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This document comprises a supplementary circular prepared in accordance with the Listing Rules for the purposes of the General Meeting of Pendragon plc (the “**Company**” or “**Pendragon**”) convened pursuant to the Notice of General Meeting set out at the end of this document and is supplemental to and must be read in conjunction with the circular dated 20 September 2023 (“**Original Circular**”) previously sent to Shareholders for the purposes of the general meeting of the Company convened pursuant to the notice of general meeting set out at the end of the Original Circular (the “**Original General Meeting**”).

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your Ordinary Shares, please forward this document, together with any accompanying documents, as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or otherwise transfer or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and consult the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected as to the action you should take.

The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. Any person (including, without limitation, custodians, nominees and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document and/or any accompanying documents to any jurisdiction outside the United Kingdom should seek appropriate advice before taking such action.

Pendragon plc

(Incorporated in England and Wales with registered number 02304195)

Supplement to the circular dated 20 September 2023 in connection with the proposed disposal of Pendragon NewCo 2 Limited, Strategic Partnership with Lithia, change of company name to Pinewood Technologies plc

and

Notice of General Meeting

This document (including the information incorporated by reference) is supplemental to, and should be read in conjunction with, the Original Circular, which has been published on the Company’s website (www.pendragonplc.com).

Your attention is drawn to the letter from the Chairman of the Company which is set out in (*Letter from the Chairman of Pendragon plc*) of this document and which contains the unanimous recommendation from the Board that you vote in favour of the Resolutions (as described in (*Letter from the Chairman of Pendragon plc*) of this document) to be proposed at the General Meeting. The Transaction (as amended by the Transaction Amendments (as described in (*Letter from the Chairman of Pendragon plc*) of this document)) will not take place unless the Resolutions are passed at the General Meeting.

The General Meeting will be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 25 October 2023 and the Notice of General Meeting is set out in Part 8 (*Notice of General Meeting*) of this document. The Original General Meeting was held at the offices of CMS Cameron McKenna Nabarro Olswang

LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 6 October 2023 and was opened and adjourned immediately for the reasons set out in (*Letter from the Chairman of Pendragon plc*) of this document and Shareholders were asked not to attend the Original General Meeting.

If you have completed and returned a Form of Proxy, appointed a proxy electronically via the Proxymity platform, registered an online proxy appointment or completed and transmitted a CREST proxy instruction pursuant to the notice of general meeting set out at the end of the Original Circular, please note that these votes will be disregarded and will not be counted in respect of the Resolutions.

Whether or not you intend to attend the General Meeting in person, we request that you submit your vote electronically by logging on to <https://www.mypendragonshares.com> using the Investor Code and following the instructions ("**Electronic Filing**") so as to be received not later than 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting). If you have not done so already, you will need to register your account using your Investor Code, which can be found on your share certificate and is available from the registrar, Link Group. In order to vote online, you will need to visit <https://www.mypendragonshares.com> and use your Investor Code to log in or register.

Alternatively, you can vote via the LinkVote+ app (please refer to the notes to the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document).

If you are an institutional investor you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io and refer to the notes to the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar, Link Group, not later than 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).

Alternatively, you may request a Form of Proxy from the registrar, Link Group.

If you have any questions about this document or the General Meeting or you wish to request a Form of Proxy, please email Link Group at shareholderenquiries@linkgroup.co.uk or you may call the Link Group shareholder helpline between 9.00 a.m. and 5.30 p.m. (London (UK) time) Monday to Friday (excluding public holidays in England and Wales) on 0371 664 0300 (from the UK – calls to this number from the UK are charged at the standard geographic rate and will vary by provider) or +44 (0) 371 664 0300 (from overseas – calls outside the UK will be charged at the applicable international rate). Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Transaction (as amended by the Transaction Amendments). Details of how to submit a Form of Proxy and the deadline for receipt, are set out in the notes to the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document.

Jefferies International Limited ("**Jefferies**" or the "**Sponsor**"), which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company as sponsor and financial adviser and for no-one else in connection with the Transaction (as amended by the Transaction Amendments). Jefferies will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to the Transaction (as amended by the Transaction Amendments), the content of this document or any other transaction, arrangement or matters described in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Jefferies by FSMA or the regulatory regime established thereunder, neither Jefferies, nor any of its respective affiliates accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by it or them, or on its or their behalf, in connection with the Company or the Transaction (as amended by the Transaction Amendments), and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Jefferies and its affiliates accordingly disclaim, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to above in this paragraph) which it or they might otherwise have in respect of this document or any such statement.

A summary of the action to be taken by Shareholders is set out on page 14 in paragraph 8 of Part 1 (Letter from the Chairman of Pendragon plc) of this document and in the notes to the Notice of General Meeting set out in Part 8 (Notice of General Meeting) of this document.

For a discussion of certain risk factors which should be taken into account when considering what action you should take in connection with the General Meeting, please see Part 2 (Risk Factors) of this document and A (Risk Factors) of the Original Circular.

To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Without prejudice to the documents incorporated by reference into this document, the contents of the website of the Company and any website directly or indirectly linked to that website do not form part of this document and should not be relied upon.

Unless otherwise defined in Part 7 (*Definitions*) of this document, capitalised terms have the meaning ascribed to them in (*Definitions and Glossary*) of the Original Circular. To the extent that there is any inconsistency between a defined term in this document and a defined term contained in the Original Circular, the defined term in this document will prevail.

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

Nothing in this document or any subsequent communications from the Company, Jefferies or any of their respective affiliates are to be construed as legal, financial or tax advice. Each Shareholder should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.

This document is dated 9 October 2023.

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IMPORTANT NOTICES

Information regarding forward-looking statements

This document and the information incorporated by reference into this document contains statements which are, or may be deemed to be, “forward-looking statements” which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on intentions, beliefs or current expectations and projections about future events, and concerning, among other things, the business, results of operations, prospects, growth and strategies of, the Company, the Group, the Disposal Group or the Continuing Group, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as “plans”, “expects”, “is expected”, “is subject to”, “budget”, “scheduled”, “estimates”, “forecasts”, “goals”, “intends”, “anticipates”, “believes”, “targets”, “aims”, “hopes”, “continues” or “projects”. Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company’s, the Group’s, the Disposal Group’s or the Continuing Group’s operations; and (c) the effects of economic conditions on the Company’s, the Group’s, the Disposal Group’s or the Continuing Group’s business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Company, the Group, the Disposal Group or the Continuing Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company, the Group, the Disposal Group or the Continuing Group to differ materially from the expectations of the Company, the Group, the Disposal Group or the Continuing Group include, among other things, general political, business and economic conditions, industry and market trends, competition, changes in government and changes in law, regulation and policy, including in relation to taxation as well as political and economic uncertainty (including, but not limited to, the Ukraine-Russia conflict), stakeholder perception of the Company, the Group, the Disposal Group or the Continuing Group and/or the sectors or markets in which it operates and other factors discussed in Part 2 (Risk Factors) of this document and in A (Risk Factors) of the Original Circular. Such forward-looking statements should therefore be construed in light of such factors. Any information contained in this document on the price at which shares or other securities in the Company have been bought or sold in the past, or on the yield on such shares or other securities, should not be relied upon as a guide to future performance.

Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

The statements above relating to forward-looking statements should not be construed as a qualification on the Company’s working capital statement in paragraph 15 of (Additional Information) of the Original Circular.

Other than in accordance with its legal or regulatory obligations (including under the requirements of the FCA, the London Stock Exchange, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR), neither the Company nor the Sponsor is under any obligation to, and each of the Company and the Sponsor expressly disclaims any intention or obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Rounding

Percentages in tables have been rounded and accordingly may not add up to 100 per cent. certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Currencies

In this document and the information incorporated by reference into this document, references to “£”, “sterling” or “pounds sterling” are to the lawful currency of the United Kingdom.

No profit forecast or profit estimate

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings, earnings per share or income, for the Company, the Group, the Disposal Group or the Continuing Group, as appropriate, for the current or future financial years will necessarily match or exceed the historical published earnings, earnings per share or income for the Company, the Group, the Disposal Group or the Continuing Group, as appropriate.

