

**PENDRAGON PLC trading update
(ISSUED 7 October 2021)**

Strong performance in Q3 and upgrade to full-year underlying PBT expectation

Pendragon PLC (the "Group") today provides a trading update and increases underlying profit before tax guidance for the full year to 31 December 2021 from approximately £55.0m - £60.0m to approximately £70.0m.

Performance has remained strong during the third quarter, with the shortfalls in new vehicle supply mitigated by strong gross profit per units in both new and used cars, as well as cost and efficiency savings delivered under the Group's strategy implementation.

The level of new vehicle order-take has remained robust throughout the quarter and remains above the same period last year. However, the well-documented challenges to new car supply, combined with lower levels of opening inventory, have resulted in a reduction in the level of vehicle deliveries achieved. The market for new car registrations, as reported by SMMT, is down by 34.4% year-on-year in the important plate-change month of September, with a number of the volume brands which we represent being more heavily impacted. Whilst supply has remained a challenge, new car margins have remained strong as a result of these supply shortages, and have also helped to mitigate the volume shortfall.

In used cars, we continue to see benefits from the improvements delivered as a result of the strategic changes we have made and our sourcing advantages, as well as unprecedented tailwinds in used car margins. Combined, this has resulted in used car gross profit being ahead of our expectations during September.

We remain cautious about potential further disruption from Covid-19 to both our local markets and global supply chains, and, despite our broad range of sourcing channels, the impact from ongoing shortfalls in both new and used vehicle supply for the remainder of this financial year. Whilst we also continue to expect a realignment of used vehicle margins over time, we expect these to remain strong for the remainder of this financial year, providing us with some mitigation to lower new vehicle volumes in particular.

Our strong year to date financial performance, together with these factors, means that we now expect Group underlying profit before tax for FY21 to be approximately £70.0m. The Board continues to believe the Group's strategy positions it well to respond to the ongoing market uncertainty and to capitalise on any resultant opportunities.

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