6m (51.7%), which was due to increases in vehicle funding and bank funding costs driven by the cumulative impact of base interest rate increases over the past 12 months.

Outlook

The Group is pleased with the strong start to the year that has been delivered in Q1, which was ahead of the Board's expectations. There are encouraging signs of improvement in production and supply of new vehicles, although used vehicle supply is expected to remain tight for the foreseeable future. The Group remains mindful of the macro-economic headwinds including the potential for further interest rate rises and

continued inflationary cost pressures, however as a result of the strong performance in Q1 it expects to comfortably outperform the Board's previous expectations for FY23.

Bill Berman, Chief Executive of Pendragon PLC, commented:

"I am delighted to report a very strong performance in the first quarter, which builds on the momentum we generated last year from the progress with our strategic and operational initiatives. We continued to trade strongly in UK Motor, across both new and used markets, and our performance shows the benefits of the strategy we have been pursuing in recent years. It is really encouraging to see all of the Group's divisions in growth, particularly when considering the ongoing challenges in the external operating environment. We are seeing improving signs in the production and supply of new cars and we are focused on continuing to deliver for our customers and OEM partners in the months ahead."

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