PART 1 LETTER FROM THE CHAIRMAN OF PENDRAGON PLC

Pendragon plc

(a company incorporated in England & Wales with registered number 02304195)

Directors

Ian Francis Filby (*Non-Executive Chairman*)
William Berman (*Chief Executive Officer*)
Dietmar Exler (*Senior Independent Director*)
Nicola Karen Flanders (*Non-Executive Director*)
Brian Michael Small (*Non-Executive Director*)
Mark Simon Willis (*Chief Finance Officer*)
Jemima Bird (*Non-Executive Director*)

Registered and head office:

Loxley House 2 Oakwood Court
Little Oak Drive
Annesley
Nottinghamshire
NG15 0DR

9 October 2023

Dear Shareholder,

Proposed disposal of Pendragon NewCo 2 Limited, Strategic Partnership with Lithia, change of company name to Pinewood Technologies plc and Notice of General Meeting

1. Introduction

On 18 September 2023, the Company announced the conclusion of the Board's strategic review, which was expected to result in a value maximising transformation of the Company into Pinewood Technologies plc. In order to achieve this, the Company announced on 18 September 2023 that it had entered into, or would enter into, a series of agreements with Lithia UK Holding Limited that would result in its exit from its UK motor business (sale and servicing of vehicles in the UK) and leasing business (fleet and contract hire provider and used vehicle supply) and at the same time would begin a broader strategic partnership to accelerate the growth in Pinewood, Pendragon's dealer management systems business.

To effect this, the Company announced on 18 September 2023 that it had entered into an agreement for the sale by Pendragon Group Holdings Limited ("**PGHL**") of the entire issued share capital of Pendragon NewCo 2 Limited which will hold, either directly or indirectly through its wholly-owned subsidiaries, the Business, to Lithia UK Holding Limited for a gross aggregate consideration of £250 million (subject to certain financial adjustments) (the "**Original Consideration**").

On 20 September 2023, the Company published the Original Circular providing details of the Transaction.

Subsequently, on 20 September 2023, the Company announced that it had received and unanimously rejected an unsolicited and preliminary proposal from Hedin Mobility Group AB (publ) ("**Hedin**") and PAG International Ltd. ("**Penske**") to jointly acquire the entire issued and to be issued share capital of Pendragon for 28 pence per Ordinary Share, in cash (the "**Hedin and Penske Proposal**"). This announcement put the Company into an Offer Period (as defined in and pursuant to the City Code on Takeovers and Mergers (as amended from time to time) (the "**Code**"). On 22 September 2023, the Company announced that it had received a further unsolicited proposal from Hedin and Penske to jointly acquire the entire issued and to be issued share capital of Pendragon for 32 pence per Ordinary Share, in cash (the "**Revised Hedin and Penske Proposal**"). On 4 October 2023, Hedin and Penske jointly announced that they did not intend to make an offer for the Company in accordance with Rule 2.8 of the Code, subject to certain circumstances permitted by the Code whereby a statement pursuant to Rule 2.8 of the Code may be set aside, and accordingly the Revised Hedin and Penske Proposal was withdrawn.

On 26 September 2023, the Company announced that it had also received an unsolicited proposal from AutoNation, Inc. ("**AutoNation**") to acquire the entire issued and to be issued share capital of Pendragon for 32 pence per Ordinary Share, in cash (the "**AutoNation Proposal**") (the AutoNation Proposal together with the Revised Hedin and Penske Proposal, the "**Potential Competing Offers**"). As at the date of this document, the AutoNation Proposal does not constitute a "firm offer" within the meaning of Rule 2.7 of the

Code, and, as set out in the Company's announcements in relation to the AutoNation Proposal, there can be no certainty that an offer will be made or as to the terms of any offer, if made. As previously announced, in accordance with Rule 2.6(a) of the Code, AutoNation is required, by not later than 5.00 p.m. on 24 October 2023, either to announce a firm intention to make an offer for the Company in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline may be extended with the consent of the Takeover Panel in accordance with Rule 2.6(c) of the Code.

Further to the publication of the Original Circular and the announcements of the Potential Competing Offers, on 2 October 2023 Pendragon, PGHL and Lithia entered into a supplemental deed to the Sale Agreement (the "**Supplemental Deed**"), pursuant to which the parties have agreed to certain amendments to the terms of the Transaction, as set out below (the "**Transaction Amendments**"):

- The Original Consideration has been increased from £250 million, as set out in paragraph 1.3 (*Considerations and adjustments*) of Part 3 (*Principal Terms and Conditions of the Transaction*), to £367 million (representing a £117 million improvement to the Original Consideration), by way of amendment to the Sale Agreement. This is in addition to the £30 million that Lithia will pay to Pendragon for the Subscription Shares, which remains unchanged.
- Each of the OEM Condition and the CMA Condition in the Sale Agreement, as set out in paragraph 3 (*Principal terms and conditions of the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) and paragraph 1.2 (*Timing, conditions and termination*) of Part 3 (*Principal Terms and Conditions of the Transaction*) of the Original Circular have been waived with immediate effect, such that completion of the Disposal is now no longer conditional on the satisfaction of the OEM Condition or the CMA Condition.
- Lithia has agreed to pay the first £3.0 million of employer's National Insurance contributions due on the LTIP Awards, an increase of £0.5 million to the previous £2.5 million as set out in paragraph 8 (LTIP) of Part 6 (*Additional Information*) of the Original Circular.

Other than as noted above, all other conditions and terms as set out in paragraph 3 (*Principal terms and conditions of the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*), paragraph 1.2 (*Timing, conditions and termination*) of Part 3 (*Principal Terms and Conditions of the Transaction*) and paragraph 8 (LTIP) of Part 6 (*Additional Information*) of the Original Circular remain unchanged.

In summary, the Transaction Amendments provide Shareholders with a total value per Ordinary Share comprising:

- (a) 24.5 pence in cash, (representing an 8 pence increase to the Transaction Dividend of 16.5 pence as set out in paragraph 1 (*Introduction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular and representing an aggregate amount of £358 million) to be received by way of a dividend to be paid following Transaction Completion (the "**Increased Transaction Dividend**");
- (b) a retained c.83.3 per cent. ownership in the continuing Pendragon business (including Pinewood) (the "**Continuing Group**"), valued initially at c.10.3 pence per Ordinary Share on a fully-diluted basis as set out in paragraph 2 (*Background to and reasons for the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular; and
- (c) an indirect interest in the North American joint venture valued initially at c.0.6 pence per Ordinary Share as set out in paragraph 2 (*Background to and reasons for the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

Accordingly, in aggregate, Shareholders will initially receive (either directly through the Increased Transaction Dividend (save for Lithia who will not participate in the Increased Transaction Dividend in respect of the Subscription Shares) or via their retained interest in Pendragon) the equivalent of approximately 35.4 pence per Ordinary Share, representing an increase of 8 pence to the 27.4 pence set out in paragraph 2 (*Background to and reasons for the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular, with further significant upside expected from the Strategic Partnership.

Other than as noted above, all other terms and conditions of the Transaction, including the expected timing of Transaction Completion, are set out in (*Principal Terms and Conditions of the Transaction*) of the Original Circular and remain unchanged.

2. Background to and reasons for this document

As a result of (a) the materiality of the Transaction Amendments; (b) the AutoNation Proposal; (c) the adjournment of the Original General Meeting; (d) the amendments to the Listing Rules Resolution (as defined below) and (e) the addition of the Rule 21.1 Resolution (as defined below), the Company has published this document in accordance with Listing Rule 10.5.4.

The purpose of this document is to provide Shareholders with (a) the updated information contained in the announcements made by the Company on 26 September 2023 in respect of the AutoNation Proposal and on 2 October 2023 in respect of the Transaction Amendments; (b) notice of the adjournment of the Original General Meeting and the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document; and (c) details of the procedure on how to vote on the Resolutions to be proposed at the General Meeting.

Frustrating action

The AutoNation Proposal does not constitute, as at the date of this document, a “firm offer” within the meaning of Rule 2.7 of the Code, and, as set out in the Company’s announcement in relation to the AutoNation Proposal, there can be no certainty that an offer will be made or as to the terms of any offer, if made.

However, in light of the AutoNation Proposal which was received subsequent to the publication of the Original Circular and given the impact of the Transaction Amendments on the ability of a potential offeror to make an offer for the Company, the Transaction Amendments would constitute “frustrating action” under Rule 21 of the Code, and therefore require the approval of the Shareholders.

Therefore, in addition to the relevant approvals required under the Listing Rules in respect of the Transaction (as amended by the Transaction Amendments) (the “**Listing Rules Resolution**”), it is a requirement of Rule 21.1 of the Code that the Transaction Amendments be conditional upon the approval of Shareholders and therefore an additional resolution is required to seek the approval of Shareholders for the purposes of Rule 21.1 of the Code (the “**Rule 21.1 Resolution**” and together with the Listing Rules Resolution, the “**Resolutions**”).

