25 April 2024

Pinewood Technologies Group PLC

Results for the 13 month period ended 31 January 2024

- **Pinewood reports maiden results as a pure-play, Software-as-a-Service (SaaS) Group**
- **Strong double-digit growth in revenue and profit**
- **Continued global expansion of customer base and high levels of customer retention**

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 audited financial results for the 13 months ended 31 January 2024.

Group Financial Summary

	13m period ended 31 January 2024 (FY23)			**Year ended 31 December 2022 (FY22)**		
£m	**Continuing operations**	Discontinued operations	Total	**Continuing operations**	Discontinued operations	Total
Revenue	**24.5**	4,318.0	4,342.5	**19.1**	3,600.9	3,620.0
Gross Profit	**21.8**	485.4	507.2	**17.1**	440.1	457.2
Operating Profit before other income	**10.0**	105.8	115.8	**7.0**	86.3	93.3
Other income - profit on the sale of businesses and property, plant and equipment	**-**	41.8	41.8	**-**	7.7	7.7
Operating Profit	**10.0**	147.6	157.6	**7.0**	94.0	101.0
Interest	**(0.1)**	(65.7)	(65.8)	**-**	(43.8)	(43.8)
Profit Before Tax	**9.9**	81.9	91.8	**7.0**	50.2	57.2

The breakdown of continuing operations operating profit is as follows:

£m	**13m period ended 31 January 2024 (FY23)**	**Year ended 31 December 2022 (FY22)**
Pinewood Core Business[1]	13.8	11.0
PLC Costs	(2.8)	(2.5)
Legacy US Motor Business	(1.0)	(1.5)
Group Total	**10.0**	**7.0**

[1] Previously reported as Pinewood segment

Pro-forma Comparative Information – Continuing Operations

£m, unless stated	**13m period ended 31 January 2024 (FY23)**	**13m period ended 31 January 2023**	**% Change**
Revenue, including intercompany revenue[1]	32.0	27.7	15.5%
EBITDA[2]	15.6	12.4	25.8%
EBITDA Margin (%)[2]	48.8%	44.8%	4.0%
Profit Before Tax	9.9	7.7	28.6%

[1] Revenue includes intercompany amounts
[2] This is an Alternative Performance Measure (APM) – see note 8

Ian Filby, Chairman of Pinewood Technologies Group PLC, said:

"We are very pleased to be reporting the first set of financial results for Pinewood following the successful sale of Pendragon's UK Motor and Leasing divisions to Lithia Motors. Pinewood is a leading provider of cloud-based Dealer Management Software and we have made positive progress during the year to build on this market position. We have continued to expand our customer base while sustaining high levels of customer retention, which is reflected in a net user churn rate of c.2%. This contributed to strong growth in revenue and profit in the period.

"We are excited by the opportunity that lies ahead for Pinewood as a standalone business. Following the transaction with Lithia, the business is in a robust financial position and is well positioned for growth through product innovation, user growth in existing territories and accessing the North American market in partnership with Lithia through a joint venture agreement. We are confident in the quality of our products and our market proposition, and we are looking forward to making further progress in the year ahead."

Note: Following the announcement on 30 June 2023 of Ian Filby's decision to stand down as non-executive chairman, the Board has not yet appointed a successor, primarily due to the process of disposing of the UK Motor and leasing divisions, which took priority in the second half of 2023 and in early 2024 and hence Ian has continued as Chairman.

Continuing Operations Financial Highlights (FY23 was a 13 month period, FY22 was a 12 month period)

- Statutory revenue up 28.3% to £24.5m (FY22: £19.1m).
- Revenue including intercompany revenue[1] up 26.0% to £32.0m (FY22: £25.4m), driven by both inflation-linked price increases and an increase in international users.
- Statutory gross profit up 27.5% to £21.8m (FY22: £17.1m).
- Gross profit including intercompany gross profit[1] up 25.6% to £28.5m (FY22: £22.7m).
- Core Business operating profit up 25.5% to £13.8m (FY22: £11.0m).

Operational Highlights

- Total users increased by 4% to 33,100.
- Strong global expansion continuing:
    - Record high international users at c.7,000, up 9%.
    - New implementations in Denmark and Luxembourg.
    - Expansion of the direct sales model in Asia Pacific.
- Continued high levels of customer retention with net user churn of c.2%, as the rate at which existing customers increased users was nearly sufficient to offset gross churn.
- Pinewood continues to build a strong partnership with Volkswagen AG and Porsche, which led to initial user implementations with large international dealer groups in both the European and the Asia Pacific market.

