

Pinewood Technologies Group PLC

H1 FY24 Results

2nd October 2024

Agenda

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Bill Berman

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Ollie Mann

3. Operating Highlights & Strategy

Bill Berman

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Bill Berman

1. Introduction

Transformation into a pure-play Software-as-a-Service (SaaS) business

- ❑ Pinewood reports first half year results as a pure-play, Software-as-a-Service (SaaS) Group
- ❑ Double-digit growth in revenue and gross profit
- ❑ Successful start to system roll-out in remaining Lithia UK stores
- ❑ Restructuring of UK sales team has taken place to maximise UK market penetration
- ❑ Long term partner Lithia Motors unlocks North America for our market leading system - discovery and planning stage of the Lithia US rollout started in H1 FY24

❑ We will share our long-term strategy and financials to 2030 at our Capital Markets Event on 24th October 2024

Pinewood overview



Pinewood Technologies Group PLC today (established 1981)

-  A leading Automotive Retail System
-  High user loyalty
-  High recurring revenue streams
-  Experienced, developer orientated, workforce
-  Deep industry partnerships with 50 OEM brands

End-to-end, omnichannel, automotive capability provider



A leading Automotive Retail System

- ☐ Pure cloud based software designed around customers and design for rapid scale
- ☐ Our system is used in 21 countries by over 34,000 users focused on UK, Europe and Asia



High user loyalty

- ☐ < 2% avg net user churn over the last 3 years



Recurring revenue streams

- ☐ Consistent growth in revenue and high, stable gross margins
- ☐ c.85% of revenue is recurring
- ☐ Pinewood delivers a compelling financial profile



Experienced workforce

- ☐ Headcount of c.263 employees of which c.50% are software developers



Partnerships with 50 OEM Brands

- ☐ Long-standing partners
- ☐ Enables transformation of customer experience, improved efficiency and increased profitability

2. Financial Review

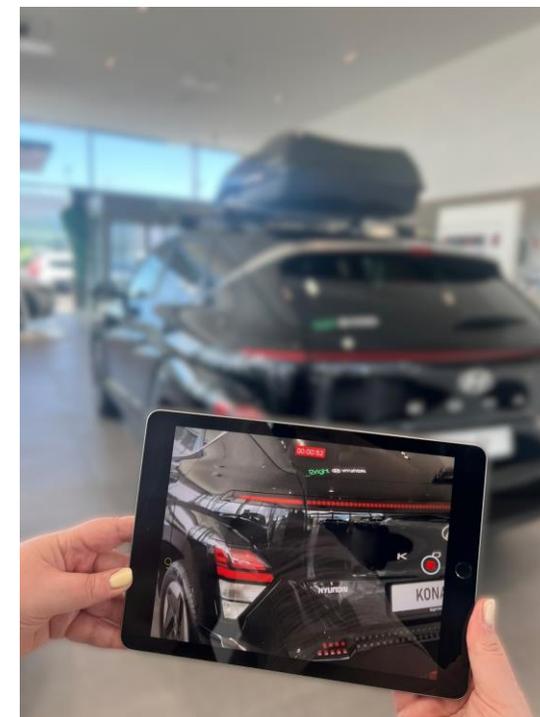
Financial Review – Statutory Income Statement

£m Underlying Income Statement	H1 FY24 ¹			H1 FY23 ¹		
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Revenue	16.1	-	16.1	11.0	2,079.0	2,090.0
Gross Profit	14.5	-	14.5	9.8	241.0	250.8
Gross Margin %	90.1%	-	90.1%	89.1%	11.6%	12.0%
Operating Costs	(10.5)	-	(10.5)	(5.2)	(181.9)	(187.1)
Operating Profit	4.0	-	4.0	4.6	59.1	63.7
Interest	-	-	-	-	(27.0)	(27.0)
Profit Before Tax	4.0	-	4.0	4.6	32.1	36.7