Adjournment of the Original General Meeting and the General Meeting

On 20 September 2023, the Company published the Original Circular providing details of the Transaction for the purposes of the Original General Meeting as required by the Listing Rules and convened pursuant to the notice of general meeting set out at the end of the Original Circular.

However, in light of the above, in addition to the Listing Rules Resolution, it is a requirement of Rule 21.1 of the Code that the Transaction Amendments be conditional upon the Rule 21.1 Resolution. **Therefore, the Original General Meeting (held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 6 October 2023) was opened and adjourned immediately and Shareholders were asked not to attend the Original General Meeting.**

Instead, the General Meeting is to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 25 October 2023 for the purpose of seeking your approval of the Resolutions. A notice convening the General Meeting, at which the Resolutions will be proposed, is set out in Part 8 (*Notice of General Meeting*) of this document. The Transaction is also subject to various other terms and conditions, which are summarised in paragraph 1.2 of Part 3 (*Principal Terms and Conditions of the Transaction*) of the Original Circular, as amended by this document.

Shareholders should note that if the Transaction (as amended by the Transaction Amendments) is approved and the Transaction (as amended by the Transaction Amendments) is completed, amongst other things, the Company will have disposed of its entire UK motor business and leasing business. The Board considers that this would likely result in the termination of the AutoNation Proposal or any other competing offer that may arise.

This document is supplemental to, and should be read in conjunction with, the Original Circular. The Company has prepared and published this document in accordance with:

- (a) Listing Rule 10.5.4, as the Directors regard (i) the Transaction Amendments; (ii) the AutoNation Proposal; (iii) the adjournment of the Original General Meeting; (iv) the amendments to the Listing Rules Resolution; and (v) the addition of the Rule 21.1 Resolution to be a material change and/or a material new matter for the purposes of Listing Rule 10.5.4 affecting matters the Company was required to disclose in the Original Circular; and
- (b) Rule 21.1 of the Code, as the Transaction Amendments would constitute “frustrating action” under the Code, and as such require the approval of Shareholders.

To the extent that there is any inconsistency between a statement in this document and a statement contained in the Original Circular, the statement in this document will prevail.

Revised expected timetable of principal events

The following revised expected timetable of principal events replaces the Expected Timetable of Principal Events set out on page 3 of the Original Circular:

	<i>Time and/or Date⁽¹⁾⁽²⁾⁽³⁾</i>
Publication of this document including the Notice of General Meeting	9 October 2023
Latest time and date for receipt of Form of Proxy, CREST Proxy Instructions and electronic registration of proxy appointment	10.00 a.m. on 23 October 2023
Record time for entitlement to vote at the General Meeting	6.00 p.m. on 23 October 2023
General Meeting	10.00 a.m. on 25 October 2023
Expected date of Transaction Completion (subject to Shareholder approval)	Q4 2023
Expected date of Increased Transaction Dividend (subject to Transaction Completion)	Q1 2024

Notes:

- (1) All references in this document and any accompanying document to time are to London (UK) time, unless otherwise stated.
- (2) The timetable set out above and referred to throughout this document and any accompanying document may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be announced to Shareholders through a Regulatory Information Service.
- (3) The timing of Transaction Completion is dependent upon, amongst other things, the passing of the Resolutions at the General Meeting and the satisfaction of the FCA Condition, and, if there is any delay in the passing of the Resolutions or satisfaction of the FCA Condition, the expected date of Transaction Completion may change. The date of Transaction Completion may also be changed by agreement between the relevant parties to any relevant agreement and, if so, an announcement will be made by the Company through a Regulatory Information Service.

3. Irrevocable undertakings

As a result of the requirement for the Rule 21.1 Resolution and the General Meeting, deeds of amendment to irrevocable undertakings have been received from (a) the Directors who hold interests in Ordinary Shares; and (b) other Shareholders who previously gave irrevocable undertakings in respect of the Transaction, in each case amending the previous irrevocable undertakings issued to the Company, details of which were disclosed in paragraph 12 (*Irrevocable Undertakings*) of Part 1 (*Letter from the Chairman of Pendragon plc*) and paragraph 11 (*Irrevocable Undertakings*) of Part 6 (*Additional Information*) of the Original Circular.

Directors’ Irrevocables

Deeds of amendment to irrevocable undertakings have been given by the Directors who hold interests in Ordinary Shares (other than Martin Casha who, as previously announced, resigned as a Director on 7 October 2023) representing, in aggregate, approximately 0.2 per cent. of the entire issued Ordinary Share capital of the Company as at 29 September 2023, to vote at the General Meeting in favour of the Resolutions (the “**Directors’ Irrevocables**”).

Shareholder Irrevocables

In addition to the Directors' Irrevocables, Shareholders who hold interests in Ordinary Shares representing, in aggregate, approximately 27.8 per cent. of the entire issued Ordinary Share capital of the Company as at 29 September 2023, have each irrevocably undertaken to vote at the General Meeting in favour of the Resolutions in respect of the Ordinary Shares to which they are beneficially entitled, on the following terms:

(a) Schroder Irrevocable

On 2 October 2023, Schroder Investment Management entered into a deed of amendment to the Schroder Irrevocable ("**Schroder Amendment**") pursuant to which Schroder Investment Management has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Schroder Amendment, the Schroder Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(b) Briarwood Irrevocable

On 2 October 2023, Briarwood Chase Management entered into a deed of amendment to the Briarwood Irrevocable ("**Briarwood Amendment**") pursuant to which Briarwood Chase Management has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Briarwood Amendment, the Briarwood Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(c) Hosking Irrevocable

On 2 October 2023, Hosking Partners entered into a deed of amendment to the Hosking Irrevocable ("**Hosking Amendment**"), pursuant to which Hosking Partners has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Hosking Amendment, the Hosking Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(d) Farringdon Irrevocable

On 2 October 2023, Farringdon Capital Management entered into a deed of amendment to the Farringdon Irrevocable ("**Farringdon Amendment**"), pursuant to which Farringdon Capital Management has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Farringdon Amendment, the Farringdon Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(e) Huntington Irrevocable

On 1 October 2023, Huntington Partners entered into a deed of amendment to the Huntington Irrevocable ("**Huntington Amendment**"), pursuant to which Huntington Partners has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Huntington Amendment, the Huntington Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(f) **Harwood Capital Management Irrevocable**

On 2 October 2023, Harwood Capital Management entered into a deed of amendment to the Harwood Irrevocable (“**Harwood Capital Management Amendment**”), pursuant to which Harwood Capital Management has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Harwood Capital Management Amendment, the Harwood Capital Management Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

(g) **Sir Nigel Rudd Irrevocable**

On 2 October 2023, Sir Nigel Rudd entered into a deed of amendment to the Sir Nigel Rudd Irrevocable (“**Sir Nigel Rudd Amendment**”), pursuant to which Sir Nigel Rudd has irrevocably undertaken to vote at the General Meeting in favour of the Resolutions.

Pursuant to the Sir Nigel Rudd Amendment, the Sir Nigel Rudd Irrevocable will terminate with immediate effect if a firm intention to make an offer for the entire issued and to be issued Ordinary Share capital of the Company is announced by a third party on a recommended basis pursuant to Rule 2.7 of the Code at a price of not less than 38 pence per Ordinary Share in cash.

4. Summary of the Disposal Group

Following the release of 2023 Interim Results, the below replaces paragraph 6 (*Summary of the Disposal Group*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

The Disposal Group is made up of the Company’s entire UK Motor and PVM divisions, as outlined in paragraph 6 (*Summary of the Disposal Group*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

Disposal Group Income Statement

	Year ended 31 December 2020 £m	Year ended 31 December 2021 £m	Year ended 31 December 2022 £m	Six months ended 30 June 2023 £m
Revenue	2,749.7	3,401.8	3,600.9	2,078.9
Cost of Sales	(2,435.0)	(2,982.4)	(3,160.8)	(1,837.9)
Gross profit	314.7	419.4	440.1	241.0
Operating expenses	(314.3)	(321.3)	(356.6)	(183.5)
Operating profit before other income	0.4	98.1	83.5	57.5
Other (expense)/income	(0.4)	1.8	7.7	(0.1)
Operating profit	–	99.9	91.2	57.4

Notes:

1. The income statements presented above are unaudited.
2. The income statements presented above exclude the impact of intercompany transactions between the Disposal Group and the Continuing Group.
3. The income statements presented above include the Disposal Group’s share of the Group’s corporate and head office costs in line with the actual allocations recognised historically through intercompany recharges. Total recharges recognised within the Disposal Group were £2.5 million, £3.0 million and £3.8 million in the years ended 31 December 2020, 2021 and 2022 respectively and £1.6 million in the six months ended 30 June 2023. Following the Transaction, the obligation for all retained corporate and head office costs will remain with the Continuing Group, which could result in a cost base materially different to that represented through the actual historical intercompany allocations.
4. The income statements presented above do not include an allocation of tax or finance expense / income as it is not possible to provide a meaningful allocation to the Disposal Group.