Strategy

- Transformation into a pure-play Software-as-a-Service (SaaS) Group following the sale of the UK Motor and Leasing divisions
- Materially enhanced opportunity for growth following creation of standalone SaaS business
- Entered into a strategic partnership with Lithia Motors Inc, post period-end, creating access to the North American Market, through a £10m Joint Venture investment
- We are looking forward to rolling out our system across the Lithia network in both the UK and US
- Pinewood continued to demonstrate its growth potential, with further growth in both user numbers and expansion into new geographies
- Post period end, the Group announced a £358m return of capital to shareholders, by way of a special dividend of 24.5p.
- Pinewood will host a Capital Markets Day in October 2024, with more details to be provided in due course.

Outlook

- We have had a good start to FY24 and although the broader macro-economic environment remains challenging, particularly in the UK, we do not envisage these as having a material impact on trading
- Our order bank of new customers remains strong and we are in discussions with a number of potential new customers both in the UK and internationally
- Whilst it remains early into the new financial year, the Board is confident in the prospects for the Group and expects FY24 to be in line with current market expectations.

[1] This is an Alternative Performance Measure (APM) – see note 8

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_FY.

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

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Chief Executive's Review

A comprehensive strategic review was completed by the Board and its advisors during FY23 in order to unlock the potential in the Group's share price and to return value to the Group's shareholders and other stakeholders. This review resulted in the disposal of the UK Motor and Leasing segments, together with the debt and pension liabilities of the Group, which culminated in a fantastic deal for our shareholders. The transformation strategy which enables Pinewood to become a pure-play SaaS business, is an incredibly exciting prospect. Pinewood was bought by Pendragon in 1998 and, under our ownership, has steadily grown to become a profitable, high margin business and, importantly, we have developed a product that is market-leading, not just in the UK, but globally.

The fact that Pinewood has a genuine cloud-based automotive retail system sets it apart from the vast majority of its competitors and means that the work done by our development team can be continuously rolled out across our customer base in 21 countries, with no disruption to our customers. This has enabled rapid international expansion of our universal core product, providing the same solution whatever the location. Our levels of functionality are significantly higher than most of the current automotive retail system providers, both at an individual store level but also at a Group management level, enabling larger Groups to achieve additional control and efficiency savings.

Although Pinewood was established c.40 years ago, we are treating this next phase of Pinewood's expansion similar to that of a start-up. The removal of barriers to accessing large parts of the UK customer base that existed under Pendragon's ownership will facilitate rapid growth in the UK as well as accelerating our international expansion.

Our international growth has historically been driven by two main routes. Firstly, through our sales teams, who have enabled us to reach a significant number of new countries in the last few years. Secondly, through our manufacturer partners which we have very strong relationships with. In a number of countries, manufacturers have mandated Pinewood as the system of choice, where all retailers in a particular brand have to have the Pinewood system installed.

On top of this, we have an exciting new driver of growth through our strategic partnership with Lithia and we are looking forward to installing our system across their network in the US and UK. Initially, the key pieces of work relating to expanding in the US are focused on integrations with manufacturer systems and other third party 'layered apps' that are widely used in the US market. The development work will be done by our UK-based development team. Once we are in a position to test in the US, it is likely we will run the Pinewood system in parallel with current systems in pilot locations before starting a full rollout across Lithia's US stores. Given the relatively early stage of development, exact timings have not been confirmed, although we are aiming to be testing in pilot locations in H1 FY25.

Finally, the past and future success of the Group is strongly linked to the outstanding Pinewood team. The development team have built a world-class product that is continually evolving and enabling dealerships to thrive in an ever-changing auto retail landscape. In addition to this, the sales teams have worked tirelessly to expand the business while being supported by the back-office and admin teams. The low team turnover is testament to a dynamic environment and a world class product and we look forward to growing the team as we expand both in the UK and abroad.

Bill Berman
Chief Executive
25 April 2024

Business Review

The business was historically organised into 3 segments, analysed as follows:

- Software –Software as a Service provision to global automotive business users
- UK Motor – Discontinued segment
- Leasing – Discontinued segment

Software – Pinewood

Described above as 'Pinewood Core Business'.

Revenue and gross profit include intercompany amounts.

