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THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take in relation to the contents of this letter, you are recommended to seek your own financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or transferred your ordinary shares in Pendragon PLC, please send this document at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, this letter should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

PENDRAGON PLC

(Incorporated in England and Wales under the Companies Act 1985 with registered no. 02304195)
Registered office: Loxley House 2 Oakwood Court, Little Oak Drive, Annesley Nottingham,
Nottinghamshire, NG15 0DR

27 September 2022

To the shareholders of Pendragon PLC (“Pendragon” or the “Company”), persons with information rights and holders of securities convertible into, rights to subscribe for and options over shares in Pendragon

Dear Shareholder,

Announcement in respect of receipt of an unsolicited proposal regarding a possible offer for Pendragon

On 26 September 2022, Pendragon announced that, on 21 September 2022, it received an unsolicited, preliminary and highly conditional proposal from Hedin Mobility Group AB (the “**Hedin Group**”) regarding a possible cash offer for the entire issued and to be issued share capital of Pendragon at 29 pence per share (the “**Proposal**”).

In accordance with the requirements of Rule 2.11 of the City Code on Takeovers and Mergers (the “**Code**”), I enclose a copy of the announcement (the “**Announcement**”) released on 26 September 2022 by the Company in relation to the Proposal. A copy of this letter and the Announcement is also available on the Company’s website at www.pendragonplc.com. The content of this website is not incorporated into, and does not form part of, this letter.

Although the Announcement has put the Company into an "offer period" under the Code, there can be no certainty that any firm offer will be made by the Hedin Group, nor as to the terms on which any firm offer might be made. The Board of Pendragon is currently considering the Proposal together with its financial and legal advisers and will make a further announcement if and when appropriate. Shareholders are urged to take no action at this time.

Under Rule 8 of the Code, certain persons are required to make "opening position disclosures" and "dealing disclosures" during the offer period as part of the disclosure requirements under the Code. Pursuant to this, under Rule 8.3(a) any person who is interested in 1% or more of any class of relevant securities of the Company will be required to make such disclosures. A summary of the provisions of Rule 8.3 that may be relevant to you is set out in the Appendix to this letter.

Please note that details held by us in relation to you (including your address, electronic address and other information) may be provided to the Hedin Group or any other potential bidder during the offer period as required under Section 4 of Appendix 4 of the Code.

If you have any questions about this letter, the Announcement or any administrative issue, please contact the Company's registrars, Link Group, during business hours on 0371 664 0300 (or if calling from outside the UK, on +44 (0)371 664 0300). Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales. Or by submitting a request in writing at Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL.

Yours sincerely

Ian Filby
Chairman
PENDRAGON PLC

APPENDIX

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.