The financial information in this section has been extracted without material adjustment from Part 3 (Financial Information relating to the Disposal Group) of this document.

5. Summary of Pinewood Financial Review

Following the release of the 2023 Interim Results, the below replaces the corresponding Financial Review section contained in paragraph 7 (*Summary of Pinewood*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

Financial Review

Total revenues increased by 16.9 per cent. to £14.5 million compared to H1 FY22 (*H1 FY22: £12.4 million*). International DMS recurring revenues increased by 35 per cent., reflecting the underlying user growth and expansion of the direct sales model. UK and Ireland DMS recurring revenues (excluding Pendragon) increased by 12 per cent compared to H1 FY22, with Pinewood benefitting from user additions and low churn in FY23 as well as the impact of user growth from H2 FY22.

In addition to recurring revenue growth external DMS non-recurring revenues have doubled from H1 FY22, driven by implementation revenues from new customers.

Gross profit increased by 16.2 per cent. to £12.9 million (*H1 2022: £11.1 million*). There was a slight reduction in gross margins driven by increased hosting costs, in part as a result of the changing sales mix where smaller international markets cost more on a per user basis.

In order to facilitate investment in new functionality of the DMS platform, development expenditure rose to £3.7 million (*H1 2022: £3.3 million*), with c.80 per cent. of these development costs being capitalised. Substantial investments have also been made in platform architecture and security with greatly expanded use of the Microsoft Azure platform.

Operating costs increased by 14.3 per cent. compared to H1 FY22. The increase was driven by personnel costs and a higher amortization charge both reflecting ongoing increases in investment in the development of the software asset and Pinewood's operational capabilities. Further cost increases arose as a result of higher travel expenditure due to Pinewood's continued international growth.

As a result of these movements, operating profit was £6.5 million, an increase of 18.2 per cent. compared to H1 FY22 (*H1 FY22: £5.5 million*).

Unaudited income statements relating to Pinewood for the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023

	<i>Year ended</i> <i>31 December</i> <i>2020</i> <i>£m</i>	<i>Year ended</i> <i>31 December</i> <i>2021</i> <i>£m</i>	<i>Year ended</i> <i>31 December</i> <i>2022</i> <i>£m</i>	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2023</i> <i>£m</i>
Revenue	22.3	24.4	25.4	14.5
Cost of Sales	(1.8)	(1.9)	(2.7)	(1.6)
Gross profit	20.5	22.5	22.7	12.9
Operating expenses	(8.4)	(10.0)	(11.7)	(6.4)
Operating profit	12.1	12.5	11.0	6.5

Notes:

- The income statements presented above are unaudited.
- The Pinewood income statements presented above relate to the Software operating segment only and have been extracted without material adjustment from the 2022 Annual Report and Accounts, the 2021 Annual Report and Accounts and the 2023 Interim Results.
- The Continuing Group also includes the US Motor operating segment, which is excluded from the Pinewood income statements presented above. The US Motor operating segment was presented as a discontinued operation in the 2022 Annual Report and Accounts, the 2021 Annual Report and Accounts and the 2023 Interim Results.

For the six months ended 30 June 2023, the US Motor operating segment was no longer revenue generating and incurred an operating loss of £0.5 million. Following the Transaction, operating expenses incurred by the Continuing Group in relation to the US motor operating segment are expected to reduce as the business continues to wind down.

- The income statements presented above include the impact of intercompany transactions between Pinewood and the Disposal Group.

5. The income statements presented above include Pinewood's share of the Group's corporate and head office costs in line with the actual allocations recognised historically through intercompany recharges. Total recharges recognised within Pinewood were £0.3 million, £0.3 million, £0.3 million and £0.2 million in the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 respectively. This excludes the share of the Group's corporate and head office costs related to the US Motor operating segment (totalling £0.3 million, £0.1 million, £nil million and £nil million in the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023 respectively) which also forms part of the Continuing Group.
6. The income statements presented above do not include an allocation of tax or finance expense / income as it is not possible to provide a meaningful allocation to Pinewood.

6. Risk factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolutions, please see Part 2 (*Risk Factors*) of this document and Part 2A (*Risk Factors*) of the Original Circular.

7. Additional information

Your attention is drawn to the additional information set out in Part 6 (*Additional Information*) of this document. You are advised to read the whole of this document and the Original Circular and not just rely on the key summarised information in this letter.

8. Action to be taken

The Notice of General Meeting, to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10.00 a.m. on 25 October 2023 is set out in Part 8 (*Notice of General Meeting*) of this document.

The Company is seeking approval of the Resolutions at the General Meeting. Your support is important to us. Please vote on the Resolutions. Please read the notes to the Notice of General Meeting in 8 (*Notice of General Meeting*) of this document.

If you have completed and returned a Form of Proxy, appointed a proxy electronically via the Proximity platform, registered an online proxy appointment or completed and transmitted a CREST proxy instruction pursuant to the notice of general meeting set out at the end of the Original Circular please note that these votes will be disregarded and will not be counted in respect of the Resolutions.

You can vote electronically by logging on to <https://www.mypendragonshares.com> using the Investor Code and following the instructions ("**Electronic Filing**") so as to be received not later than 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting). If you have not done so already, you will need to register your account using your Investor Code, which can be found on your share certificate and is available from the registrar, Link Group (the "**Registrar**"). In order to vote online, you will need to visit <https://www.mypendragonshares.com> and use your Investor Code to log in or register.

Link Group, the Company's Registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store



GooglePlay



If you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 10.00 a.m. on 23 October 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.

If you are a CREST member, you may submit your proxy electronically through CREST. Details of how to do so are set out in the notes to the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be lodged by 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting) in order to be considered valid.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar, Link Group, not later than 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).

Alternatively, you may request a Form of Proxy from the Registrar, Link Group. Details of how to contact them, as well as details of how to submit a Form of Proxy and the deadline for receipt, are set out in the notes to the Notice of General Meeting set out in Part 8 (*Notice of General Meeting*) of this document.

The completion and return of a Form of Proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person should you wish to do so.

9. Financial advice

Pursuant to Rule 21.1(d) of the Code, the Board must obtain competent independent advice as to whether the financial terms of the Transaction Amendments are fair and reasonable and set out the substance of this advice, together with the Board's views on the Transaction Amendments. Please see paragraph 10 of this letter, entitled "Recommendation to Shareholders", below.

The Board has received financial advice from Jefferies in relation to the Transaction (as amended by the Transaction Amendments) and, in giving its financial advice to the Board, Jefferies has relied on the Board's commercial assessment of the Transaction (as amended by the Transaction Amendments).

The above replaces paragraph 16 (*Financial Advice*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

10. Recommendation to Shareholders

The Board considers that the Transaction (as amended by the Transaction Amendments) is in the best interests of Shareholders as a whole, the passing of the Listing Rules Resolution remains in the best interests of Shareholders as a whole and the passing of the Rule 21.1 Resolution is in the best interests of Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting. Moreover, the Board, who have been so advised by Jefferies as to the financial terms of the Transaction Amendments, consider the terms of the Transaction (as amended by the Transaction Amendments) to be fair and reasonable.

The above replaces paragraph 17 (*Recommendation to Shareholders*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.

Yours sincerely,

Ian Filby
Chairman

PART 2 RISK FACTORS

The Original Circular described the risks known to the Board as at the date of the Original Circular which were considered by the Board to be material in relation to the Transaction, as well as material risks to the Continuing Group which result from or will be impacted by the Transaction and the material risks to the Group if the Transaction were not to proceed. Save for the updated risk factor set out below, which has updated and replaces the risk factor set out paragraph 1.1 of Part 2A (Risk Factors) of the Original Circular to reflect that the CMA Condition has been waived by the Purchaser, the Board continues to consider these risks to be material in relation to the Transaction (as amended by the Transaction Amendments). However, these should not be regarded as a complete and comprehensive statement of all material risks which generally affect the Group. Additional risks and uncertainties not presently known to the Board, or that the Board considers immaterial, or that the Board considers material to the Group but will not be affected by the Transaction (as amended by the Transaction Amendments), may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance and future performance could be materially adversely affected. In such circumstances, the market price of the Ordinary Shares could decline and you may lose all or part of your investment.