£m	H1 FY23	H2 FY23	FY23	H1 2022	H2 2022	FY22	Change %
Revenue including intercompany amounts[1]	14.5	17.5	**32.0**	12.4	13.0	**25.4**	26.0%
Gross Profit including intercompany amounts[1]	12.9	15.6	**28.5**	11.1	11.6	**22.7**	25.6%
Gross margin rate	89.0%	89.1%	**89.1%**	89.5%	89.2%	**89.4%**	-0.3%
Core Business Operating Expenses	(6.4)	(8.3)	**(14.7)**	(5.6)	(6.1)	**(11.7)**	25.6%
Core Business Operating Profit[1]	6.5	7.3	**13.8**	5.5	5.5	**11.0**	25.5%
Operating margin rate	44.8%	41.7%	**43.1%**	44.4%	42.3%	**43.3%**	-0.2%

[1] This is an Alternative Performance Measure (APM) – see note 8
Note: FY23 is a 13 month period ended 31 January 2024 and FY22 is the year ended 31 December 2022

A more detailed breakdown of the Pinewood Core Business financials for FY23 can be seen below:

£m	Contribution from Pendragon	Contribution from external customers	**Pinewood PLC standalone result**	Share of Pendragon Group Overheads	**Pinewood segment as a reported in Pinewood Group accounts**
Revenue including intercompany amounts[1]	7.5	24.5	**32.0**	-	**32.0**
Gross Profit including intercompany amounts[1]	6.7	21.8	**28.5**	-	**28.5**
Core Business Operating Expenses	(2.4)	(12.0)	**(14.4)**	(0.3)	**(14.7)**
Core Business Operating Profit[1]	**4.3**	**9.8**	**14.1**	**(0.3)**	**13.8**

[1] This is an Alternative Performance Measure (APM) – see note 8

A more detailed breakdown of the Pinewood Core Business financials for FY22 can be seen below:

£m	Contribution from Pendragon	Contribution from external customers	**Pinewood PLC standalone result**	Share of Pendragon Group Overheads	**Pinewood segment as a reported in Pinewood Group accounts**
Revenue including intercompany amounts[1]	6.3	19.1	**25.4**	-	**25.4**
Gross Profit including intercompany amounts[1]	5.6	17.1	**22.7**	-	**22.7**
Core Business Operating Expenses	(2.1)	(9.3)	**(11.4)**	(0.3)	**(11.7)**
Core Business Operating Profit[1]	**3.5**	**7.8**	**11.3**	**(0.3)**	**11.0**

[1] This is an Alternative Performance Measure (APM) – see note 8

- As part of the transaction with Lithia Motors, Inc., Lithia UK have signed a contract to install the Pinewood system.
- The contract is for an initial three year period, which then goes onto a rolling 12 month basis.
- Strong international growth driven by expansion of the direct sales model and new implementations in Europe.
- Strong partnerships with strategic OEMs.

Strategy delivery – Grow and diversify Pinewood

As part of its historic Group strategy presentation, Pendragon announced its plan to ‘grow and diversify Pinewood’. This included the key objectives of:

- Growing the international user base by 80% and the total user base by 10%; and,
- Further product extension enabling turn-key digital automotive retail solutions.

In FY23 Pinewood continued to focus on both elements of the 'grow and diversify' strategy.

- Grow: strong international growth continued in FY23 with new implementations in Denmark and Luxembourg as well as an expansion of the direct sales model in Asia Pacific. The UK and Ireland market continued to grow both in terms of users and revenues.

- Diversify: development of the core product continues. New products designed to support digital automotive retail are being developed to benefit both Lithia UK / Pendragon and the wider customer base. Moreover, Pinewood’s strategic partnership with Lithia is expected to unlock significant opportunities in the North American Market.

Operating Review

Pinewood is a software business that provides Software as a Service (“SaaS”) in the UK and in a number of countries worldwide.

The automotive retail system market for Franchised Motor Dealers is estimated to be worth over £100 million in the UK. Two providers dominate the UK market. The global automotive retail system market which is highly fragmented, is estimated to be worth approximately £3.8bn, with over 50 different providers within Europe alone.

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

- a single product capable of global deployment, which simplifies future developments to the system and reduces operating costs;
- a feature-rich cloud-based solution, with no need for costly third-party add-ons;
- 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. Whilst the former Pendragon dealers (now part of Lithia UK) remain important customers to Pinewood, as Pinewood has grown, Pendragon’s proportion of the Pinewood total user base has been diluted to c. 15% with intra-group charging maintained at a competitive market rate.

During FY23, overall user numbers increased by 4% to c.33,100 with the expansion delivered both internationally as well as in the UK and Ireland. Across Pinewood’s international markets there was a 9% net increase in user numbers to a record high of c.7,000 users. International user growth in FY23 was particularly strong in Europe with Pinewood benefiting from new implementations in Denmark and Luxembourg.

In addition, Pinewood has further growth aspirations in the Asia Pacific region and has incorporated a subsidiary in Japan and begun to recruit a local Japanese team. This team are involved in the current implementations taking place in the Porsche dealerships in Japan.

Pinewood’s growth benefits not just from sales to new customers but also from the expansion of its existing customer base. In FY23 net user churn in the UK and Ireland (excluding Pendragon) was less than 2%, as the rate at which existing customers grew users was nearly sufficient to fully offset gross churn.