Underlying EBITDA **6.9**

7.0

¹ H1 FY24 is the 6 month period to the end of Jul-24 and H1 FY23 is the 6 month period to end Jun-23



Underlying Operating Profit split	H1 FY24	H1 FY23
Pinewood Core Business	5.6	6.5
PLC Costs	(1.4)	(1.4)
US Motor	(0.2)	(0.5)
	4.0	4.6

- Business segments disposed of to Lithia shown as discontinued
- Pinewood Core Business operating profit reduced to £5.6m from £6.5m due to planned cost investment
- Pinewood Core Business is the Pinewood division as previously reported

Financial Review – Comparative Information – Continuing Operations

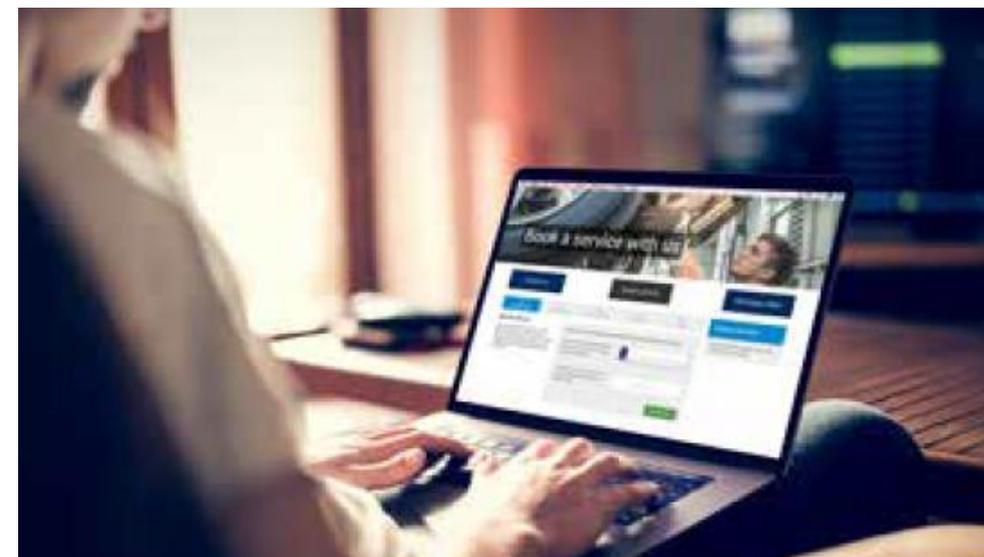
£m unless stated	H1 FY24 ¹	H1 FY23 ¹	Change
Revenue²	16.1	14.5	11.0%
Gross Profit ²	14.5	12.9	12.4%
Underlying EBITDA	6.9	7.0	-1.4%
Underlying EBITDA Margin (%)	42.9%	48.3%	-540bps
Underlying Profit Before Tax	4.0	4.6	-13.0%

¹ H1 FY24 is the 6 month period to the end of Jul-24 and H1 FY23 is the 6 month period to end Jun-23

² Revenue and Gross Profit includes intercompany amounts in H1 FY23

- Double digit Revenue and Gross Profit growth
- Revenue up by 11.0% and Gross Profit up by 12.4%

- Underlying EBITDA only down by £0.1m despite significant cost investment in Pinewood Core Business



Financial Review – Non-underlying Items

£m	H1 FY24	H1 FY23
Within operating expenses:		
One-off transaction related costs	(1.0)	-
Share of US Joint Venture losses	(0.3)	-
Within discontinued operations	-	(0.3)
	(1.3)	(0.3)
Within finance income:		
Interest receivable on cash held at bank	4.3	-
	4.3	
Total non-underlying items before tax	3.0	(0.3)
Non-underlying items in tax	(0.9)	-
Total non-underlying items before tax	2.1	(0.3)