The risk factors in the Original Circular and this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all the material risks which generally affect the Group. Further information on the material risks which generally affect the Group is set out in the 2022 Annual Report and Accounts.

The information given is as of the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, will not be updated.

You should carefully consider the specific factors and risks described in the Original Circular and below, together with all other information contained in this document and the Original Circular before deciding whether to vote in favour of the Resolutions at the General Meeting.

Risks relating to the Transaction (as amended by the Transaction Amendments)

Conditions to the Sale Agreement (as amended by the Supplemental Deed)

Completion of the Sale Agreement (as amended by the Supplemental Deed) is subject to, among other things, the approval of the Resolutions by Shareholders at the General Meeting and the satisfaction (or waiver if applicable) of the FCA Conditions.

There can be no assurance that the conditions precedent to the Sale Agreement (as amended by the Supplemental Deed) will be satisfied (or waived, if applicable) and, accordingly, that Transaction Completion will take place. If Transaction Completion does not occur, PGHL will not receive the cash proceeds (as amended by the Supplemental Deed) from the Disposal. In addition, the Subscription is conditional on completion of the Sale Agreement (as amended by the Supplemental Deed), and the North American Pinewood Opportunity will only complete immediately following Subscription Completion so the Company will forego the other benefits of the Transaction (as amended by the Transaction Amendments) as set out in this document and the Original Circular. Further, some transaction, restructuring and other costs incurred by the Group in connection with the Transaction (as amended by the Transaction Amendments) would be incurred without the receipt of the Disposal proceeds.

If Transaction Completion does not take place, any of the risks and uncertainties set out in paragraph 3 of Part 2A (Risk Factors) of the Original Circular may adversely affect the Group's business, results of operations, financial condition and prospects.

PART 3 FINANCIAL INFORMATION RELATING TO THE DISPOSAL GROUP

This Part 3 (*Financial Information relating to the Disposal Group*) below replaces Part 4 (*Financial Information relating to the Disposal Group*) of the Original Circular.

1. Nature of financial information

The following unaudited historical financial information relating to the Disposal Group has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the audited consolidated financial information of the Group for the period ended 30 June 2023 and the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the unaudited condensed interim financial information of the Group for the six months ended 30 June 2023. KPMG LLP was the auditor of the Group in respect of each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022, and the six months ended 30 June 2023. The consolidated statutory accounts for the Group in respect of each of the years ended 31 December 2020, 31 December 2021 and 31 December 2022 have been delivered to the Registrar of Companies. The auditor's reports in respect of those statutory accounts were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act.

The financial information in this Part 3 (*Financial Information relating to the Disposal Group*) does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

The financial information in this Part 3 (*Financial Information relating to the Disposal Group*) has been prepared using the accounting policies used to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 and the condensed interim financial information of the Group for the six months ended 30 June 2023.

Shareholders should read the whole of this document and not rely solely on the financial information in this Part 3 (*Financial Information relating to the Disposal Group*).

2. Unaudited income statements relating to the Disposal Group for the period ended 30 June 2023 and the years ended 31 December 2020, 31 December 2021 and 31 December 2022 and the six months ended 30 June 2023

	<i>Year ended</i> <i>31 December</i> <i>2020</i> <i>£m</i>	<i>Year ended</i> <i>31 December</i> <i>2021</i> <i>£m</i>	<i>Year ended</i> <i>31 December</i> <i>2022</i> <i>£m</i>	<i>Six months</i> <i>ended</i> <i>30 June</i> <i>2023</i> <i>£m</i>
Revenue	2,749.7	3,401.8	3,600.9	2,078.9
Cost of Sales	(2,435.0)	(2,982.4)	(3,160.8)	(1,837.9)
Gross profit	314.7	419.4	440.1	241.0
Operating expenses	(314.3)	(321.3)	(356.6)	(183.5)
Operating profit before other income	0.4	98.1	83.5	57.5
Other (expense)/income	(0.4)	1.8	7.7	(0.1)
Operating profit	–	99.9	91.2	57.4

Notes:

- The income statements presented above are unaudited.
- The income statements presented above exclude the impact of intercompany transactions between the Disposal Group and the Continuing Group.
- The income statements presented above include the Disposal Group's share of the Group's corporate and head office costs in line with the actual allocations recognised historically through intercompany recharges. Total recharges recognised within the Disposal Group were £2.5 million, £3.0 million and £3.8 million in the years ended 31 December 2020, 2021 and 2022 respectively and £1.6 million in the six months ended 30 June 2023. Following the Transaction, the obligation for all retained corporate and head office costs will remain with the Continuing Group, which could result in a cost base materially different to that represented through the actual historical intercompany allocations.
- The income statements presented above do not include an allocation of tax or finance expense / income as it is not possible to provide a meaningful allocation to the Disposal Group.

3. Unaudited statement of net assets relating to the Disposal Group as at 31 December 2022 and 30 June 2023

	<i>As at 31 December 2022 £m</i>	<i>As at 30 June 2023 £m</i>
Non-current assets		
Property, plant and equipment	515.8	517.7
Goodwill	144.3	144.3
Other intangible assets	0.2	0.3
Finance lease receivables	14.8	13.7
Retirement benefit surplus	–	2.6
Deferred tax assets	12.8	7.7
Total non-current assets	687.9	686.3
Current assets		
Inventories	620.3	602.7
Trade and other receivables	112.9	110.8
Finance lease receivables	2.4	2.3
Current tax assets	3.7	2.8
Cash and cash equivalents	167.8	267.2
Assets classified as held for sale	6.1	7.2
Total current assets	913.2	993.0
Total assets	1,601.1	1,679.3
Current liabilities		
Bank overdraft	(102.5)	(139.0)
Lease liabilities	(20.0)	(18.8)
Trade and other payables	(803.0)	(820.2)
Deferred income	(38.2)	(39.7)
Total current liabilities	(963.7)	(1,017.7)
Non-current liabilities		
Interest bearing loans and borrowings	(0.2)	(0.2)
Lease liabilities	(197.9)	(192.0)
Trade and other payables	(35.7)	(37.2)
Deferred income	(36.4)	(42.2)
Retirement benefit obligations	(2.6)	–
Total non-current liabilities	(272.8)	(271.6)
Total liabilities	(1,236.5)	(1,289.3)
Net assets	364.6	390.0

Notes:

1. The statement of net assets presented above is unaudited.
2. The Disposal Group statement of net assets presented above excludes the Group's Existing Facilities, comprising the Term Facility (£91.2 million at 30 June 2023 and £92.5 million at 31 December 2022) and Revolving Facility (undrawn at 30 June 2023 and 31 December 2022), in line with the legal obligation for the repayment of the Existing Facilities which will remain with the Continuing Group. However, the Existing Facilities will be settled by the Purchaser under the terms of the Transaction, through additional cash consideration as shown in Part 4 (*Unaudited Pro forma financial information relating to the Group*).

PART 4 UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE GROUP

This Part 4 (*Unaudited Pro Forma Financial Information relating to the Group*) below replaces Part 5 (*Unaudited Pro Forma Financial Information relating to the Group*) of the Original Circular.

SECTION A: UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. Introduction

The following unaudited pro forma statement of net assets relating to the Group has been prepared to illustrate the impact of the Transaction on the consolidated net assets of the Group, as if it had occurred on 30 June 2023 (the “**Unaudited Pro Forma Financial Information**”). The Unaudited Pro Forma Financial Information has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Listing Rule 13.3.3R and in a manner consistent with the accounting policies adopted by the Group.

The Unaudited Pro Forma Financial Information is shown for illustrative purposes only and because of its nature addresses a hypothetical situation. It does not represent what the Group’s financial position would actually have been if the Transaction completed on the indicated date and is not indicative of the results that may, or may not, be expected to be achieved in the future.

The Unaudited Pro Forma Financial Information set out in this section does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the pro forma financial information contained in this Part 4 (*Unaudited Pro Forma Financial Information relating to the Group*).

KPMG LLP’s report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part 4 (*Unaudited Pro Forma Financial Information relating to the Group*).