In FY23 Pinewood increased its investment in the platform as development capex rose to £6.8m with 81% of development costs being capitalised (FY22 82%). 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 security.

There has also been good further progress in terms of OEM support at an international level. Pinewood continues to build a strong partnership with Volkswagen AG and Porsche, which has enabled constructive dialogue and, in some cases, initial user implementations with large international dealer groups in both the European and the Asia Pacific market.

Financial Review

Total revenues including intercompany revenue increased by 26.0% to £32.0m compared to FY22.

Gross profit including intercompany gross profit increased by 25.6% to £28.5m. The gross margin was broadly flat compared to the prior period, following the one-off transition to more extensive use of Microsoft Azure at the end of FY21.

Core Business operating expenses increased by £3.0m or 25.6% compared to FY22. In FY23 the amortisation charge of £5.2m made up over a third of operating costs. Alongside rising personnel costs, the higher amortisation charge drove the operating cost increase, both reflecting increased investment in the development of the platform and Pinewood's operational capabilities.

As a result of these movements, Core Business operating profit was £13.8m, an increase of 25.5% compared to FY22.

UK Motor

Following the sale of the UK Motor division to Lithia Motors, Inc on 31 January 2024, the UK Motor segment is now a discontinued operation.

Leasing – Pendragon Vehicle Management

Following the sale of the Leasing division to Lithia Motors, Inc on 31 January 2024, the Leasing segment is now a discontinued operation.

Disposal of UK Motor and Leasing segments

On 31 January 2024, the UK Motor and Leasing segments, together with related central support functions, were disposed of to Lithia Motors, Inc. for £377.5m. As a result, these segments have been presented as discontinued operations. The revenue and gross profit from discontinued operations in the period was £4,318.0m (FY22: £3,600.9m) and £485.4m (FY22: £440.1m) respectively. The operating profit from discontinued operations, which included the profit on disposal of businesses and property, plant and equipment, was £147.6m (FY22: £94.0m).

The UK Motor and Leasing segments that were disposed of, were trading broadly in line with management expectations for the 13 month period prior to the sale to Lithia Motors, Inc.

The sale to Lithia Motors, Inc. resulted in a profit on disposal of £40.7m. Consideration was received in cash on 1 February 2024. As announced on 5 April 2024, the Group proposes to pay a special dividend to shareholders of 24.5p per share on 7 May 2024.

Pension

Following the sale of the UK Motor and Leasing divisions to Lithia Motors, Inc on 31 January 2024, all of the Group's pension obligations and liabilities have been assumed by Lithia.

Revolving Credit Facility (RCF)

The Group has a £10m RCF which matures in February 2027. This facility was arranged post period end in February 2024.

CONSOLIDATED INCOME STATEMENT
FOR THE 13 MONTH PERIOD ENDED 31 JANUARY 2024

	Note	13m period ended 31 Jan 2024 £m	Year ended 31 Dec 2022 £m
Continuing operations			
Revenue		**24.5**	19.1
Cost of sales		**(2.7)**	(2.0)
Gross profit		**21.8**	17.1
Operating expenses		**(11.8)**	(10.1)
Operating profit		**10.0**	7.0
Finance expense		**(0.1)**	-
Finance income		**-**	-
Net finance costs		**(0.1)**	-
Profit before taxation		**9.9**	7.0
Income tax expense		**(1.6)**	(1.3)
Profit for the period/year from continuing operations		**8.3**	5.7
Discontinued operations			
Profit for the period/year from discontinued operations, net of tax *		**73.4**	39.8
Profit for the period/year		**81.7**	45.5
Earnings per share			
Basic earnings per share	2	**117.0p ** **	65.4p
Diluted earnings per share	2	**117.0p ** **	63.0p
Earnings per share – continuing operations			
Basic earnings per share	2	**11.9p ** **	8.2p
Diluted earnings per share	2	**11.9p ** **	7.9p

* The discontinued operations in the 13m period to 31 January 2024 and the year ended 31 December 2022 are in respect of the Group's motor and leasing businesses.

** The Basic earnings per share and diluted earnings per share measure for the current period/year apply to continuing and total operations.