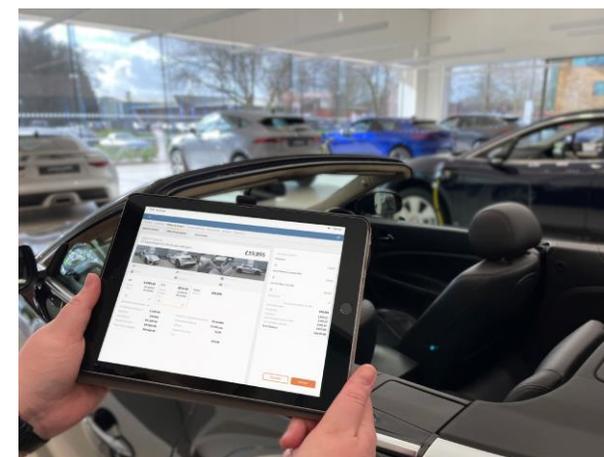
- ❑ £1.0m of one-off transaction related costs:
 - ❑ Costs relating to transaction dividend and share consolidation
 - ❑ Stock exchange costs for issuing new shares
 - ❑ Advisor costs
- ❑ £0.3m costs relating to share of US Joint Venture losses
- ❑ £4.3m of interest received while the Lithia transaction dividend was being finalised



Financial Review – Balance Sheet

£m	Jul-24	Jan-24
Property, plant & equipment	1.8	1.1
Goodwill	0.3	0.3
Investment in equity undertaking	9.7	-
Other Intangible Assets	14.9	13.8
Receivables	16.6	421.8
Payables	(10.5)	(24.0)
Deferred Income	(6.7)	(6.5)
Net Tax Balances	(2.1)	(0.3)
Cash / (Debt)	13.0	(45.8)
Shareholders Funds	37.0	360.4

- ❑ Cash received from Lithia transaction on 1st Feb
- ❑ Lithia transaction special Dividend of £358.4m paid in May 2024
- ❑ Intangible asset of £14.9m relates to capitalised development costs
- ❑ Cash of £13.0m is pre strategic investment in Seez AI made in September 2024 of US\$4.2m (c.£3.1m)



3. Operating Highlights & Strategy

Operational Highlights

- ❑ Revenue increased by 11.0% to £16.1m (c.85% recurring)
- ❑ Gross profit up by £12.4% to £14.5m, with GP margins up 1.1% to 90.1%
- ❑ Underlying EBITDA of £6.9m (H1 FY23: £7.0m)
- ❑ Total users increasing by 3.6% to 34,300
- ❑ 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
- ❑ Restructuring of UK sales team has taken place to maximise UK market penetration – impact should start to be seen in FY25
- ❑ Discovery and planning stages of the Lithia US rollout started in H1 FY24, which is expected to be completed during H2 FY24
- ❑ \$US 4.2m investment in automotive AI company, Seez, in September 2024



Strategy – Capital Markets Day

- ❑ **Pinewood will host a Capital Markets Day on 9am on 24th October 2024 at etc venues, Convene, 133 Houndsditch, London. EC3A 7BX**
- ❑ Where there will be a full strategy update including financials out to FY30
- ❑ The strategy update on Capital Markets Day will include some of the discovery work done by a subject matter expert consultant on the North American automotive market
- ❑ To register your interest in attending the event, please contact Headland Consultancy (pinewood@headlandconsultancy.com)

Strategy – Lithia Partnership

- ❑ **Strategic Partnership with Lithia Motors, Inc. remains key - creating access to the North American market through US Joint Venture**
 - ❑ Engagement with North American OEMs underway
 - ❑ Development work starting by end of FY24
 - ❑ Piloting in Lithia US stores in H2 FY25 and Q1 FY26
 - ❑ Rollout in Lithia US stores starting in FY26
 - ❑ **Lithia's existing US presence** – c.320 dealers and c.18,000+ users
 - ❑ **Size of opportunity in North America** – 21,000 dealers



4. Outlook

Outlook

- ❑ We have had a good start to FY24, with particular focus on the 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 within 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 (£7.8m).