2. Unaudited pro forma statement of net assets relating to the Group as at 30 June 2023

	<i>Adjustments</i>				
	<i>Group as at 30 June 2023 £m Note 1</i>	<i>Disposal Group as at 30 June 2023 £m Note 2</i>	<i>Proceeds from the Transaction (after certain adjustments) £m Note 3</i>	<i>Use of Proceeds from the Transaction £m Note 4</i>	<i>Continuing Group as at 30 June 2023 £m Note 5</i>
Non-current assets					
Property, plant and equipment	517.9	(517.7)	–	–	0.2
Goodwill	144.6	(144.3)	–	–	0.3
Other intangible assets	13.1	(0.3)	–	–	12.8
Investments	–	–	–	10.0	10.0
Finance lease receivables	13.7	(13.7)	–	–	–
Retirement benefit surplus	2.6	(2.6)	–	–	–
Deferred tax assets	6.5	(6.5)	–	–	–
Total non-current assets	698.4	(685.1)	–	10.0	23.3
Current assets					
Inventories	602.7	(602.7)	–	–	–
Trade and other receivables	114.1	(110.8)	–	–	3.3
Finance lease receivables	2.3	(2.3)	–	–	–
Current tax assets	2.3	(2.8)	–	–	(0.5)
Cash and cash equivalents	271.9	(267.2)	393.2	(380.0)	17.9
Assets classified as held for sale	7.2	(7.2)	–	–	–
Total current assets	1,000.5	(993.0)	393.2	(380.0)	20.7
Total assets	1,698.9	(1,678.1)	393.2	(370.0)	44.0
Current liabilities					
Bank overdraft	(139.0)	139.0	–	–	–
Interest bearing loans and borrowings	(2.0)	–	2.0	–	–
Lease liabilities	(18.8)	18.8	–	–	–
Trade and other payables	(830.1)	820.2	–	–	(9.9)
Deferred income	(39.7)	39.7	–	–	–
Total current liabilities	(1,029.6)	1,017.7	2.0	–	(9.9)
Non-Current liabilities					
Deferred tax liabilities	–	(1.2)	–	–	(1.2)
Interest bearing loans and borrowings	(89.4)	0.2	89.2	–	–
Lease liabilities	(192.0)	192.0	–	–	–
Trade and other payables	(37.2)	37.2	–	–	–
Deferred income	(42.2)	42.2	–	–	–
Total non-current liabilities	(360.8)	270.4	89.2	–	(1.2)
Total liabilities	(1,390.4)	1,288.1	91.2	–	(11.1)
Net assets	308.5	(390.0)	484.4	(370.0)	32.9

Notes:

- The net assets relating to the Group have been extracted without material adjustment from the 2023 Interim Results.
- This adjustment removes the assets and liabilities relating to the Disposal Group and has been sourced without material adjustment from the historical financial information of the Disposal Group as at 30 June 2023 contained in Part 3 (*Historical Financial Information relating to the Disposal Group*) of this document with the exception of Deferred tax assets and Deferred tax liabilities. The removal of the Disposal Group Deferred tax assets of £7.7 million as at 30 June 2023 is presented in order to remove the net Group Deferred tax asset of £6.5 million and to recognise a remaining £1.2 million net Deferred tax liability for the Continuing Group.
- The adjustment to cash and cash equivalents reflects the proceeds from the Transaction after certain adjustments, comprising:

	<i>Amount (£m)</i>	<i>Note</i>
Consideration attributable to the Disposal	367.0	
Consideration attributable to the Subscription Shares	30.0	
Consideration	397.0	
Additional cash consideration relating to net working capital adjustment	1.0	a)
Additional cash consideration relating to the Group Term Facility, associated interest and early termination fee	92.4	b)
Repayment of the Group Term Facility, associated interest and early termination fee	(97.2)	b)
Proceeds from the Transaction (after certain adjustments)	393.2	

Notes:

- a) Additional cash consideration reflecting the difference between the target net working capital of £6.0 million (as defined within the terms of the Transaction) and the Group's actual net working capital as at 30 June 2023 of £7.0 million.
- b) Additional cash consideration to fund the Group's repayment of the Group's Existing Facilities, comprising the Term Facility and Revolving Facility. The adjustment reflects the Term Facility principal amount outstanding as at 30 June 2023 of £95.0 million, as well as associated interest payable of £0.3 million and early termination fee of £1.9 million, less total cash and cash equivalents of £4.7 million held within the Continuing Group at Transaction Completion, in accordance with the terms of the Transaction. The early termination fee of £1.9 million has been calculated based on the early termination rate per the Term Facility, expected to apply at Transaction Completion.
- c) No account has been taken of the future funding position of the Company's DB Pension Scheme which will transfer to a member of the Disposal Group on Disposal Completion.

4. The cash proceeds from the Transaction will be used for the following:

	<i>Amount (£m)</i>	<i>Note</i>
Distribution to shareholders through a Transaction Dividend	(358.0)	a)
Investment in the North American Pinewood Opportunity	(10.0)	b)
Payment of Transaction costs	(12.0)	c)
Use of proceeds from the Transaction	(380.0)	

Notes:

- a) Represents the return of £358.0 million of proceeds arising from the Transaction as a distribution to the Group's existing shareholders (excluding Lithia) as disclosed in paragraph 1 (*Introduction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of this document.
- b) Adjustment related to the Group's contribution of £10.0 million of capital investment in the North American Pinewood Opportunity as disclosed in paragraph 8 (*Use of proceeds, financial effects of the Disposal and strategy of the Continuing Group*) of Part 1 (*Letter from the Chairman of Pendragon plc*) of the Original Circular.
- c) Total transaction costs incurred by the Group in relation to the Transaction are estimated to be £12.0 million. As at 30 June 2023, none of these costs had been accrued or settled in cash. The outstanding costs are assumed to be settled on Transaction Completion.

5. No account has been taken of any trading or the results of the Continuing Group or the Disposal Group since 30 June 2023.

SECTION B: ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Accountant's report on pro forma financial information

The Directors
Pendragon plc
Loxley House 2 Oakwood Court
Little Oak Drive
Annesley
Nottingham
Nottinghamshire
NG15 0DR

9 October 2023

Dear Directors

Pendragon plc

We report on the pro forma financial information (the 'Pro forma financial information') set out in Part 4 of the Supplementary Class 1 circular dated 9 October 2023. This report is required by paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority and is given for the purpose of complying with that paragraph and for no other purpose.

Opinion

In our opinion:

- the Pro forma financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of Pendragon PLC.

Responsibilities

It is the responsibility of the directors of Pendragon PLC to prepare the Pro forma financial information in accordance with paragraph 13.3.3R of the Listing Rules of the Financial Conduct Authority.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the UK version of Commission Delegated Regulation (EU) 2019/980, as to the proper compilation of the Pro forma financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to ordinary shareholders of Pendragon plc as a result of the inclusion of this report in the Supplementary Class 1 circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R(6), consenting to its inclusion in the Supplementary Class 1 circular.

Basis of Preparation

The pro forma financial information has been prepared on the basis described, in Section A of Part 4, for illustrative purposes only, to provide information about how the Class 1 disposal of Pendragon NewCo 2 Limited and investment in a Delaware incorporated limited liability company (“North America JVCo”) might have affected the financial information presented on the basis of the accounting policies adopted by Pendragon PLC in preparing the financial statements for the year ended 31 December 2022.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the ‘FRC’). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC’s Ethical Standard as applied to Investment Circular Reporting Engagements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of Pendragon PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of Pendragon PLC.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

KPMG LLP

PART 5 INFORMATION INCORPORATED BY REFERENCE

Certain parts of the Company's interim results for the six month period ended 30 June 2023 (the "**2023 Interim Results**"), as detailed in the table below, are incorporated by reference into this document in accordance with paragraph 5 (*Information incorporated by reference*) of Part 6 (*Additional Information*) and contain information which is relevant to this document.

No part of the 2023 Interim Results is incorporated by reference herein except as expressly stated below. Any part of the 2023 Interim Results which are not expressly referenced below are not relevant for the purposes of this document.

This document should be read and construed in conjunction with the 2023 Interim Results which have been previously published and are available for viewing on the Company's website at <https://www.pendragonplc.com/financial-information/>.