On 5 April 2024, the Company announced that it would undertake a capital reorganisation whereby 1 new Ordinary Share of 100 pence each will be issued for every 20 existing Ordinary Shares of 5 pence each. This is an adjusting post balance sheet event and therefore the earnings per share calculations for the current period and prior period financial statements have been presented reflecting the revised number of shares post the capital reorganisation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 13 MONTH PERIOD ENDED 31 JANUARY 2024

	13m period ended 31 Jan 2024 £m	Year ended 31 Dec 2022 £m
Profit for the period/year	**81.7**	45.5
Other comprehensive income/(expense)		
Items that will never be reclassified to profit and loss:		
Defined benefit plan remeasurement (losses)/gains	**(11.3)**	8.2
Income tax relating to defined benefit plan remeasurement gains / (losses)	**2.3**	(1.6)
	(9.0)	6.6
Items that are or may be reclassified to profit and loss:		
Foreign currency translation differences of foreign operations	**(0.1)**	0.5
	(0.1)	0.5
Other comprehensive (expense)/income for the period/year, net of tax	**(9.1)**	7.1
Total comprehensive income for the period/year	**72.6**	52.6

Total comprehensive income for the period attributable to equity shareholders of the Group arises from:		
Continuing operations	**8.2**	6.2
Discontinued operations	**64.4**	46.4
	72.6	52.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 13 MONTH PERIOD ENDED 31 JANUARY 2024

	Share capital £m	Share premium £m	Capital redemption reserve £m	Other reserves £m	Translation reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2023	69.9	56.8	5.6	12.6	0.5	135.6	**281.0**
Total comprehensive income for 13m period ended 31 January 2024							
Profit for the period	-	-	-	-	-	81.7	**81.7**
Other comprehensive expense for the period, net of tax	-	-	-	-	(0.1)	(9.0)	**(9.1)**
Total comprehensive income for the period	-	-	-	-	(0.1)	72.7	**72.6**
Issue of ordinary shares	3.3	-	-	-	-	(3.3)	**-**
Share based payments	-	-	-	-	-	5.9	**5.9**
Reserve realised due to re-organisation	-	-	-	(12.6)	-	12.6	**-**
Income tax relating to share based payments	-	-	-	-	-	(0.1)	**(0.1)**
EBT consideration on repurchased shares	-	-	-	-	-	1.0	**1.0**
Balance at 31 January 2024	73.2	56.8	5.6	-	0.4	224.4	**360.4**
Balance at 1 January 2022	69.9	56.8	5.6	12.6	-	80.7	**225.6**
Total comprehensive income for 2022							
Profit for the year	-	-	-	-	-	45.5	**45.5**
Other comprehensive income for the year, net of tax	-	-	-	-	0.5	6.6	**7.1**
Total comprehensive income for the year	-	-	-	-	0.5	52.1	**52.6**
Share based payments	-	-	-	-	-	3.3	**3.3**
Income tax relating to share based payments	-	-	-	-	-	(0.1)	**(0.1)**
Own shares issued by EBT	-	-	-	-	-	0.1	**0.1**
Own shares purchased by EBT	-	-	-	-	-	(0.5)	**(0.5)**
Balance at 31 December 2022	69.9	56.8	5.6	12.6	0.5	135.6	**281.0**

CONSOLIDATED BALANCE SHEET
AT 31 JANUARY 2024

	Note	**31 Jan 2024 £m**	31 Dec 2022 £m
Non-current assets			
Property, plant and equipment		**1.1**	515.9
Goodwill		**0.3**	144.6
Other intangible assets		**13.8**	12.4
Finance lease receivables		**-**	14.8
Deferred tax assets		**-**	11.6
Total non-current assets		**15.2**	699.3
Current assets			
Inventories		**-**	620.3
Trade and other receivables		**420.8**	115.7
Finance lease receivables		**-**	2.4
Current tax assets		**0.3**	3.3
Cash and cash equivalents	3	**47.4**	171.9
Assets classified as held for sale		**-**	6.1
Total current assets		**468.5**	919.7
Total assets		**483.7**	1,619.0
Current liabilities			
Bank overdraft		**-**	(102.5)
Interest bearing loans and borrowings	4	**(93.0)**	(1.7)
Lease liabilities	4	**(0.4)**	(20.0)
Trade and other payables		**(22.0)**	(812.0)
Deferred income		**(6.5)**	(38.2)
Total current liabilities		**(121.9)**	(974.4)
Non-current liabilities			
Interest bearing loans and borrowings	4	**(0.2)**	(91.0)
Lease liabilities	4	**(0.6)**	(197.9)
Trade and other payables		**-**	(35.7)
Deferred income		**-**	(36.4)
Deferred tax		**(0.6)**	-
Retirement benefit obligations	5	**-**	(2.6)
Total non-current liabilities		**(1.4)**	(363.6)
Total liabilities		**(123.3)**	(1,338.0)
Net assets		**360.4**	281.0
Capital and reserves			
Called up share capital		**73.2**	69.9
Share premium account		**56.8**	56.8
Capital redemption reserve		**5.6**	5.6
Other reserves		**-**	12.6
Translation reserve		**0.4**	0.5
Retained earnings		**224.4**	135.6
Total equity attributable to equity shareholders of the Company		**360.4**	281.0