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number(s) in reference document</i>
2023 Interim Results	Related party transactions	37

PART 6 ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names appear at the beginning of Part 1 (*Letter from the Chairman of Pendragon plc*) of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Material Contracts

2.1 Continuing Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Continuing Group either (i) within the period of two years immediately preceding the date of this document which are, or may be, material to the Continuing Group; or (ii) which contain any provisions under which any member of the Continuing Group has any obligation or entitlement which is, or may be, material to the Continuing Group as at the date of this document, save as disclosed in paragraph 12 (*Material Contracts*) of Part 6 (*Additional Information*) of the Original Circular or disclosed below:

2.1.1 Supplemental Deed

The Supplemental Deed was entered into on 2 October 2023 between Pendragon, PGHL and Lithia. The principal terms of the Supplemental Deed are as follows:

- (a) The Original Consideration has been increased from £250 million, as set out in paragraph 1.3 (Considerations and adjustments) of Part 3 (*Principal Terms and Conditions of the Transaction*), to £367 million (representing a £117 million improvement to the Original Consideration), by way of amendment to the Sale Agreement. This is in addition to the £30 million that Lithia will pay to Pendragon for the Subscription Shares, which remains unchanged.
- (b) Each of the OEM Condition and the CMA Condition in the Sale Agreement, as set out in paragraph 3 (*Principal terms and conditions of the Transaction*) of Part 1 (*Letter from the Chairman of Pendragon plc*) and paragraph 1.2 (*Timing, conditions and termination*) of Part 3 (*Principal Terms and Conditions of the Transaction*) of the Original Circular have been waived with immediate effect, such that completion of the Disposal is now no longer conditional on the satisfaction of the OEM Condition or the CMA Condition.
- (c) Lithia has agreed to pay the first £3.0 million of employer's National Insurance contributions due on the LTIP Awards, an increase of £0.5 million to the previous £2.5 million as set out in paragraph 8 (*LTIP*) of Part 6 (*Additional Information*) of the Original Circular.

Other than as noted above, all other conditions and terms as set out in paragraph 3 (Principal terms and conditions of the Transaction) of Part 1 (*Letter from the Chairman of Pendragon plc*), paragraph 1.2 (*Timing, conditions and termination*) of Part 3 (*Principal Terms and Conditions of the Transaction*) and paragraph 8 (*LTIP*) of Part 6 (*Additional Information*) of the Original Circular remain unchanged.

3. LTIP

As noted above and as part of the Transaction Amendments, the Purchaser has agreed to pay the first £3.0 million of employer's National Insurance contributions due on the LTIP Awards, an increase of £0.5 million to the previous £2.5 million as set out in paragraph 8 (*LTIP*) of Part 6 (*Additional Information*) of the Original Circular. There are no further amendments to the terms of the LTIP Awards as set out in paragraph 8 (*LTIP*) of Part 6 (*Additional Information*) of the Original Circular.

4. No significant change

4.1 Continuing Group

There has been no significant change in the financial position or financial performance of the Continuing Group since 30 June 2023, being the date to which the last unaudited financial information of the Group has been published.

4.2 Disposal Group

There has been no significant change in the financial position or financial performance of the Disposal Group since 30 June 2023, being the date to which the last unaudited financial information of the Disposal Group as presented in Part 3 (Financial Information relating to the Disposal Group) of this document, has been published.

4.3 This paragraph 4 (*No significant change*) of this Part 6 (*Additional Information*) replaces paragraph 16 (*No significant change*) of Part 6 (*Additional Information*) of the Original Circular.

5. Consents

Jefferies International Limited has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

KPMG LLP has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited pro forma statement of net assets of the Group set out in Section B of Part 4 (*Accountants' Report on Unaudited Pro Forma Statement of Net Assets*) of this document in the form and context in which it appears.

6. Information incorporated by reference

Part 5 (*Information Incorporated by Reference*) of this document sets out the document that is incorporated by reference within this document and the location of the references.

7. Documents available for inspection

In addition to those documents set out in paragraph 19 of Part 6 (*Additional Information*) of the Original Circular, copies of the following documents will be available for inspection at the Company's registered office at Loxley House, 2 Oakwood Court, Little Oak Drive, Annesley, Nottingham NG15 0DR, in each case upon request during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and on the Company's website at <https://www.pendragon.com> from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- 7.1 the Sale Agreement;
- 7.2 the Supplemental Deed;
- 7.3 the Directors' Irrevocables;
- 7.4 the Schroder Irrevocable and the Schroder Amendment;
- 7.5 the Briarwood Irrevocable and the Briarwood Amendment;
- 7.6 the Hosking Irrevocable and the Hosking Amendment;
- 7.7 the Farringdon Irrevocable and the Farringdon Amendment;
- 7.8 the Huntington Irrevocable and the Huntington Amendment;
- 7.9 the Harwood Capital Management Irrevocable and the Harwood Capital Management Amendment;
- 7.10 the Sir Nigel Rudd Irrevocable and the Sir Nigel Rudd Amendment;
- 7.11 the consent letters referred to in paragraph 5 of this Part 6 (*Additional Information*);
- 7.12 the unaudited pro forma financial information relating to the Group and the report from KPMG LLP thereon contained in Part 4 (Unaudited Pro Forma Financial Information relating to the Group) of this document;

- 7.13 the information incorporated by reference into this document, as described in Part 5 (*Information Incorporated by Reference*) of this document; and
- 7.14 this document.

8. General

Save as disclosed in this Supplementary Circular, no other significant new factor, and no material mistake or material inaccuracy, relating to information included in the Circular (as supplemented by this Supplementary Circular) which is capable of affecting the assessment of the Ordinary Shares has arisen or has been noted since the publication of the Circular.

To the extent that there is any inconsistency between any statement in this document and any other statement in the Circular, the statements in this Supplementary Circular will prevail.

PART 7 DEFINITIONS

The following definitions apply throughout this document. Unless otherwise defined in this Part 7, capitalised terms have the meaning ascribed to them in (*Definitions and Glossary*) of the Original Circular. To the extent that there is any inconsistency between a defined term in this document and a defined term contained in the Original Circular, the defined term in this document will prevail.

“2023 Interim Results”	the interim results of the Company for the six month period ended 30 June 2023.
“AutoNation Proposal”	the unsolicited proposal received from AutoNation to acquire the entire issued and to be issued share capital of the Company for 32 pence per Ordinary Share.
“AutoNation”	AutoNation, Inc., a Delaware corporation.
“Board”	the board of directors of the Company, whose names appear on page 7 of this document.
“Briarwood Amendment”	the deed of amendment to the Briarwood Irrevocable, dated 2 October 2023.
“Code”	the City Code on Takeovers and Mergers (as amended from time to time).
“CREST Proxy Instruction”	a proxy appointment made by means of a CREST message.
“Directors’ Irrevocables”	deeds of amendment to the irrevocable undertakings given by the Directors who hold interests in Ordinary Shares to vote at the General Meeting in favour of the Resolutions.
“Electronic Filing”	voting on the Resolutions electronically by logging on to https://www.mypendragonshares.com .
“Farringdon Amendment”	the deed of amendment to the Farringdon Irrevocable, dated 2 October 2023.
“General Meeting”	the general meeting of the Company to be held at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF at 10:00 a.m. on 25 October 2023, notice of which is set out in Part 8 (<i>Notice of General Meeting</i>) of this document, including any adjournment of it.
“Harwood Capital Management Amendment”	the deed of amendment to the Harwood Irrevocable, dated 2 October 2023.
“Hedin and Penske Proposal”	the unsolicited and preliminary proposal received from Hedin and Penske to jointly acquire the entire issued and to be issued share capital of Pendragon for 28 pence per Ordinary Share.
“Hedin”	Hedin Mobility Group AB (publ), a company incorporated in Sweden.
“Hosking Amendment”	the deed of amendment to the Hosking Irrevocable dated, 2 October 2023.
“Huntington Amendment”	the deed of amendment to the Huntington Irrevocable, dated 1 October 2023.

“Increased Transaction Dividend”	the increased proposed distribution to be made following Transaction Completion by the Company to Shareholders (other than Lithia in respect of the Subscription Shares) in order to return an amount of 24.5 pence per Ordinary Share to Shareholders.
“Listing Rules Resolution”	the resolution approving the Transaction (as amended by the Transaction Amendments), to be proposed and considered at the General Meeting which is set out in the Notice of General Meeting.
“LTIP Awards”	conditional share awards granted under the LTIP.
“Notice of General Meeting”	the notice of General Meeting contained in Part 8 (<i>Notice of General Meeting</i>) of this document.
“Original Circular”	the circular prepared by the Company dated 20 September 2023.
“Original Consideration”	the consideration under the Sale Agreement for the sale by PGHL of the entire issued share capital of Pendragon NewCo to Lithia.
“Original General Meeting”	the general meeting of the Company convened pursuant to the notice of general meeting set out at the end of the Original Circular.
“Original Transaction Dividend”	the distribution originally proposed to be made following Transaction Completion by the Company to Shareholders (other than Lithia in respect of the Subscription Shares) as set out in the Original Circular.
“Penske”	PAG International Limited, a company incorporated in England and Wales with registered number 04334322.
“Potential Competing Offers”	the AutoNation Proposal and the Revised Hedin and Penske Proposal.
“Resolutions”	the Listing Rules Resolution and the Rule 21.1 Resolution.
“Revised Hedin and Penske Proposal”	the further unsolicited proposal received from Hedin and Penske to jointly acquire the entire issued and to be issued share capital of Pendragon for 32 pence per Ordinary Share.
“Rule 21.1 Resolution”	the resolution approving the Transaction Amendments as required by Rule 21.1 of the Code, to be proposed and considered at the General Meeting and which is set out in the Notice of General Meeting.
“Sale Agreement”	the conditional sale agreement in respect of the Disposal Group, without regard to the Supplemental Deed, further details of which are set out in Part 3 (<i>Principal Terms and Conditions of the Transaction</i>) of the Original Circular.
“Schroder Amendment”	the deed of amendment to the Schroder Irrevocable, dated 2 October 2023.
“Sir Nigel Rudd Amendment”	the deed of amendment to the Sir Nigel Rudd Irrevocable, dated 2 October 2023.
“Supplemental Deed”	the supplemental deed to the Sale Agreement dated 2 October 2023 and made between Pendragon, PGHL and Lithia, further details of which are set out in Part 1 (<i>Letter from the Chairman of Pendragon plc</i>) of this document.
“Transaction Amendments”	the amendments to the terms of the Transaction pursuant to the Supplemental Deed, further details of which are set out in Part 1 (<i>Letter from the Chairman of Pendragon plc</i>) of this document.

PART 8 NOTICE OF GENERAL MEETING

Pendragon plc

(a company incorporated in England & Wales with registered number 02304195)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN to holders of the Ordinary Shares in the capital of the Company that a general meeting of Pendragon plc (the “Company”) will be held at 10.00 a.m. on 25 October 2023 at the offices of CMS Cameron McKenna Nabarro Olswang LLP at Cannon Place, 78 Cannon Street, London EC4N 6AF (the “General Meeting”) to consider and, if thought appropriate, pass the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. THAT:

- (a) (i) the proposed disposal (the “**Disposal**”) by Pendragon Group Holdings Limited (“**PGHL**”) 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, on and subject to the terms and conditions of the Sale Agreement between the Company, PGHL and Lithia UK Holding Limited (“Lithia”) entered into on 18 September 2023 (as defined and described in the circular sent to shareholders of the Company dated 20 September 2023 (the “**Circular**”), as amended by way of the Supplemental Deed between the Company, PGHL and Lithia entered into on 2 October 2023 (as defined and described in the supplementary circular sent to shareholders of the Company dated 9 October 2023 (the “**Supplementary Circular**”)); and (ii) the North American Pinewood Opportunity (as defined and described in the Circular) and which, as described in the Circular, comprises a class 1 transaction under the Listing Rules of the Financial Conduct Authority of the United Kingdom (the “**Class 1 Transaction**”); and
- (b) the issue of 279,388,880 ordinary shares of five pence each in the share capital of the Company (the “**Ordinary Shares**”) at a price of approximately 10.74 pence per share (which represents a discount of more than 10 per cent. to the closing middle market price of the Ordinary Shares as at 15 September 2023, being the last business day immediately prior to the date of the announcement of the Subscription (as defined and described in the Circular) to Lithia pursuant to the Subscription (as defined and described in the Circular) (together with the Class 1 Transaction, the “**Transaction**”);

be approved and that the directors of the Company (the “**Board**”) (or a duly authorised committee of the Board) be authorised:

- (i) to take all such steps as the Board considers to be necessary, expedient or desirable in connection with, and to implement, the Transaction; and
- (ii) to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the Transaction and the associated and ancillary agreements and documents contemplated by the Transaction and/or described in the Circular or Supplementary Circular (provided such modifications, variations, revisions, waivers, extensions or amendments are not of a material nature), as they may in their absolute discretion think fit.

2. THAT the proposed Disposal be approved for the purposes of Rule 21.1 of the City Code on Takeovers and Mergers and that the Board (or a duly authorised committee of the Board) be authorised to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the Disposal and the associated and ancillary agreements and documents contemplated by the Disposal and/or described in the Circular or Supplementary Circular (provided such modifications, variations, revisions, waivers, extensions or amendments are not of a material nature), as they may in their absolute discretion think fit.

By order of the Directors:

R J Maloney
Secretary

9 October 2023

Registered office:

Loxley House
2 Oakwood Court
Little Oak Drive
Annesley
Nottingham NG15 0DR

Notes:

- (1) If you have completed and returned a Form of Proxy, appointed a proxy electronically via the Proximity platform, registered an online proxy appointment or completed and transmitted a CREST proxy instruction pursuant to the notice of general meeting set out at the end of the Original Circular please note that these votes will be disregarded and will not be counted in respect of the Resolutions.
- (2) A shareholder who is an individual is entitled to attend, speak and vote at the meeting or to appoint one or more other persons as his proxy to exercise all or any of his rights on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A shareholder that is a Company can appoint one or more corporate representatives (such as a director or employee of the Company) whose attendance at the meeting is treated as if the Company were attending in person, or it can appoint one or more persons as its proxy to exercise all or any of its rights on its behalf. In each case, a person attending the meeting will need to provide the Company or its registrar, Link Group, with evidence of their identity and, if applicable, their appointment as a proxy or corporate representative with authority to vote on behalf of a shareholder.
- (3) Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the General Meeting. A shareholder may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.
- (4) To appoint a proxy or proxies shareholders can:
 - (a) vote electronically by logging on to <https://www.mypendragonshares.com> using the Investor Code and following the instructions. Your Investor Code is detailed on your share certificate and is available from the registrar, Link Group.
 - (b) Link Group, the company's registrar, has launched a shareholder app: LinkVote+. It's free to download and use and gives shareholders the ability to access their shareholding record at any time and allows users to submit a proxy appointment quickly and easily online rather than through the post. The app is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below.

Apple App Store



GooglePlay



- (c) If you are an institutional investor you may also be able to appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to www.proximity.io. Your proxy must be lodged by 10.00 a.m. on 23 October 2023 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proximity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy. An electronic proxy appointment via the Proximity platform may be revoked completely by sending an authenticated message via the platform instructing the removal of your proxy vote.
 - (d) in the case of CREST members only, complete a CREST Proxy Instruction (as set out in paragraph 12 below); or
 - (e) submit a hard copy form of proxy to the Company's registrar, Link Group,
in each case to be received by the registrar, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and, in any event, by 10.00 a.m. on 23 October 2023 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).
- (5) You may request a hard copy form of proxy directly from the Company's registrar, Link Group, on 0371 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 9.00 a.m. to 5.30 p.m. (London (UK) time) Monday to Friday excluding public holidays in England and Wales. Alternatively, you can request a hard copy proxy card by emailing shareholderenquiries@linkgroup.co.uk.
- (6) If the proxy is being appointed in relation to less than your full voting entitlement, please enter the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement. Specifying a number of shares in excess of those held by the member will result in the proxy appointment being invalid.
- (7) If you return more than one proxy appointment in respect of the same share, either by paper or electronic communication (Electronic Filing or CREST Proxy Instruction), the appointment received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- (8) The return of a completed form of proxy, Electronic Filing or any CREST Proxy Instruction (as described in paragraph 12 below) will not prevent a shareholder attending the General Meeting and voting in person if he/she wishes to do so. Unless otherwise indicated on the Form of Proxy, CREST, Proximity or any other electronic voting instruction, the proxy will vote as they think fit or, at their discretion, withhold from voting.

- (9) In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- (10) Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
- (11) The right of a shareholder to vote at the General Meeting will be determined by reference to the share register. To be entitled to attend and vote at the General Meeting, shareholders must be registered in the share register of the Company at close of business on 23 October 2023 (or, in the event of any adjournment, by close of business on the date which is two days before the time of the adjourned meeting, excluding any part of a day which is not a working day). Changes to entries on the share register after the relevant deadline will be disregarded in determining the rights of any person to attend or vote at the General Meeting.
- (12) (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in this Notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (c) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (13) As at 6 October 2023, being the latest practicable date prior to the publication of this Notice of General Meeting, there were 1,369,944,405 ordinary shares of five pence each in the capital of the Company in issue which each carried one vote. The total number of voting rights in the Company at that time and date was therefore 1,396,944,405.
- (14) Any member attending the meeting has the right to ask questions. To submit questions in advance of the General Meeting, questions should be emailed to generalmeeting@pendragon.uk.com by no later than 10.00 a.m. on 23 October 2023. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (15) You may not use any electronic address provided in this Notice of General Meeting, or any related documents including the proxy form to communicate with the Company for any purposes other than those expressly stated.
- (16) A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at the Company's website: <https://www.pendragon.com>.