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 13 MONTH PERIOD ENDED 31 JANUARY 2024

	Note	13m period ended 31 Jan 2024 £m	Year ended 31 Dec 2022 £m
Cash flows from operating activities			
Profit for the period/year		**81.7**	45.5
Adjustment for taxation		**10.1**	11.7
Adjustment for net financing expense		**65.8**	43.8
		157.6	101.0
Depreciation and amortisation		**30.7**	33.5
Share based payments		**5.9**	3.3
Profit on disposal of own shares by EBT		**0.5**	-
Profit on sale of business and property, plant and equipment		**(41.8)**	(7.7)
Impairment of goodwill		**-**	3.6
Impairment of property, plant and equipment		**-**	1.2
Contribution into defined benefit pension scheme		**(14.2)**	(13.1)
Changes in inventories		**38.5**	(119.8)
Changes in trade and other receivables		**(44.9)**	(15.2)
Changes in trade and other payables		**38.7**	150.8
Movement in contract hire vehicle balances		**(57.3)**	(20.9)
Cash generated from operations		**113.7**	116.7
Taxation paid		**(6.6)**	(1.4)
Bank and stocking interest paid		**(45.4)**	(25.5)
Bank interest received		**1.9**	-
Lease interest paid		**(16.2)**	(14.7)
Finance lease interest received		**1.0**	1.0
Net cash from operating activities		**48.4**	76.1
Cash flows from investing activities			
Proceeds from sale of business net of fees paid		**1.3**	3.9
Fees paid in advance of business 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		**(40.2)**	(44.3)
Proceeds from sale of property, plant, equipment and intangible assets		**11.0**	13.3
Receipt of lease receivables		**2.4**	2.0
Net cash used in investing activities		**(47.4)**	(25.1)
Cash flows from financing activities			
Payment of lease liabilities		**(19.0)**	(22.2)
Repayment of loans		**(4.0)**	(90.5)
Proceeds from issue of loans (net of directly attributable transaction costs)		**-**	93.8
Disposal of shares by EBT		**-**	0.1
Purchase of shares by EBT		**-**	(0.5)
Net cash outflow from financing activities		**(23.0)**	(19.3)
Net (decrease)/increase in cash and cash equivalents		**(22.0)**	31.7
Cash and cash equivalents at 1 January		**69.4**	37.6
Effects of exchange rate changes on cash held		**-**	0.1
Cash and cash equivalents at 31 January 2024 / 31 December 2022	3	**47.4**	69.4

NOTES
1. Basis of Preparation

Pinewood Technologies Group PLC (the 'Group') is domiciled in England. The address of the Group's registered office is Loxley House, 2 Oakwood Court, Little Oak Drive, Annesley, Nottinghamshire, NG15 0DR. These condensed consolidated financial statements of the Group as at and for the period ended 31 January 2024 consist of the consolidation of the financial statements of the Group and its subsidiaries and the Group's interest in jointly controlled and associated entities.

These condensed consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards (IAS). They do not include all the information required for full annual statements and should be read in conjunction with the 2023 Annual Report.

The Board of Directors approved the condensed consolidated financial statements on 25 April 2024. They are not statutory accounts within the meaning of section 435 of the Companies Act 2006.

The Group's financial statements for the period ended 31 January 2024 were approved by the Board on 25 April 2024. They have been reported on by the Group's auditors and will be delivered to the registrar of companies in due course. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors 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.

The comparative figures for the financial year ended 31 December 2022 have been extracted from the statutory accounts for that financial year. Those accounts have been reported on by the Group's auditor. The report of the auditor (i) was unqualified and (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report.

In presenting continuing and discontinuing operations, it was necessary to reconsider the allocation of expenses to the segments that are now classified as a discontinued operation. Only those expenses which will cease to be incurred on disposal of the discontinued operations are presented within discontinuing operations i.e. corporate overhead expenses will continue to be incurred and are therefore recognised within continuing operations within the Consolidated Statement of Comprehensive Income. The full costs associated with the crystallisation of long-term incentive plans (LTIPs) have been included within discontinued operations given that the sale was the trigger for the LTIPs ending earlier than scheduled. As disclosed in the directors' remuneration report, the Group will discuss with shareholders the design and costs associated with any future LTIPs.

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 Directors have considered the potential impact of a 10% reduction in revenue. Given the Group's activity is Software as a Service (SaaS), with net customer 'churn' of c.2%, as well as annual price increases for all customers that are out of their initial three year contract, this is a severe but plausible downside scenario. When the 10% revenue reduction was applied in FY24, the Group was still forecast to generate £2.9m of cash in the year.

The Group meets its day-to-day working capital requirements from operating in a net cash position and being a highly cash generative business. As at 31 January 2024, the Group had cash of £47.4m and debt of £93.2m. Following receipt of the proceeds from the sale of the UK Motor and Leasing business and repayment of the debt on 1 February 2024, the group had net cash of £372.3m. This will be used to pay a special dividend of £358.4m on 7 May 2024. The Group is forecasting a cash inflow of £5.9m in FY24. The Group also has access to a £10m RCF, which expires in February 2027 and is not forecast to be utilised in the forecast period.

In the context of the above, the directors have prepared cash flow forecasts for the period to 30 April 2025 which indicate that, taking account of reasonably possible downsides, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Directors have modelled scenarios as follows:

1. A base cash flow forecast. The 2024 figures in this forecast are based on the Group's FY24 budget, which reflect current run-rates and expected strategic improvements. The 2024 figures in the base cash flow forecast are based on the 2024 budget.

2. A severe, but plausible downside scenario. The directors have also prepared a sensitised forecast which considers the impact of a 10% reduction in revenue when compared to the base case. In this scenario, the Group would remain cash generative.

The Directors are mindful of the potential impacts to macro-economic conditions but after assessing the risks do not believe there to be 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.

Adoption of new and revised standards

In 2023 the following amendments had been endorsed by the UK became effective and therefore were adopted by the Group.

- IFRS 17 Insurance Contracts – this has not had a significant impact on the Group's consolidated financial statements.

Other standards

A number of new standards, amended standards and interpretations are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The following new standards, amended standards and interpretations are not expected to have 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 agreement
- Amendments to IAS 21 – Lack of Exchangeability

2. Earnings per share

	13 month period ended 31 Jan 2024	**13 month period ended 31 Jan 2024**	Year ended 31 Dec 2022	Year ended 31 Dec 2022
	Earnings per share Pence	**Earnings total £m**	Earnings per share Pence	Earnings total £m
Basic earnings per share from continuing operations	**11.9**	**8.3**	8.2	5.7
Basic earnings per share from discontinued operations	**105.1**	**73.4**	57.2	39.8
Basic earnings per share	**117.0**	**81.7**	65.4	45.5
Diluted earnings per share from continuing operations	**11.9**	**8.3**	7.9	5.7
Diluted earnings per share from discontinued operations	**105.1**	**73.4**	55.1	39.8
Diluted earnings per share	**117.0**	**81.7**	63.0	45.5

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

	13 month period ended 31 Jan 2024 Number	Year ended 31 Dec 2022 Number
Weighted average number of ordinary shares in issue	**69.8**	69.6
Weighted average number of dilutive shares under option	**-**	2.6
Weighted average number of shares in issue taking account of applicable outstanding share options	**69.8**	72.2
Non-dilutive shares under option	**-**	1.0

On 5 April 2024, the Company announced that it would undertake a capital reorganisation whereby 1 new Ordinary Share of 100 pence each will be issued for every 20 existing Ordinary Shares of 5 pence each. This is an adjusting post balance sheet event and therefore the earnings per share calculations for the current period and prior period financial statements have been presented reflecting the revised number of shares post the capital reorganisation.

3. Cash and cash equivalents

	Carrying value & fair value 31 Jan 2024 £m	Carrying value & fair value 31 Dec 2022 £m
Bank balances and cash equivalents	**47.4**	69.4
Cash and cash equivalents in the Balance Sheet	**47.4**	171.9
Bank overdrafts repayable on demand and used for cash management in the Balance Sheet	**-**	(102.5)
Cash and cash equivalents in the statement of cash flows	**47.4**	69.4

Bank overdrafts reflect the aggregated overdrawn balances of Group companies (even if those companies have other positive cash balances).

4. Summary of borrowings

	Carrying value & fair value 31 Jan 2024 £m	Carrying value & fair value 31 Dec 2022 £m
Non-current:		
Senior Finance Agreement (SFA)	**-**	90.8
Other loan notes	**0.2**	0.2
Lease liabilities	**0.6**	197.9
Total non-current	**0.8**	288.9
Current:		
Senior Finance Agreement (SFA)	**93.0**	1.7
Bank overdraft	**-**	102.5
Lease liabilities	**0.4**	20.0
Total current	**93.4**	124.2
Total borrowings	**94.2**	413.1

5. Business disposals

On 31 January 2024 the Group disposed of its entire motor retail and leasing business together with related central support functions, to Lithia UK Holding Limited for a consideration of £377.5m, resulting in a profit on disposal of £40.7m. Consideration was received in cash on 1 February 2024.

Net assets at the date of disposal	**Total net book value £m**
Assets held for sale	**305.4**
Bank balances and cash in hand	**15.3**
	320.7
Profit on sale of businesses	**40.7**
Total proceeds	**361.4**

Proceeds on sale comprise	
Proceeds on sale satisfied by cash and cash equivalents - received 1 February 2024	**377.5**
Transaction fees	**(16.1)**
	361.4

On 2 October 2023, the Boards of Directors of Pendragon and of Lithia Motors, Inc. announced that they had agreed the terms of a proposed sale by Pendragon Group Holdings Limited of the entire issued share capital of Pendragon NewCo 2 Limited which will hold, either directly or indirectly through its wholly-owned subsidiaries, the Company's entire UK motor business and leasing business, to Lithia UK Holding Limited, a wholly-owned subsidiary of Lithia Motors, Inc. for a gross aggregate consideration of £397m, subject to certain financial adjustments including settlement the Group's net debt (borrowings less cash in hand and at bank), settlement of any intercompany balances and provision for a working capital facility for the remaining group, as of 31 January 2024 and a subscription for new ordinary shares in Pinewood Technologies Group Plc totalling £30.0m.

Consideration analysis

Total consideration	**397.0**
Share subscription in Pinewood Technologies Group Plc by Lithia UK Holding Limited	**(30.0)**
Base consideration	**367.0**
Adjustment for settlement of net debt	**37.8**
Settlement of inter group balance	**(28.0)**
Working capital adjustment	**0.7**
Proceeds recognised on sale	**377.5**

During the earlier part of the 13m period ending 31 January 2024 the Group disposed of a single motor vehicle dealership business for net proceeds of £1.3m which resulted in a loss on disposal of £0.1m. During the previous year the Group disposed of its DAF businesses of £3.2m and realising a profit of £0.3m on disposal and received a further £0.7m in the form of deferred consideration relating to the sale of the US businesses in 2021.

6. Pension funds

The Group operated a number of defined benefit and defined contribution plans during the period. At the balance sheet date, the Group had disposed of its defined benefit plan, and its obligations under any defined contribution arrangements in respect of the majority of its employees were similarly disposed of with the departure of those Group employees on the sale of the Group's interests in the motor and leasing divisions. The Group also operated a Group Personal Pension Plan which is a defined contribution plan where the assets are held by the insurance Group under a contract with each individual.

7. 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 KPIs 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 KPIs which reflect the performance on the basis that this provides a more relevant focus on the core business performance of the Group. As a result of the disposal, the group is now a pure play SaaS business and as such the alternative performance measures used have changed, with comparatives also provided. The Group has been using the following KPIs on a consistent basis and they are defined and reconciled as follows:

Revenue including intercompany revenue – is reconciled in the annual accounts to the nearest GAAP measure.

13 month period ended 31 January 2024	**Continuing operations £m**
Revenue including intercompany amounts	32.0
Inter-segment revenue	(7.5)
Revenue from external customers	24.5
Operating profit	10.0
Finance expense	(0.1)
Finance income	-
Segmental profit before tax	9.9

Year ended 31 December 2022	**Continuing operations £m**
Revenue including intercompany amounts	25.4
Inter-segment revenue	(6.3)
Revenue from external customers	19.1
Operating profit	7.0
Finance expense	-
Finance income	-
Segmental profit before tax	7.0

Gross profit including intercompany gross profit – is reconciled in the annual accounts to the nearest GAAP measure.

Core business operating profit – is reconciled in the annual accounts to the nearest GAAP measure.

Core business operating expenses – is reconciled in the annual accounts to the nearest GAAP measure.

Continuing operations EBITDA – Continuing operations earnings before Interest, Tax, Depreciation and Amortisation.

EBITDA Margin (%) – Continuing operations EBITDA divided by Revenue, including intercompany revenue

8. Post balance sheet events

The sale of the Motor and Leasing business to Lithia UK Holding Limited was concluded on 31 January 2024. The consideration for the sale of £377.5m was received on 1 February 2024. At the same time the Senior Term Finance Agreement, with an outstanding principal balance of £93m was repaid and the existing Revolving Credit Facility of £75m was cancelled. A new £10m RCF was agreed on 14 February 2024 expiring February 2027. On 1 February 2024 a further 279,388,880 were issued to Lithia Motors, Inc. for a consideration of 10.7377 pence per share, totalling £30.0m pursuant to the business disposal agreement. Also on 1 February 2024 the Group, through its Pendragon North America Automotive, Inc. subsidiary, made a £10m investment into a joint venture agreement with PNA Holding LLC (a subsidiary of Lithia Motors Inc.) in Pinewood North America LLC.